



Report and Accounts

2013

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PART 1

MANAGEMENT REPORT

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1. Economic Background

The financial year of 2013 started with the economy in contraction, at a time when the measures announced by the European authorities to resolve the sovereign debt crisis had yet to result in a recovery in business confidence.

Over the course of the first quarter the Euro zone moved into deeper recession, with a further drop in internal demand, along with a reduction in exports. The economic contraction in outlying countries was even more severe, due also to the impact of budgetary consolidation policies.

In the United States the signs were more encouraging, with a recovery in the unemployment rate and in business, industrial and service indicators, although a great sense of uncertainty still prevailed, in view of the debate on how to resolve the imbalances generated by budgetary policies in previous years (fiscal cliff).

In Portugal, confidence levels took a further turn for the worse in the early months of the year, in response to soaring unemployment and expectations of the impact of further recessionary factors, resulting from the increase in the tax burden. In the first quarter, the reduction in GDP was greater than expected, largely due to a drop in investment, and a conviction took form that a rapid recovery in the economy would only be possible through an increase in exports, powered by an upsurge in growth at European level.

At the end of the second half, the European economy finally showed signs of recovery, with the main business indicators rising to their highest levels since 2011.

During the second half, a gradual, if tentative improvement in the economic environment came into view, with a drop in unemployment and a consequent recovery in consumer spending.

In the United States, growth was more sustained, with unemployment falling to its lowest levels since 2008, although uncertainty remained as to the possibility of conciliating the necessary reduction in the budget deficit with economic growth.

Reference and short term interest rates fell during the year to all-time lows, on the strength of clearly expansionist policies, particularly in the Euro zone, where efforts were made to mitigate the harmful effects of the budgetary and fiscal measures being implemented, which were most severe in the countries subject to programmes of external financial aid.

Long term interest rates presented a degree of volatility, with significant rises at the start of the first half, triggered by the prospects of an end to stimulus measures in the United States, whilst signs of an improvement in the European economy were still nowhere to be seen. At the end of the summer, rates dropped back to the low levels recorded in May.

The confirmation of this trend was particularly decisive for Portugal, in view of the urgent need to regain the confidence of investors, so as to avoid the need for a second rescue package, after the end of the first assistance programme, in 2014.

On the foreign exchanges, the euro/dollar rate displayed a degree of volatility in 2013. The euro fell during the first quarter to around 1.28 USD, largely due to the climate of uncertainty generated by the political and economic crisis in Cyprus, which detracted from the progress and positive budgetary results which had been achieved.

From then on, rates continued to fluctuate, largely in line with expectations of budgetary policy in the United States, reaching a high point of 1.38 USD in October.

The oil price oscillated between levels close to 100 USD a barrel, at the end of the first quarter, and a high point of 113 USD a barrel, at the end of the third quarter, showing itself to be highly sensitive to details of the economic situation.

The gold price pointed to a sustained recovery in investor confidence, with regard to the medium/long term prospects for the world economy, with the price falling below 1,300 USD an ounce, well down on the top price, of more than 1,800 USD an ounce, which had been recorded in 2012.

The financial year of 2013 ended with expectations of a continued recovery in economic activity, as has been observed in the more developed economies, although factors of uncertainty remain, which prevent us from regarding as definitively overcome the difficulties and imbalances which have plagued the global economy in recent years.

2. Overview of Semapa Group Operations

LEADING BUSINESS INDICATORS – comparison with figures for 2012:

Turnover: 1,990.5 million euros  1.9%

Total exports and foreign sales: 1,502.3 million euros

Total EBITDA: 422.1 million euros  14.7%

Recurrent EBITDA: 420.6 million euros  5.9%

Pre-tax profits: 151.7 million euros  37.2%

Net income: 146.1 million euros  15.5%

Net debt: 1,324.8 million euros  128.2 million euros (in relation to December 2012)

Net Debt / EBITDA: 3,14x in Dec. 2013

Despite the difficult business environment, the Semapa Group recorded turnover of 1,990.5 million euros, recurrent EBITDA of 420.6 million euros and Net Income of 146.1 million euros, this last figure representing growth of 15.5% in relation to 2012.

Leading Business Indicators

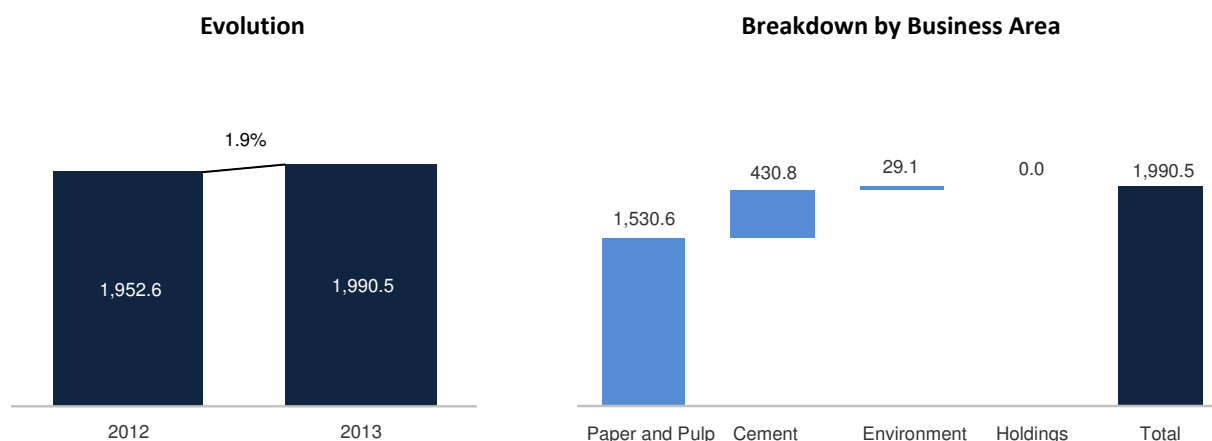
IFRS - accrued amounts (million euros)	2013	2012	Var. (%)
Turnover	1,990.5	1,952.6	1.9%
Other income	52.0	96.5	-46.1%
Costs and losses	(1,620.4)	(1,554.3)	-4.3%
Total EBITDA	422.1	494.8	-14.7%
Recurrent EBITDA	420.6	447.1	-5.9%
Depreciation and impairment losses	(169.4)	(199.8)	15.2%
Provisions (increases and reversals)	(14.1)	9.5	-248.4%
EBIT	238.6	304.5	-21.6%
Net financial profit	(86.9)	(63.0)	-37.8%
Pre-tax profit	151.7	241.5	-37.2%
Tax on profits	39.4	(70.9)	155.6%
Retained profits for the year	191.1	170.6	12.1%
Attributable to Semapa equity holders	146.1	126.5	15.5%
Attributable to non-controlling interests (NCI)	45.0	44.0	2.2%
Cash-flow	374.7	360.9	3.8%
EBITDA margin (% Sales)	21.2%	25.3%	-4.1 p.p.
EBIT margin (% Sales)	12.0%	15.6%	-3.6 p.p.
	31-12-2013	31-12-2012	
Equity (before NCI)	880.7	795.9	10.7%
Net debt	1,324.8	1,453.0	-8.8%

Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increases and reversals)
- Cash flow = retained earnings + depreciation and impairment losses + provisions (increases and reversals)
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents – market value of own shares and other securities held by the Group (Financial assets at fair value through profit or loss and assets available for sale)

Comparability is affected in 2013 by the inclusion of Secil on a full consolidation basis in 2013, as opposed to a 51% proportional basis during the 1st quarter of 2012 and full consolidation during the rest of 2012.

Consolidated Turnover: 1,990.5 million euros ↑ 1.9%



Figures in million euros

Consolidated turnover increased by 1.9% in relation to 2012, due essentially to inclusion of an additional 49% of Secil in the consolidated accounts as from the 2nd quarter of 2012 and to increased turnover at Portucel. Turnover by business area was as follows:

Paper and Pulp: 1,530.6 million euros ↑ 1.9%

The Portucel Group's consolidated sales in 2013 totalled 1,530.6 million euros in 2013, approximately 29 million euros up from the figure recorded in 2012. This increase was due partly to the positive contribution made by pulp business, and also to performance in the energy sector. It should nonetheless be noted that energy sales in 2013 were boosted by the full consolidation of Soporgen, the company that operates the natural gas co-generation plant at the Figueira da Foz Industrial Complex.

Cement¹: 463.0 million euros ↓ 6.7%

Appropriated by Semapa: 430.8 million euros ↑ 3.7%

In the financial year of 2013, turnover in the Cement business area stood at 463.0 million euros, down by 6.7% on 2012, reflecting poorer performance in sales in most sectors of the Portuguese market.

The Semapa Group appropriated 430.8 million euros, up by 3.7% on the previous year, due to differences in the application of consolidation criteria in relation to 2012².

This drop in performance was due fundamentally to the reduction in sales on the domestic market by the cement business unit in Portugal and in sales by the cement business unit in Angola.

Environment: 29.1 million euros ↓ 18.2%

The ETSA Group recorded turnover of 29.1 million euros in 2013, down by around 18.2% on the financial year of 2012.

¹ Includes 100% of the Secil Group +100% of the Supremo Group

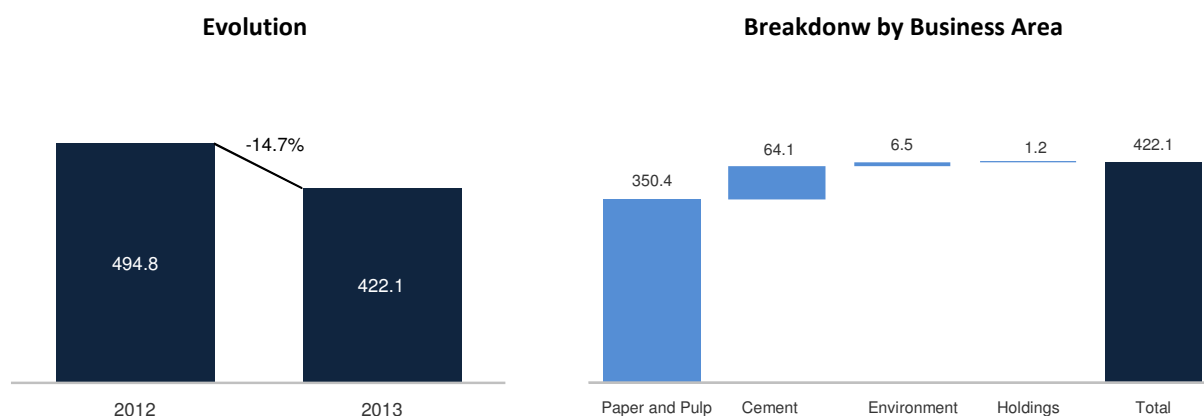
² Includes 100% of the Secil Group + 50% of the Supremo Group after consolidation adjustments in 2013, as compared to 51% of the Secil in the 1st quarter and 100% of the Secil Group + 50% of the Supremo Group in the 2nd, 3rd and 4th quarters, in 2012

This reduction in business was due essentially to the combined effect of: (i) a reduction in sales volumes and average sales prices for low acidity fats, (ii) a reduction in the average value of contracts for collecting animal by-products from hypermarkets and (iii) a reduction in business in collection, transport and destruction of animal carcasses, in comparison with the same period in 2012.

Total Consolidated EBITDA: 422.1 million euros ↓ 14.7%

Consolidated Recurrent EBITDA: 420.6 million euros ↓ 5.9%

Consolidated EBITDA Margin: 21.2% ↓ 4.1 p.p.



Figures in million euros

Although total EBITDA was down by 14.7%, it should be stressed that recurrent EBITDA fell less steeply (5.9%), due to the recording in the previous period of various non-recurrent items in relation to the holding companies.

Paper and Pulp: 350.4 million euros ↓ 9.1%

As stated above, the Portucel Group recorded an increase of 1.9% in its consolidated sales in 2013, thanks to growth in sales volumes for paper and pulp, despite the drop in the respective prices, and to increased energy sales, due to the inclusion of Soporgen in the Group's accounts on a full consolidation basis.

Production costs were hit by rising wood prices and by the prices at which the Group purchased electricity and natural gas. Full consolidation of Soporgen in the Group's accounts also had a substantial impact on costs, which rose overall, especially in relation to natural gas.

In this context, consolidated EBITDA in 2013 stood at 350.4 million euros, which represents a reduction of 9.1% in relation to 2012 and results in an EBITDA margin of 22.9%, down 2.8 percentage points on the margin recorded in the previous year.

Cement³: 66.5 million euros ↓ 10.9%

Appropriated by Semapa: 64.1 million euros ↓ 3.7%

³ Includes 100% of the Secil Group +100% of the Supremo Group

EBITDA in the cement business area stood at 66.5 million euros, down by 10.9% on the previous year.

The Semapa Group appropriated 64.1 million euros, down by only 3.7% on the previous year, due to differences in the application of consolidation criteria in relation to 2012⁴.

Despite the performance achieved in operations in Lebanon, the overall balance for 2013 was negative, due essentially to deteriorating performance by business segments located in Portugal.

EBITDA for 2013 was also brought down by the recording of impairments on inventories and accounts receivable, the value of which increased by approximately 3 million euros in relation to 2012. The EBITDA margin stood at 14.4% for the period in question, 0.7 p.p. down from the margin recorded in the previous year.

Environment: 6.5 million euros ↓ 28.1%

EBITDA for the ETSA Group totalled 6.5 million euros, representing a reduction of 28.1% in relation to 2012. This is explained fundamentally by (i) the reduction in turnover, as described above, (ii) widespread increases in the average purchase price of by-products, iii) the overheads incurred due to a significant increase in animal by-products business.

The EBITDA margin stood at 22.2%, down by around 3.1 p.p. on the margin for 2012.

Holdings (Semapa SGPS and instrumental sub-holdings)

EBITDA from the holding companies made a contribution of 1.2 million euros, comparing unfavourably with the figure of 33.8 million euros recorded in the same period of the previous year, due essentially to the inclusion in the accounts in this period of non-recurrent positive items with a total value of 45.4 million euros.

Financial results: -86.9 million euros ↓ 37.8%

In 2013, financial results worsened by 23.8 million euros in relation to the previous year, standing at a negative figure of 86.9 million euros.

This is explained essentially by: i) an increase in the Group's average indebtedness over the period relating to acquisitions made (49% of Secil and 50% of Supremo), ii) an increase in the gross debt of the Portucel Group in order to assure financial flexibility and high levels of liquidity, iii) higher average interest rates on borrowing, iv) losses on currency hedges contracted by the Group and v) a reduction in the rate of interest earned on surplus liquidity. In the case of Portucel, financial results were improved by 8.7 million euros thanks to the writing off of interest under the programme for settlement of outstanding tax debts.

Consolidated Net Income: 146.1 million euros ↑ 15.5%

Consolidated net income for 2013 totalled 146.1 million euros.

Consolidated Net Debt: 1,324.8 million euros ↓ 128.2 million euros

At 31 December 2013, consolidated net debt stood at 1,324.8 million euros, representing a reduction of 128.2 million euros from the figure recorded at year-end 2012.

⁴ Includes 100% of the Secil Group + 50% of the Supremo Group after consolidation adjustments in 2013, as compared to 51% of the Secil in the 1st quarter and 100% of the Secil Group + 50% of the Supremo Group in the 2nd, 3rd and 4th quarters, in 2012

Segment Reporting (IFRS)

IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
Sales	1,530.6	430.8	29.1	-	1,990.5
Total EBITDA	350.4	64.1	6.5	1.2	422.1
Recurrent EBITDA	349.3	63.6	6.5	1.2	420.6
Depreciation and impairment losses	(118.1)	(48.5)	(2.5)	(0.3)	(169.4)
Provisions (increases and reversals)	(14.0)	(3.8)	(0.3)	3.9	(14.1)
EBIT	218.3	11.9	3.7	4.8	238.6
Net financial profit	(14.0)	(24.2)	(1.1)	(47.6)	(86.9)
Pre-tax profits	204.3	(12.4)	2.6	(42.8)	151.7
Tax on profits	1.8	6.3	(0.1)	31.4	39.4
Retained profits for the year	206.1	(6.1)	2.6	(11.4)	191.1
Attributable to Semapa equity holders	166.9	(11.9)	2.5	(11.4)	146.1
Attributable to non-controlling interests (NCI)	39.2	5.8	0.1	-	45.0
Cash-flow	338.1	46.1	5.3	(14.9)	374.7
EBITDA margin (% Sales)	22.9%	14.9%	22.2%	-	21.2%
EBIT margin (% Sales)	14.3%	2.8%	12.7%	-	12.0%
Net debt	162.6	264.4	19.6	878.2	1,324.8

Notes:

- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments
- The Cement segment in 2013 includes 100% of the Secil Group (as opposed to 51% of results in the 1st quarter of 2012 and 100% during the rest of 2012) + 50% of the Supremo Group.

3. Paper and Paper Pulp Business Area - PORTUCEL

3.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2013	2012	Var (%)
Sales	1,530.6	1,501.6	1.9%
Other income	18.8	30.6	-38.5%
Costs and losses	(1,199.1)	(1,146.8)	-4.6%
EBITDA	350.4	385.4	-9.1%
Recurrent EBITDA	349.3	384.1	-9.1%
Depreciation and impairment losses	(118.1)	(129.4)	8.8%
Provisions (increases and reversals)	(14.0)	15.0	-193.4%
EBIT	218.3	270.9	-19.4%
Net financial profit	(14.0)	(15.7)	10.8%
Pre-tax profit	204.3	255.2	-20.0%
Tax on profits	1.8	(63.4)	102.8%
Retained profits for the year	206.1	191.9	7.4%
Attributable to Portucel equity holders *	206.1	191.8	7.4%
Attributable to non-controlling interests (NCI)	0.0	0.0	-64.5%
Cash-Flow	338.1	306.4	10.4%
EBITDA margin (%)	22.9%	25.7%	-2.8 p.p.
EBT margin (%)	14.3%	18.0%	-3.8 p.p.
	31-12-2013	31-12-2012	
Equity (before NCI)	1,327.8	1,336.3	-0.6%
Net debt	162.6	255.6	-36.4%

* Of which 80.84% is attributable to Semapa in 2012 and 81.09% in 2013

Note: The above figures may differ from those presented individually by the Portucel Group, as a result of consolidation adjustments made by the holding company, Semapa.

3.2. PORTUCEL GROUP – OVERVIEW OF OPERATIONS

As stated above, the Portucel Group's consolidated sales totalled € 1,530.6 million in 2013, approximately 29 million euros up from the figure recorded in 2012.

In BEKP pulp, excellent performance in output at the mills and growing consumption in the market enabled the Group to record growth of around 13% in sales volume. Output was up by approximately 4% on the previous year, thanks essentially to increased availability of pulp from the Group's mills, in particular the Cacia mill, where no maintenance stoppage was required and significant efficiency gains were achieved, with a consequent increase in output. Despite a rise of around 2% in the PIX benchmark index, FOEX BHKP in euros, the Group's average sales price was lower than in 2012, due to fiercer competition on the international market and an increase in sales denominated in USD to markets outside Europe.

In UWF paper business, the Group recorded growth of 0.2% in its sales volume, despite a reduction in the paper price. It is important to note the harsh environment in the paper market over the year, with the poor economic situation and continued high rates of unemployment in Europe holding down consumption. As a result, despite good performance in sales volumes, paper sales were down by 4% in value in relation to 2012. The drop in the average price can be explained by three main factors: the deterioration of the benchmark price in the European market (the PIX index was down by 1.9% on the previous year), adverse variations in exchange rates and the Group's geographical sales mix.

In the energy sector, gross power output stood at 2,359 GWh, representing an increase of over 25.5%. This figure is not comparable with that for the previous year, as it includes the entire output of Soporgen, the natural gas cogeneration company located at the Figueira da Foz Industrial Complex. Power sales were also boosted by full consolidation of Soporgen, and totalled approximately 2,100 MWh.

Production costs were hit by rising wood prices and by the prices at which the Group purchased electricity and natural gas.

Full consolidation of Soporgen in the Group's accounts also had a substantial impact on costs, which rose overall, especially in relation to natural gas.

In this context, consolidated EBITDA in 2013 stood at 350.4 million euros, which represents a reduction of 9.1% in relation to 2012 and results in an EBITDA / Sales margin of 22.9%, down 2.8 percentage points on the margin recorded in the previous year.

Operating income stood at 218.3 million euros, down by 19.4% on the previous year. It should be noted that operating income in 2012 was positively influenced by the reversal of provisions of approximately 15 million euros, whilst in 2013 the Group constituted provisions of 14 million euros.

Financial results improved, with the Group recording a negative financial result of 14.0 million euros, as compared to a financial loss of 15.7 million euros in 2012. Financial results in 2013 were also boosted by 8.7 million euros due to the cancellation of interest of this amount, under the programme for settlement of fiscal debts.

Consolidated net income for the period stood at 206.1 million euros, 7.4% up on the figure of 191.8 million euros recorded in 2012. Net income was positively influenced by the fiscal benefits from investments made and the cancellation of a set of provisions recorded in previous period for taxes payable, as the risks which had required these provisions ceased to exist. In addition, net income also reflects an effective tax rate lower than the nominal rate, insofar as it incorporates in 2013 the impact on deferred taxes of the reduction in the corporation tax rate envisaged from 2014 onwards.

3.3. BUSINESS REVIEW

3.3.1. Paper

3.3.1.1. Market Background

Global demand for uncoated woodfree (UWF) paper is estimated to have dropped 0.5% in 2013 in relation to the previous year, with a continuing contrast in performance, albeit less marked than in recent years, between the mature markets of Europe and North America (which account for around 45% of world consumption) and the emerging markets in the rest of the world. It was a particularly difficult year in this market, with a combination of different adverse factors.

In Europe, estimates point to a reduction of 1.2% in demand over the year, with apparent consumption of office stationery stable at 2012 levels, which was better than expected, in view of the contraction of consumer and public spending observed in the European economy.

The first half of the year was marked in Europe by an increase in paper imports, which then fell back to their usual levels in the second half. The combined effect of increased paper imports and falling demand led to a worsening of the capacity utilization rate in the European industry, down by four percentage points to 89%.

The growing strength of the Euro against the dollar, especially in the second half of the year, and the relative improvement in demand in the final months of 2013 allowed the European industry to end the year with an order book at levels above the historical average.

In the US, UWF consumption was also down by 2% on the previous year, after several years of substantially faster contraction. As in Europe, consumption of office stationery in the US performed better than previously, recording growth of 1% for the first time the last six years.

In North Africa and the Middle East, key countries for the Group's business, the political and economic situation remained unstable. This, combined with aggressive marketing by manufacturers from other regions, made it extremely difficult to compete. In addition, European manufacturers are looking increasingly to place sales outside Europe, due to the low capacity utilization rate in the domestic market, and to USD/EUR exchange rate trends which have penalized the Group's sales in these regions.

In this context, the main price indexes in Europe and the US for UWF were eroded by 1.8% and 4.2% respectively. In comparison with these indexes, the Group recorded reductions in gross prices for standard cut-size paper of 1.6% and 2.8%, outperforming the market in both cases.

3.3.1.2. Performance

The Portucel Group recorded its all-time highest sales volume in 2013, although the overall value of the Group's paper sales was down by 4%, in view of the decline in average prices, explained by three factors: the deterioration in the benchmark price in the European and American market, adverse exchange rate trends and the Group's geographical sales mix.

Penetration of non-European markets continued to grow in 2013, with an increase in the sales volume and sales to a further 5 countries, bringing the total up to 118 worldwide.

Sales of own brands continue to grow as a proportion of total sales of sheeted products, the mainstay of the Group's business, up by three percentage points. In particular, the Navigator brand recorded 3% growth in its European sales, once again demonstrating the strength of the brand and its resilience in the face of troubled market conditions.

Lastly, we should point to the problems caused by the tight restrictions on credit throughout the paper distribution channels, creating an added difficulty and requiring special attention to be paid to credit risk. The Portucel Group has once again been successful in managing its exposure in this area.

3.3.1.3. Branding

The financial year of 2013 was one of consolidation for the brands of the Portucel Group, which continued to invest in their development as the foundation of its marketing policy. Mill brands accounted for more than 62% of total sales of sheeted products.

The importance of the Group's brands was acknowledged by independent studies over the course of 2013. These surveys looked at both office paper consumers and wholesaling professionals, who rated the products highly not just for brand awareness but also for performance.

3.3.2. Pulp

3.3.2.1. Market Background

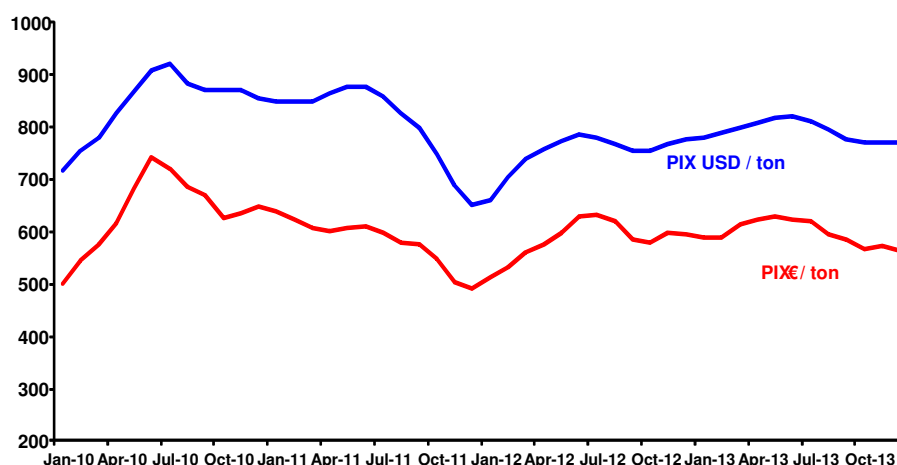
Despite the continuation in the final quarter of the general slowdown in the pulp market, which started in the third quarter of 2013, the year was positive in terms of overall demand. According to figures for 2013 released by PPPC W-20, total consumption stood at 44.6 million tons, representing an increase of 1.1 million tons (2.5%) in relation to 2012. Of all pulp segments, BEKP recorded the best performance, with total consumption of 15.7 million tons, representing an increase of 844 thousand tons (5.6%).

This positive performance was made possible once again by the strength of the Chinese market, which positioned itself as the market with the greatest growth in volume. China accounted for consumption of 10.4 million tons, up by 468 thousand tons (4.6%) on the previous year, and BEKP pulp again recorded outstanding performance, with consumption at 3.6 million tons, representing growth of 674 thousand tons (23%).

In terms of prices, a degree of downwards adjustment was observed in BEKP prices in the second half, after peaking in June, when the benchmark PIX index reached USD 820 CIF Europe, also reflecting the weakness against the USD of the currencies of leading producers of short fibre pulp, such as countries in Latin America and Indonesia, where local manufacturers consequently feel less pressure from the level of USD prices. Even so, the fall in the PIX index was more modest than some forecasts had suggested, and the index tended to stabilize at around USD 770 in the fourth quarter.

As a result of certain factors, such as the balance of supply and demand, favouring long fibre manufacturers and the delay in start-up of new short fibre, mainly BEKP, production projects, price rises were announced at the end of the year.

Monthly Evolution of PIX Price - BHKP



3.3.2.2. Performance

The Group's BEKP pulp sales were up by around 17% on sales in the previous year.

BEKP pulp sales by paper segments show that 60% of the sales volume is placed with the special papers segment, which undoubtedly offers the greatest value added and where the Group continues to lead the market.

Sales by geographical regions show that, despite the difficult business environment, the Group once again sold a very high percentage to European markets (85%).

3.4. INDUSTRIAL OPERATIONS

3.4.1. Production

The Portucel Group's industrial units recorded excellent production performance in 2013, setting new records for output, in both pulp and paper operations.

Non-stop operation, combined with very high levels of efficiency, resulted during the period in levels of pulp output significantly higher than in previous years.

These successful figures for output were achieved thanks to excellent performance by plant, once again demonstrating the high quality of the Group's industrial assets.

Special attention should be drawn to pulp output, which in 2013 totalled 1,423,920 tAD, with particularly impressive results at the Cacia mill, which produced 313,339 tAD, breaking the 300 thousand tAD barrier for the first time.

The Setúbal pulp mill recorded output of 547,541 tAD, up by 7,529 tAD on its previous best ever figure.

Paper output was also extremely positive, with total output of 1,618,634 tAD, with the new paper mill (About The Future) once again breaking its own record.

This impressive industrial performance was the result of careful and expert operations, complemented by maintenance activities which, whilst taking care to control operating costs, were able to assure extremely high levels of efficiency, with some equipment outclassing the Group's global rivals.

Thanks to success achieved in pulp output, the Group was able to increase the volume of pulp available for sale on the market, inverting the downward pattern recorded in recent years.

By focussing on placing premium products on the market, the Group has based its strategy on the quality of its industrial assets and the know-how of its operating teams, allowing it to achieve quality standards far higher than those of its competitors.

The stability of operations at the Group's mills has been crucial to achieving these productivity gains and setting world-class quality standards. This has allowed the Group to gain a foothold in new regions and obtain advantages in the most competitive markets.

The performance of the new Setúbal paper mill (About the Future), which is now fully operational, has made it possible to move into new paper products, which were only feasible as a result of the new technology installed in the plant, which has gradually been optimized, leading to impressive levels of quality.

In its constant quest to improve the competitive positioning of its industrial units, the Portucel Group has cut specific consumption of raw and subsidiary materials, especially in the case of wood, the main factor of production, and chemicals, where substantial reductions have been achieved.

In power generation and consumption, the Portucel Group is a leading player in the Portuguese market, producing power essentially from renewable sources. The levels of efficiency achieved have made it possible to reduce the energy intensity of our products, assuring added surpluses of power which have been placed on the national grid, making a major contribution to the Group's income.

The chemicals used in the bleaching process are one of the main factors of production, with high acquisition costs. The efficiency gains achieved in pulp washing, as a result of full use of *Eucalyptus globulus*, offering excellent bleachability, have led to lower levels of consumption and savings in production costs.

Further progress was made in 2013 in cutting energy consumption at the paper plants, especially at the new paper mill (ATF), where power consumption has been brought down in line with efficiency improvements in the equipment installed.

The Group's combined-cycle natural gas power stations, in Setúbal (SPCG) and Figueira da Foz (Soporgen) recorded untroubled performance in 2013, achieving extremely high levels of power output.

Fixed costs at the Portucel Group's industrial units were kept at excellent levels, especially in the case of personnel costs, where significant reductions in overtime were achieved.

Operations by the Group's maintenance provider, EMA 21, met all the efficiency targets set, providing a optimum ratio between expenditure and efficiency levels, which are essential for the Group's performance.

Thanks to an array of ongoing improvement programmes, it was possible to optimize expenditure on a number of maintenance activities, with a particularly significant reduction in spending on third-party services.

Special attention should be drawn to the progress achieved through the MEO project (Operating Efficiency Upgrade), which has been implemented at all Portucel Group units, with excellent results. An important part of this project was the implementation of the 5 S + 1 programme, the aim of which is to simplify the working environment, reducing waste and non-value added activities, whilst improving efficiency, quality and safety. This programme is being implemented at all Group units, with wide-ranging employee participation, and the results so far have been impressive.

The project has brought substantial productivity gains in paper operations, as well as improved efficiency at the Cacia mill.

Work has continued on implementing a set of measures aimed essentially at energy issues, maintaining and consolidating the gains achieved in previous years. This has helped to bring down consumption and improve manufacturing efficiency.

3.4.2. Capital Expenditure Projects

The Group has continued to pursue a selective investment policy, focussed at all times on the need to assure excellent levels of efficiency and to improve the competitive positioning of its production units. The most significant capital projects concluded during the period were as follows:

At the Figueira da Foz Site:

- Installation of a new bark silo to feed the bark boiler in order to comply with agreed emissions limits;
- Installation of a new drive system for the bottom scraper in the digester;
- Installation of a recovery system for sand from the fluidized bed of the auxiliary boiler;
- Start-up of new gluing system on the line 1 cutter.

At the Setúbal Site:

- Installation of a recovery system for sand in the biomass boiler;
- Several projects for replacing end-of-life equipment;
- Start of project for installing a press in the washing system for phase "D0" of the bleaching process.

At the Cacia Site:

- Several projects for replacing end-of-life equipment;

3.5. DEVELOPMENT

The integrated forestry, cellulose pulp and energy project that the Portucel Group has been developing in Mozambique is moving on to a new phase, thanks to the encouraging results from the initial trial period.

Preparations for the new phase included the decision to proceed with the Environmental and Social Impact Assessment, in line with the strictest international standards. Work on the provisional report is nearing completion, and will be followed by the public consultation process and then approval by the Mozambican authorities.

In order to support this work, improve the sustainability of its forestry operations, plan and develop projects to include local communities and to implement the respective investments and foster the business fabric associated with the project, Portucel Moçambique has signed a consultancy contract with IFC (International Finance Corporation), the World Bank institution working with the private sector.

This consultancy contract with IFC is the first step in a partnership which is intended to be long-term, and which will make it possible to extend the impact of Portucel's investment in the sustainable development of Mozambique and the creation of shared opportunities for growth in the concession areas. The signing of this contract reflects the Group's commitment to developing its project in Mozambique in compliance with the most demanding international standards on environmental and social issues.

In this context of inclusive development, particular attention was paid in 2013 to agricultural development for the communities in the project area, with the planting of 78 hectares of demonstration fields of crops essential to food security, such as corn, soya and beans. The demonstration fields are set to expand significantly in 2014.

The consultation process was also launched for the construction of the first 5 forest nursery facilities, to be set up over phases through to 2016, with annual capacity of 30 million cloned saplings.

This integrated project for forestry, cellulose pulp and energy is valued at 2.3 billion dollars and is expected to create around 7,500 new jobs as well as exports, once operating at full capacity, and at current market conditions, of approximately 1,000 million USD.

3.6. RESOURCES AND SUPPORTING FUNCTIONS

3.6.1. Sustainability

The Portucel Group's Sustainability Policy lays down the main thrust of investment in sustainability, in which the Group adopts the principles of ethical standards, accountability, transparency and corporate citizenship, without losing sight of the fact that economic feasibility is a crucial component of its strategy.

Sustainability management has been continuously and consistently perfected in the Portucel Group and in the two-year period ending in 2013 two major and pioneering initiatives were carried out with an extremely positive impact on this area of management, and on the respective operational and institutional reporting process. These were:

- Drafting of the "Sustainability Indicators Handbook", which has strengthened and consolidated the procedures and internal practices for defining, calculating, monitoring and reporting these indicators.
- The groundwork and first steps in implementing a project for "Group Sustainability Performance Management", designed to centralize, collect, computerize (SAP) and report sustainability information.

The Portucel Group's strategic goals in the field of sustainability in 2013 were those set for the two-year period now ended, aligned with the business strategy and reflecting the Group's conduct and commitment in this field in the medium and long term, supporting both the sustainability policy and the objective of creating value.

These objectives are of course also aligned with the evolution of the sustainability agenda and adjusted to the economic, environmental and social realities with which the Group will have to deal in future. The most important objectives are:

- To keep the Group's strategy and sustainability practices aligned with the evolution of best practice as recognized internationally;
- To maintain the commitment to Research and Development, with a focus on forest management and improving the production process and products;
- To continue involving partners in the forestry sector in compliance with good practice in forestry management;
- To ensure that the Portucel Soporcel group remains attractive to staff and to position it as one of the best companies to work for and a benchmark for attracting and retaining talent;
- To press ahead with the Plantations Project in Mozambique, in order to create a forestry base to supply the future world-class pulp mill and power station.

Lastly, we should make a brief note of the work of the Environmental Board, which has been fundamental for the

sustainable operation and governance of the Portucel Group. This board comprises five members, all of them independent academics with an established technical and scientific reputation in the environmental field, who advise the board of directors on scientific and environmental issues; the environmental board's message is one of the most important components of the 2012/2013 Sustainability Report.

3.6.2. Forestry and Timber Supply

Sustainable Management

The financial year of 2013 represented a further milestone in the reorganization of the Portucel Group's forestry operations, in particular with the specialization of land and forestry assets, with the goal of unifying processes and consequently standardizing the management model. Portucel Soporcel Florestal is currently the Group's company in charge of forestry operations, bringing together management of all its agro-forestry holdings, both on its own land and on land entrusted to its management by the respective owners.

At year-end 2013, the Portucel was responsible for managing approximately 120 thousand hectares of agro-forestry holdings, divided into 1,400 management units spread over 165 Portuguese municipalities. Approximately 73% of this area consists of eucalyptus stands or plantations of this species at different stages.

The Group has pursued a strategy of strengthening its presence at local level and has continued to rent and purchase land. This has involved taking on new areas and renegotiating existing contracts, as an important way of conducting our relationship with forestry landowners.

As a result of this process, the Group makes it possible to renew Portugal's woodlands and to increase the returns obtained by forest landowners, transferring know-how and productivity gains to the land, through the use of selected cloned saplings, and application of best forestry and management practices, certified under the strictest international schemes.

Forestry operations in 2013 were held back in 2013 at lower levels than in the previous year, due to the weather conditions, unsuited for much of the year to planting out eucalyptus. A total of 2,400 hectares were forested or reforested by the end of the year. Over the course of the year, the Group planted out approximately 3.1 million selected eucalyptus saplings.

With a view to effective management of the diversity of its agro-forestry holdings, the Group also recorded significant output of cork (3.9 thousand *arrobas*), wine (48.7 thousand litres), game and pasture, as well as other products.

Licensing applications were submitted for forestry operations in connection with 137 projects (reforestation, forestation and conversion), and a total of 165 projects were licensed, corresponding respectively to an area of approximately 2.9 thousand hectares and 3.3 thousand hectares of eucalyptus. However, the licensing process continued to be hampered by the complexity of the legal rules governing these operations. A new legal framework came into effect at the end of October. The RJAAR (Legal Forestation and Reforestation Rules) is intended to simplify the licensing process and reduce the time needed to approve projects.

Timber suppliers

As in recent years, the supply of eucalyptus wood on the Portuguese market fell short of the consumption needs in the Iberian Peninsula, although the tendency for improvement recorded by Portucel Group in the previous year continued in 2013.

Consumption of raw materials stood in the order of 4.27 million cubic metres of debarked timber.

In the pursuit of its policy of corporate responsibility and engagement with its local communities, the Group remained strongly committed to certification of forest management and certification of the chain of custody, as means of assuring sustained business development. Approximately 1.85 million cubic metres of certified wood was supplied to the mills, of which 31% was sourced from the Group's own woodlands. All other purchases were of controlled origin timber.

The woodchip market in Europe, and especially in the Iberian Peninsula, has undergone significant development in recent years and global shipping of this commodity has increased, despite rising oil prices.

In 2013, in the light of the shortfall in supply of raw wood in the Iberian market, the Group turned to the international market and imported the cargo of woodchip carriers from the South American market.

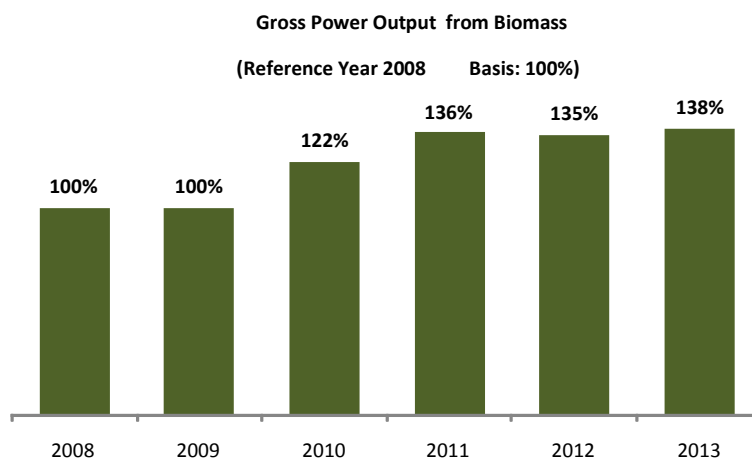
In respect of its eucalyptus purchases on the international market, the Portucel Group has been particularly concerned to assure that all its environmental, social and economic standards are fully complied with, and in 2013 purchased timber exclusively from FSC certified plantations.

Efforts to obtain new land for plantations were stepped up significantly in 2013, in relation to the previous year, in keeping with the Group's aim of increasing the proportion of wood sourced from its own supplies and of developing forestry practices which serve as an incentive and example for independent forestry producers.

3.6.3. Energy

The Portucel Group recorded gross power output of 2,359 GWh in 2013, up by 25.5% on the previous year, thanks to the inclusion in the accounts on a full consolidation basis of SOPORGEN, S.A., reflecting acquisition of the entire share capital of this company, which operates the combined-cycle natural gas cogeneration plant at the Figueira da Foz Industrial Complex. This figure for total power output corresponds to approximately 5% of the total power generated in Portugal, which was itself considerably higher than in the previous year, resulting in a reduction in net imports from Spain.

Electricity generated by biomass power plants (3 cogeneration units and 2 other plants) totalled 1,242 GWh, up by 2.3 % on the previous year, and accounting for more than 50% of estimated total Portuguese power output from this renewable resource. This slight increase in power generated from biomass was achieved at the cogeneration plants, with a slight decrease in output from the other power plants, due to stoppages for repairs to the boilers and the biomass storage, transport and feeding systems. Operations were hampered in 2013 by a number of breakdowns in the boiler of the Cacia biomass power plant, due essentially to erosion caused by aggregates incorporated in waste forestry biomass.



The two new biomass power stations, dedicated solely to generating electricity, contributed a total gross output of 207 GWh, with sales to the national grid of 183 GWh, well in excess of the initial expectations for the project, which were for 167 GWh. This success was due essentially to high standards of stability and performance in operation and maintenance, despite a number of difficulties caused by high levels of humidity and aggregates content, and unevenness in purchases of waste biomass.

The new combined-cycle natural gas cogeneration plant in Setúbal contributed gross output of 581 GWh (down by 2.9% on the previous year, due to an accident in the steam turbine). A number of adjustments and changes have been made to this cogeneration plant in respect of some of the mechanical components of the natural gas turbines, in order to improve its availability.

Soporgen - the cogeneration company supplying thermal energy to the Figueira da Foz Industrial Complex, now included in the Group's accounts on a full consolidation basis - produced 474 GWh in 2013.

Despite the increase in power generation from natural gas, due to the energy needs of the Setúbal and Figueira da Foz paper mills, 52.7% of the Group's energy production was derived from co-generation plants and power stations fuelled by biomass, i.e. a renewable resource. It is important to note that co-generation combines the production of electrical power with much larger quantities of thermal energy, making it considerably more efficient than conventional processes which generate only power.

Bioenergy and Fossil Fuels

The two biomass power stations at the Cacia and Setúbal Industrial Complexes and the Group's three biomass co-generation plants have allowed it to consolidate its dominant position in the Portuguese renewable energy market. The great benefit in terms of reduced CO₂ emissions will have an impact on the national balance for these emissions and will reduce the country's dependence on imported fossil fuels, a national aspiration which the Group is accordingly helping to achieve.

Forest Biomass for Energy Purposes

The Portucel Group has strengthened and consolidated its position as a producer and supplier of forest biomass and timber by-products.

Integrated and sustainable forestry management, informed by the concern to preserve biodiversity, is fundamental for a balance in obtaining raw materials for the production of tradable goods with a high level of value added, such as

pulp and paper, and for obtaining leftover biomass resources for generating power.

The Group has continued to supply its biomass reception centres, including those located at its plants, allowing it to optimize further the operation of the chipping equipment used to process the biomass as well as the logistics involved in biomass operations.

3.6.4. Environment

In order to monitor and report greenhouse gas emissions, the Portucel Group's various facilities also submitted to APA (Portuguese Environment Agency) in 2012 procedures for updating their Greenhouse Gas Emissions Permits (GGEP) for the period running from 2013 to 2020. This application process resulted in the issue of new emission permits for each of the facilities, with new rules on monitoring and reporting results to the competent authority for the period 2013-2020, and the definitive granting of the emission licenses.

Research initiated in 2012 to design a method for assessing diffuse emissions at the Group's three plants was concluded in 2013, with the help of accredited bodies for monitoring gas emissions.

In 2013, the Portucel Group implemented a new model for monitoring and controlling the gas emissions resulting from its combustion operations. This new management tool has standardized the methods and procedures for continuous monitoring and optimized the collection, organization and aggregation of data by emission source and by site.

In Figueira da Foz, a new bark silo was built in 2013 to feed the biomass boiler, allowing the boiler to operate closer to its nominal capacity, whilst reducing emissions of carbon monoxide by allowing for a more even supply of bark to the boiler.

The biomass boiler in Setúbal was renovated in 2013, introducing new levels of secondary and tertiary air, making it possible to cut NOx emissions.

In order to honour the commitments made in the Management Systems Policy and the Sustainability Policy, the Portucel Group identifies, monitors and controls the environmental aspects of its operations, with the aim of eliminating or minimizing impact, by implementing practices based on strict compliance with legislation and the principle of ongoing improvement.

Environmental indicators continued to present sustained positive performance at all industrial facilities, thanks to the improvements to processes which have been consistently implemented in various areas: air, water, waste, energy and materials.

3.6.5. Innovation, Research and Development

During 2013 the Portucel Group stepped up its commitment to developing new market segments, extending the distribution of Navigator Students to new geographical regions. This is a product aimed at the student market and adapted to the needs of younger consumers looking to obtain quality products at competitive prices

The importance of the research and development projects in which the Group is involved has been recognized by the relevant authorities, including the Innovation Agency, the Ministry of Science, Technology and Higher Education and the Foundation for Science and Technology. Under SIFIDE (system of tax breaks for companies involved in R&D), these authorities have certified investment projects in this area as eligible. In 2009, 2010 and 2011, investment in this area totalled 3.7 million, 3.8 million and 8.4 million euros, respectively. In 2012, an application was made for a capex project worth 9.8 million euros, and an investment project was carried out in 2013 with a value of more than 9 million

euros.

In 2013, the Portucel Group continued to invest in research in forestry, pulp and paper, through the work of its forestry and paper research institute, RAIZ. These aims were pursued in close cooperation with the Group's respective business sectors and a range of bodies in the science and technology sector.

4. Cement and Derivatives Business Area – SECIL+ SUPREMO

As previously reported, the Secil Group has been included in the Semapa's accounts on a full consolidation basis since the end of March 2012.

The information presented in this chapter corresponds to 100% of the operations of the Secil Group and the Supremo Group in the reporting period, after adjustments for consolidation in Semapa's accounts, and are not directly comparable with those presented in the table "Breakdown by Business Segment", in chapter 2 above, where the Cement segment corresponds to the sum of 100% of Secil Group operations and 50% of Supremo Group business.

4.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2013	2012	Var. (%)
Sales	463.0	496.4	-6.7%
Other income	26.6	41.5	-36.0%
Costs and losses	(423.1)	(463.2)	8.7%
EBITDA	66.5	74.7	-10.9%
Recurrent EBITDA	61.2	69.8	-12.3%
Depreciation and impairment losses	(49.7)	(74.0)	32.8%
Provisions (increases and reversals)	(3.8)	0.4	-1079.2%
EBIT	13.0	1.1	1038.4%
Net financial profit	(26.0)	(15.7)	-65.8%
Pre-tax profit	(13.0)	(14.5)	10.6%
Tax on profits	6.3	(7.3)	187.2%
Retained profits for the year	(6.7)	(21.8)	69.4%
Attributable to Secil equity holders	(12.5)	(26.5)	53.0%
Attributable to non-controlling interests (NCI)	5.8	4.7	22.2%
Cash-flow	46.9	51.8	-9.4%
EBITDA Margin (%)	14.4%	15.1%	-0.7 p.p.
EBIT Margin (%)	2.8%	0.2%	2.6 p.p.
	31-12-2013	31-12-2012	
Equity (before NCI)	574.6	591.4	-2.8%
Net debt	298.8	323.1	-7.5%

4.2. LEADING OPERATING INDICATORS

	Unit	2013	2012	Var 13/12
Annual cement production capacity	1,000 t	8,010	8,010	0%
Sales grey cement	1,000 t	4,997	4,902	2%
Sales white cement	1,000 t	87	92	(5%)
Sales artificial lime	1,000 t	56	66	(16%)
Sales clinker	1,000 t	231	315	(27%)
Ready-mixed	1,000 m ³	1,214	1,406	(14%)
Aggregates	1,000 t	2,346	2,432	(4%)
Precast concrete	1,000 t	74	87	(15%)
Mortars	1,000 t	99	141	(30%)
Hydraulic lime	1,000 t	22	15	47%
Mortar fixative	1,000 t	12	10	22%
Number of employees	nr	2,617	2,659	-42

4.3. SECIL AND SUPREMO GROUPS - OVERVIEW OF OPERATIONS

In Portugal, the main market for the Secil Group, the construction industry remained depressed without any change in the negative trends observed in the previous year. According to AECOPS (Association of Construction, Public Works and Services Companies), the sector is facing an unprecedented reduction in output, with a widespread dearth of building work and no prospects of any rapid change in the situation.

In the period from January to December, output in the construction sector fell by 16.3% (construction and public works production index - INE February 2014) and cement consumption in 2013 was down by around 20% in relation to 2012, standing at 2,800 thousand tons. However, although the construction remains in decline, the latest figures published by FEPICOP (the Portuguese Construction and Public Works Industry Federation), referring to November 2013, show a trend for recovery in the indexes based on the opinions of building industry players.

In this difficult setting, the Secil Group recorded consolidated turnover in cement business⁵ in the financial year of 2013 of 463.0 million euros. This performance represented a decline of 6.7% from the turnover recorded in 2012, reflecting weaker performance across all sales on the Portuguese market and by cement operations in Angola.

Cement operations in Portugal recorded an increase in turnover on export business of 6.5%, whilst business also grew in Lebanon, Tunisia and Brazil, thereby offsetting the overall decline in activity.

EBITDA stood at 66.5 million euros which, compared with the figure recorded in 2012, of 74.7 million euros, corresponds to a reduction of 10.9%, due essentially to poorer performance recorded by business segments located in Portugal (as the direct consequence of the severe crisis in the construction industry) and, to a lesser extent, by the cement business units in Tunisia and Angola.

EBITDA for 2013 was also brought down by the recording of impairments on inventories and accounts receivable, the value of which increased by approximately 3 million euros in relation to 2012.

⁵ Includes 100% of the Secil Group + 100% of the Supremo Group

Attention should be drawn to the success in reducing and controlling operating costs, including personnel costs, as a result of the restructuring of operations in Portugal during 2012 and 2013, in order to adapt the Group's structures to the new reality of the market.

The EBITDA margin stood at 14.4% for 2013, 0.7 p.p. down from the margin recorded in the previous year.

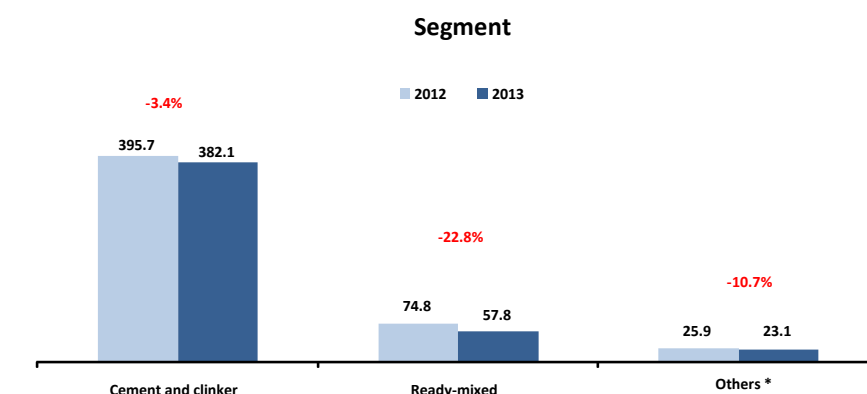
Operating income stood at 13.0 million euros, as compared with the figure of 1.1 million euros recorded in 2012. This indicator was brought down in 2012 by a set of losses on the recording in the accounts of impairments with an overall value of 23.9 million euros.

In the financial year of 2013, the cement business are recorded losses of 12.5 million euros, due fundamentally to the following factors: (i) reduction in the operating margin, (ii) the recording of a set of impairment losses as referred to above and, (iii) an increase in financial charges (as a result of the combined effect of higher average net debt over the period and the Group's average interest rate).

Capital expenditure totalled 112.4 million euros (34.4 million euros in the Secil Group and 78.0 million euros in the Supremo Group), of which 33.8 million related to operational investments and 78.5 million euros to development investments (2.0 million euros in the Secil Group and 76.5 million euros relating to construction of the Supremo Group's new mill in Brazil).

At 31 December 2013, net debt stood at 298.8 million euros (down by 24.2 million euros from 2012).

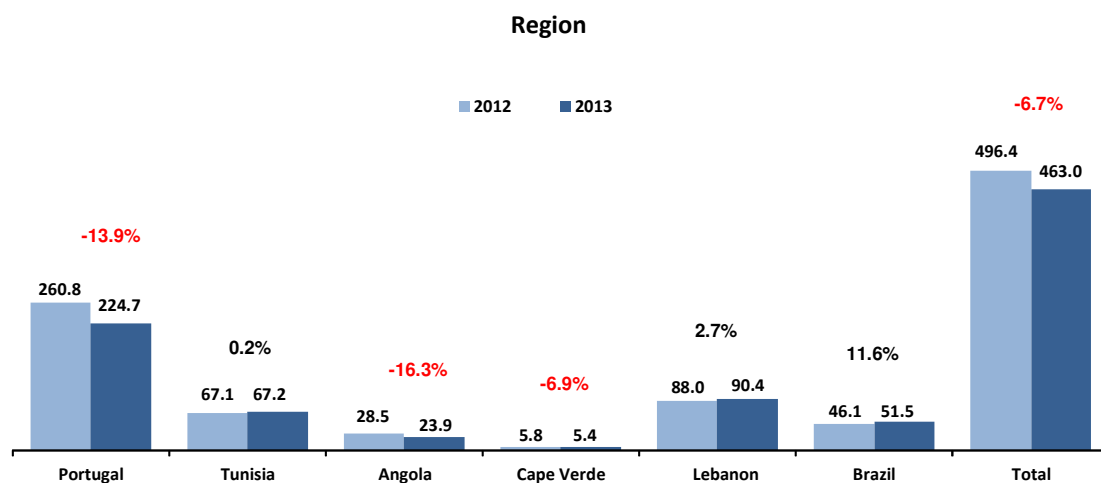
Turnover by Segment and Geographical Region



* includes Aggregates, Mortars and Pre-cast

Figures in million euros

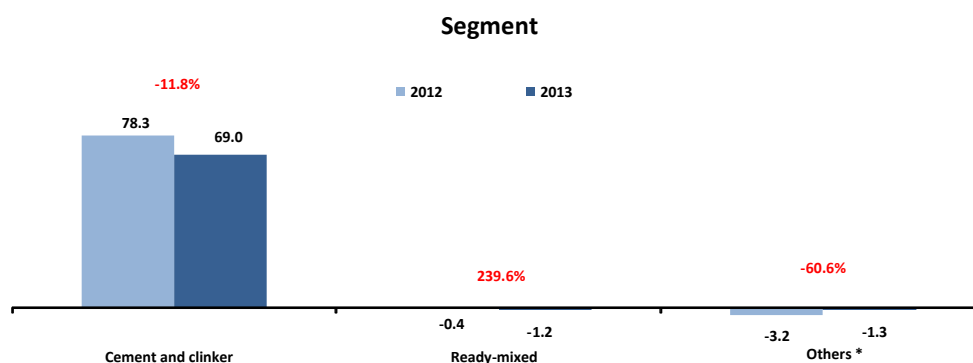
Turnover in the cement and clinker segment declined by 3.4% in relation to 2012, due to lower cement sales on the domestic market in Portugal and a reduction in cement operations in Angola. Business also contracted in all other segments in relation to 2012.



Figures in million euros

Turnover from total operations outside Portugal and from exports by Portugal-based operations represented a larger share of the total: 67.2%, as compared to the figure of 61.2% recorded in 2012.

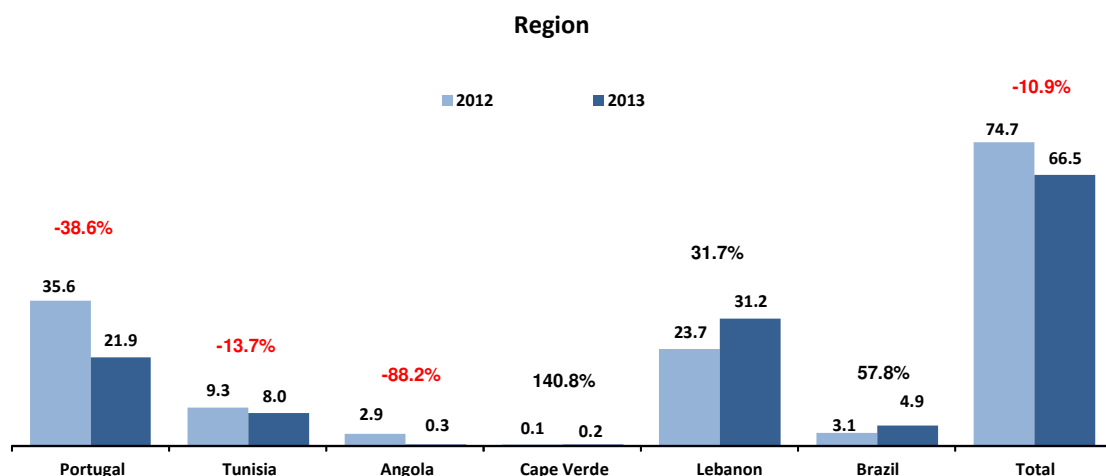
Breakdown of EBITDA by segment and geographical region



* includes Aggregates, Mortars and Pre-cast

Figures in million euros

In 2013, the cement and clinker segment represented a smaller share of total operations, in absolute and relative terms, in comparison with the previous year.



Note: The segment 'Portugal' includes the EBITDA of Silonor (France) and Secilpar (Spain)

Figures in million euros

The geographical breakdown shows that EBITDA was more heavily concentrated in operations outside Portugal than in the previous year, with these operations accounting for 67.1% of total EBITDA, as compared to 52.4% in 2012.

4.4. BUSINESS REVIEW

4.4.1. Portugal

4.4.1.1. Market Background

Forecasts published by the IMF point to a drop of 1.8% in gross domestic product in 2013 (World Economic Outlook, IMF, January 2014). Current projections from the Bank of Portugal also point to a reduction in 2013, estimated at 1.5% (Winter Economic Bulletin - January 2014).

The construction industry and cement consumption both remain in a depressed state in the European Union, especially in countries facing serious budgetary and financial difficulties, including Portugal, which is the Secil Group's main market.

In 2013 the construction industry in Portugal was accordingly once again hit by a starkly recessionary environment. The budgetary restrictions which have been imposed led to a reduction in both public and private investment, bringing down the level of cement consumption in Portugal.

The residential construction sector failed once more to recover, due to the large housing stock accumulated and consumer indebtedness. In public works, the traditional lever of the economy, the budgetary situation meant that projects were once again postponed until a later date.

In this adverse environment, the Secil Group presented the following overall indicators for its operations in Portugal in 2013:

Portugal (million euros)	Turnover			EBITDA			Unit	Quantities Sold		
	2013	2012	13/12 (%)	2013	2012	13/12 (%)		2013	2012	13/12 (%)
Cement and clinker	161.4	177.1	-8.9%	26.1	40.7	-35.9%	1,000 t	2,233.6	2,427.0	-8.0%
Ready-mixed	40.8	58.8	-30.5%	-2.9	-1.7	-69.4%	1,000 m3	699.0	958.1	-27.0%
Aggregates	7.6	8.7	-12.3%	-0.2	-1.6	84.8%	1,000 t	1,733.8	1,978.8	-12.4%
Mortars	9.2	9.1	0.7%	0.9	0.3	178.6%	1,000 t	133.5	166.1	-19.6%
Precast	4.9	5.7	-14.0%	-1.4	-0.4	-251.8%	1,000 t	69.8	82.1	-15.0%
Others	0.8	1.5	-44.7%	-0.6	-1.7	67.9%				
Total	224.7	260.8	-13.9%	21.9	35.6	-38.6%				

4.4.1.2. Cement and Clinker

Demand for cement continued to decline in 2013, together with consumption, which is estimated at 2.8 million tons for the year. According to data from CEMAPRE (Centre for Applied Mathematics and Economics), cement consumption was down by 20% for the year, which is nonetheless an improvement on 2012, when consumption plummeted by 28.6%.

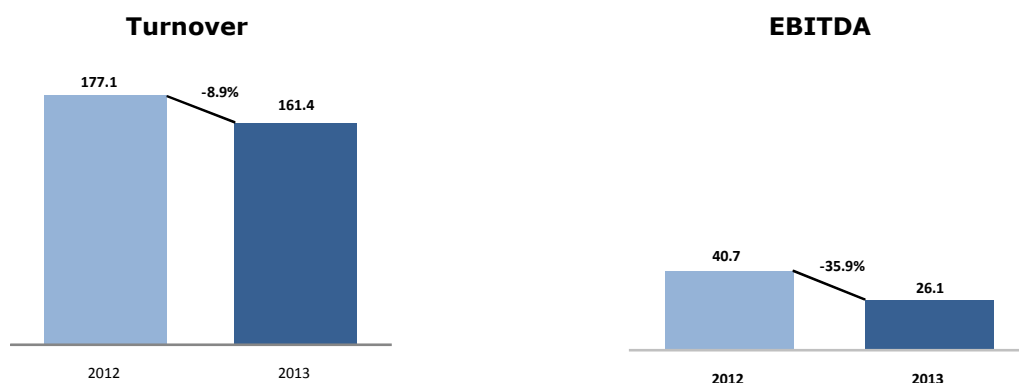
Sales by the Secil's cement business unit in the Portuguese market were in line with this trend, standing at 996 thousand tons, 20.0% less than in 2012. Competition was extremely fierce in 2013, due the existence of overcapacity in Portugal, and also surplus supply in the Spanish market.

Despite the difficult environment, the cement unit maintained its competitive position in the domestic market, thanks to a marketing dynamic focussed on diversity in the product range, consolidation of the distribution structure and implementation of new approaches to customer relations. Efforts made over the year made it possible to increase the average sales price and also the proportion of more complex products with greater value added.

White cement manufactured by Secil was used in a number of high-profile construction projects, including the Panoramic Elevator in Sines and the Public Gardens Elevator in Covilhã, whilst the same cement continued to be supplied to the Nadir Afonso Foundation (architect: Álvaro Siza Vieira), in Chaves, and to Edifício Poente at Tagus Parque, Oeiras (architect: Frederico Valsassina), concluded this year.

Grey cement was supplied to projects to increase power output at two major hydroelectric plants, at Venda Nova and Salamonde, in Vieira do Minho, to the Igreja dos Navegantes at Expo Norte, Lisbon, conclusion of the Portugal Telecom Data Centre in Covilhã, construction of irrigation infrastructures around the Alqueva reservoir and the Edifício Dynamic, in Braga.

Indicators



Figures in million euros

Cement business recorded turnover of 161.4 million euros, down by 8.9% in relation to figures for 2012, as a result of a reduction in the sales volume on the domestic market (down by 20.0%).

On the domestic market, efforts made over the year led to an increase in the average sales price and in the proportion of more complex products with greater value added, meaning that this reduction in sales volume was reflected by a reduction of -18.2% in turnover.

Export business (included in overall operations in Portugal) showed an increase in turnover of 6.5%, accounting for 55.4% of the total sales volume in 2013. The Secil Group continued therefore to gear its operations to the export market, where cement sales rose to their highest ever level, and to seek out opportunities in new markets whenever possible.

Cement and clinker operations in Portugal presented poorer performance than in the previous year, with EBITDA standing at 26.1 million euros, 35.9% down on the previous year. This negative trends was due fundamentally (i) to an appreciable reduction in the average sales margin, as the result of declining sales on the home market, where the prices and margins are higher than for export and (ii) to sales of CO₂, which in 2013 were significantly lower than in the previous year (1.0 million euros, down from 9.2 million euros). This means that, if we eliminate the effect of revenues from CO₂ sales, the reduction in EBITDA in relation to 2012 would have been 20.0% (25.0 million euros, as compared to 31.4 million euros).

Industrial Operations

Cement output from the Secil Group mills in Portugal stood at 2.2 million tons in 2013, representing a reduction of 5% in relation to 2012, due to lower demand.

Cement Output:

		2013	2012	Var
Grey Cement	(1,000 t)	2,062	2,175	-5%
White Cement	(1,000 t)	90	96	-6%
Total	(1,000 t)	2,152	2,270	2,270

The cement produced at the Secil Group's three plants in Portugal continues to present fairly uniform final characteristics and high quality standards, an aspect which is regarded as essential in order to ensure general market recognition of the high standards set by Secil.

Work continued in 2013 on cost-cutting initiatives, including a programme for pooling resources in industrial maintenance, designed to reduce the costs of materials, services and stocks, and the project to increase energy efficiency, in order to cut costs on electrical and thermal energy.

Operational management has been merged for maintenance and production at the Maceira and Pataias cement mills, making it possible to increase operational efficiency at these plants.

The Group has also increased the use of industrial waste as thermal fuel. Overall, the rate of use of alternative thermal fuels rose from 41% in 2012 to 44% in 2013. Efforts and investment in this area continue to be a priority, in order to obtain a higher rate of use of alternative fuels, with consequent savings in energy costs.

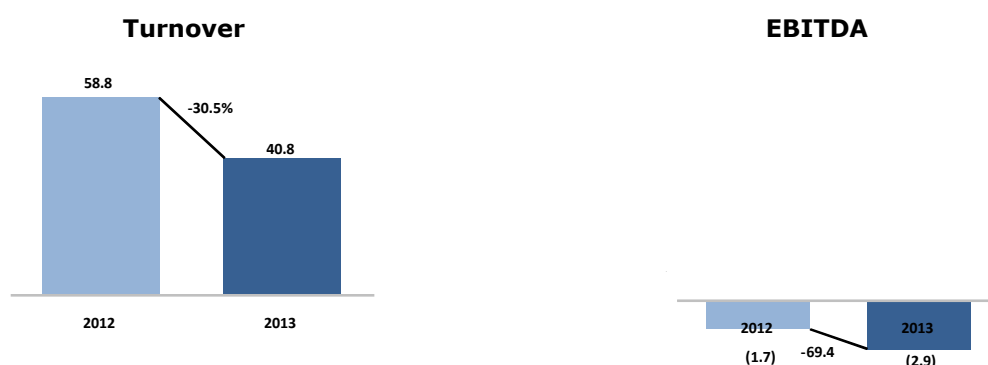
Although the results of these measures has not entirely offset the impact of the reduction in business on the domestic market, they are designed to increase the competitiveness of the various units in Portugal, as soon as the market starts to show signs of an upturn.

Capital expenditure

Capital expenditure in 2013 totalled 13.2 million euros, representing an increase of 10.3% over the previous year.

Work was completed on projects to increase storage capacity for alternative fuels and to install gas by-passes on the kilns at the Outão and Maceira mills. All these projects are intended to increase the use of alternative fuels and to achieve savings in energy consumption.

4.4.1.3. Ready-Mixed



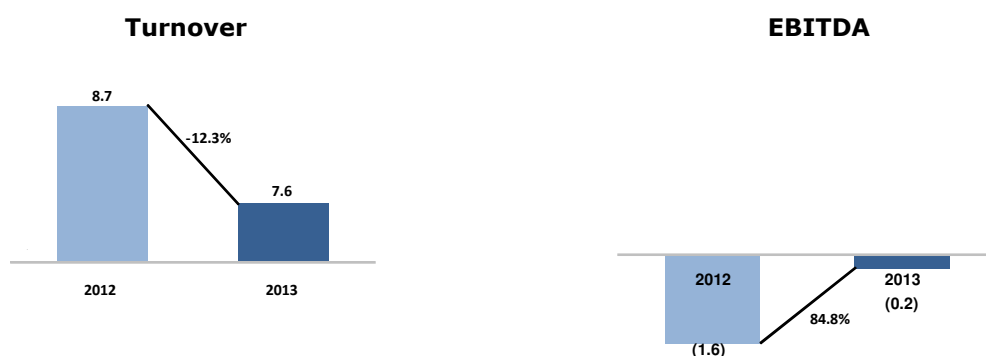
Figures in million euros

The low level of activity in the construction sector, combined with extremely fierce competition, was reflected in sales of ready-mixed concrete, which in 2013 stood at approximately 699 thousand m³, representing a reduction of 27.0%.

In this context, turnover in this business unit stood at around 40.8 million euros, down 30.5% on 2012. The reduction in turnover in ready-mixed concrete was sharper than the reduction in quantities (30.5%, compared to 27.0%), due to erosion of the average sales price and margins, as a result of an extremely adverse environment of cut-throat competition. Despite efforts to promote value-adding and increased sales of these products, they still account for only a modest proportion of total sales.

In terms of performance, EBITDA stood at -2.9 million euros, as compared to -1.7 million euros in the previous year, representing a reduction of 69.4%

4.4.1.4. Aggregates



Figures in million euros

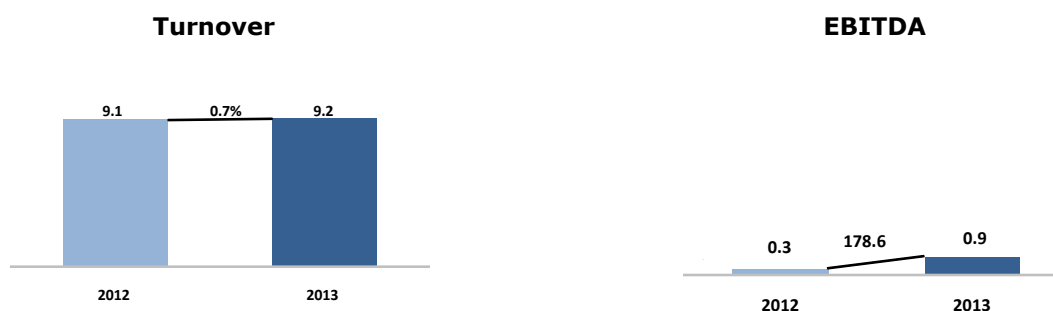
The sharp drop in the number of construction projects and in the size of each project has continued to contribute to fierce competition from other operators in the market.

In this context, the sales volume recorded by the aggregates business unit stood at 1.7 thousand tons, down by 12.4%, with the sales volume down by 245 thousand tons on the previous year. The Group has adopted a fresh approach to the market, seeking to focus on supplying higher value aggregates, which was reflected in a higher value sales mix.

Turnover was accordingly down by 12.3%, at approximately 7.6 million euros. Significantly, the average sales price increased by approximately 4.6% on sales in mainland Portugal, although this was not enough to offset the effect on turnover of the reduction in transport services and lower sales prices in Madeira. This price increase reflects the change in the sales mix described above.

EBITDA stood at -0.2 million euros, up by 84.8% in relation to the previous year.

4.4.1.5. Mortars



Figures in million euros

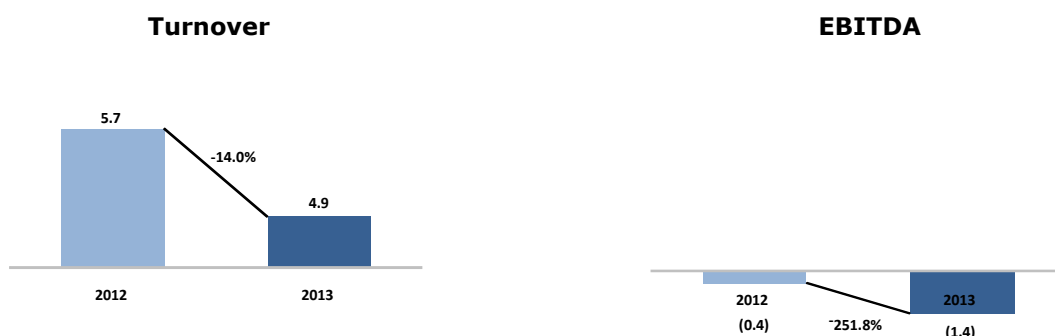
In line with the general market tendency, the mortars business unit recorded a drop in the sales volume on the domestic market of 21.2%, which was offset by the strategy of launching and promoting new value-added products, first implemented in 2011, and by the increase in sales of hydraulic lime, boosted by the closure of a competitor's plant in March 2013.

In international business, the Group maintained the strategy defined in 2012, with the volume of exports growing by 6.3% as sales expanded into new countries, such as Holland, Belgium and Canada.

In this context, turnover in this business unit stood at 9.2 million euros, up by 0.7% on 2012.

EBITDA stood at approximately 0.9 million euros, representing an increase of 178.6%

4.4.1.6. Pre-cast Concrete



Figures in million euros

Sales of pre-cast concrete continued to decline in 2013: competition in the market was extremely fierce, with supply far outstripping demand and prices at very low levels.

The reduction of 15.0% recorded in the sales of this business unit was caused by a sharp drop in business by Secil Prebetão, insofar as sales by Argibetão increased in relation to 2012.

In this context, turnover stood at 4.9 million euros, representing a drop of 14.0% in relation to 2012, albeit smaller than the reduction in the sales volume. Average prices for tiles rose in sales in both Portugal and Spain, meaning that the average sales price in this business area grew by 2.9% in Portugal and 3.3% in Spain.

In terms of operational performance, this business unit recorded negative EBITDA of -1.4 millions euros, which compares unfavourably with the figure of -0.4 million euros recorded in 2012.

4.4.2. Tunisia

4.4.2.1. Market Background

The Tunisian economy is thought to have grown by 3.0% in 2013, down from the figure of 3.6% recorded in 2012 (*World Economic Outlook*, IMF, January 2014), although it continues to be affected by the fall-out from the revolution, with a worsening of the political crisis and continuing outbreaks of social instability, demonstrations, strikes and general insecurity, alongside a deteriorating economic situation in its main trading partners.

The tourism and export sectors remain in recession, budgetary and foreign balances have worsened and structural reforms have been implemented at a much slower pace than initially envisaged. Although the public works sector is in recession, the residential and commercial construction sector continues to grow.

As in 2012, the Tunisian dinar continued its downward trend against the euro, falling by an average of approximately 7.0% over the year.

The following table presents overall indicators for the Secil Group's business operations in Tunisia in 2012 and 2013:

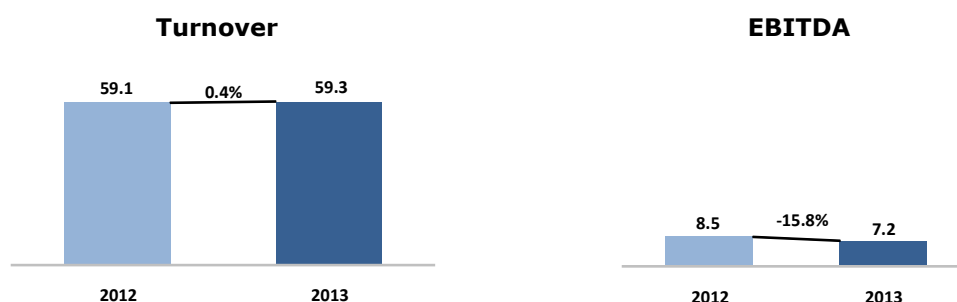
Tunisia (million euros)	Turnover			EBITDA			Unit	Quantities Sold		
	2013	2012	13/12 (%)	2013	2012	13/12 (%)		2013	2012	13/12 (%)
Cement and clinker	59.3	59.1	0.4%	7.2	8.5	-15.8%	1,000 t	1,272.3	1,217.5	4.5%
Ready-mixed	7.8	7.9	-0.3%	0.9	0.8	8.8%	1,000 m ³	175.1	175.9	-0.4%
Precast	0.0	0.1	-70.5%	0.0	0.0	-68.3%	1,000 t	3.4	4.0	-16.4%
Total	67.2	67.1	0.2%	8.0	9.3	-13.7%				

4.4.2.2. Cement and Clinker

Consumption of cement and artificial lime in the Tunisian market stood at approximately 7.7 million tons, representing an increase of 2.5% in relation to the previous year. In the southern region, where the Secil Group's production facility is located, growth was in the order of 3.0%.

This business unit recorded an improvement in business performance in relation to 2012, with growth of 4.5% the sales volume, which stood at approximately 1.3 million tons, thanks to a slight increase in the volume of exports, as sales quantities on the local market held steady. It should be noted that exports represent only a small proportion of total turnover, due to the continued existence of administrative restrictions on exports in 2013.

Indicators



Figures in million euros

The cement and clinker business unit in Tunisia recorded turnover of approximately 59.3 million euros, up by 0.4% on the figure for the 12 months of the previous year. It should be noted that turnover expressed in local currency grew by 8%, but this was largely cancelled out by the drop in value of the Tunisian dinar.

In the local market, the continued application in 2013 of administrative controls on sales prices, which have not been changed since July 2011, has contributed to the reduction in turnover, insofar as the sales volume was practically identical to the previous year.

It should be noted that the prices prevailing in the Tunisian market are substantially lower than those in neighbouring countries. For this reason, the Government has imposed strict restrictions on exports, which generally offer much better margins than the domestic market.

However, in early 2014, the Tunisian government announced the deregulation of sales prices and exports of cement,

This business unit recorded EBITDA of 7.2 million euros, down by 15.8% on the previous year, as the result of stoppages in the two kilns for replacement of the coolers. In order to respond to market demands, the company was obliged to buy in sizeable quantities of clinker, with a consequent loss of margin. In addition, the depreciation of the Tunisian dinar also had a negative impact on the cost of importing spare parts. However, these effects were partially offset by the increase in cement exports, as mentioned above.

Industrial Operations

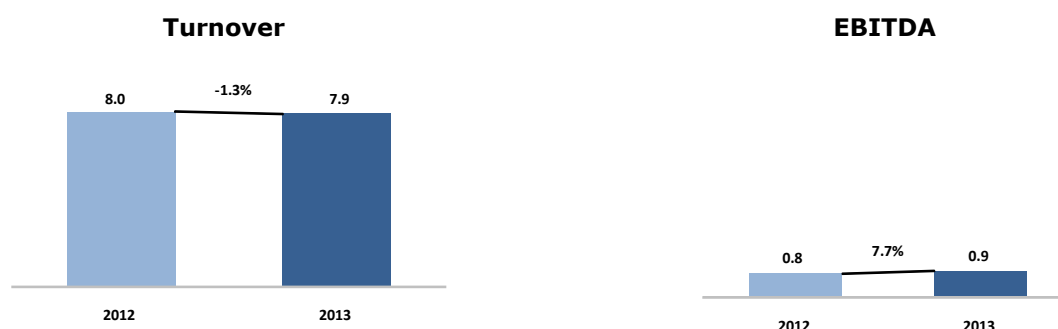
Output of cement and clinker stood at 2.1 million tons, representing growth of 1.4% over the previous year. Stoppages were required in both kilns in 2013 in order to substitute the coolers, leading to a drop of 4.6% in clinker output.

Capital expenditure

Capital expenditure totalled 7.7 million euros, with by far the most important project having been the substitution of the coolers in the two kilns, which will result in energy gains and increase clinker production capacity.

Although this work was only completed towards the end of the year, the positive effects of this investment were still felt, with the units increasing its output of clinker and achieving better EBITDA margins than earlier in the year. An improvement in results is expected in 2014.

4.4.2.3. Ready-mixed and pre-cast concrete



Figures in million euros

The volume of major public works again declined in 2013, alongside uneven growth in the private construction sector. In this context, the sales volume for ready-mixed concrete remained at the same level as in 2012, at 175 thousand tons, whilst sales of pre-cast concrete were down by approximately 16.4%.

Overall, turnover from these two business units dropped by 1.3%, to 7.9 million euros, although in local currency the performance was positive. However, the rise in the average sales price for ready-mixed concrete was cancelled out by the depreciation of the currency.

Accrued EBITDA for the 12 months of the year stood at approximately 0.9 million euros, representing growth of 7.7% over 2012.

4.4.3. Lebanon

4.4.3.1. Market Background

According to the latest figures published by the IMF, the Lebanese economy is thought to have grown by 1.5% in 2013, in line with the figure for 2012 (World Economic Outlook, IMF, January 2014) and falling short of the projections at the start of 2013.

The Middle Eastern region has been going through a period of significant change, involving political transition in several countries, holding out the promise of growth. However, these changes have also created uncertainty,

especially in investment, tourism and the economy in general. Lebanon is not immune to these factors and has felt the impact of the global slowdown and regional instability, and especially of the situation in Syria.

The following table presents overall indicators for the Secil Group's business operations in Lebanon in 2012 and 2013:

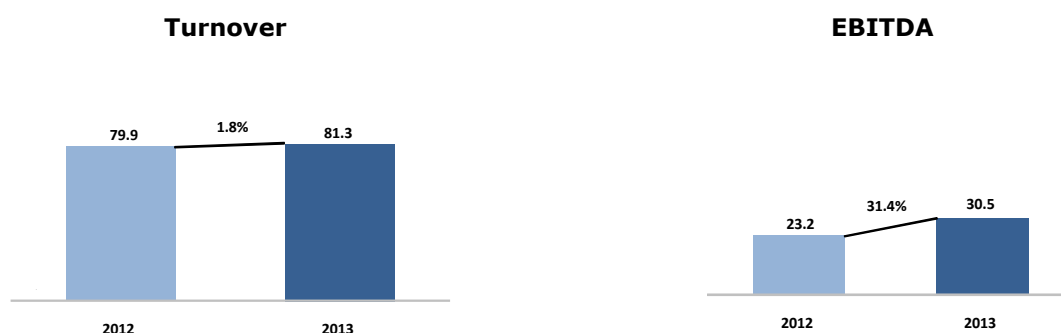
Lebanon (million euros)	Turnover			EBITDA			Unit	Quantities Sold		
	2013	2012	13/12 (%)	2013	2012	13/12 (%)		2013	2012	13/12 (%)
Cement and clinker	81.3	79.9	1.8%	30.5	23.2	31.4%	1,000 t	1,214.6	1,138.3	6.7%
Ready-mixed	9.1	8.2	11.5%	0.7	0.5	46.1%	1,000 m ³	152.5	131.6	15.9%
Total	90.4	88.0	2.7%	31.2	23.7	31.7%				

4.4.3.2. Cement and Clinker

Although growth was forecast for the economy as a whole, it was to be expected that cement consumption would stabilize, after the boom years of 2003 to 2011. However, demand in the property sector was extremely robust and the public works sector was also lively, allowing the construction industry to experience continued growth and driving cement consumption up to a new record level.

In this context, cement consumption was up on 2012, at a total of 5.9 million tons, representing growth of around 10%.

Indicators



Figures in million euros

The sales volume in the cement business unit in Lebanon presented excellent performance, up by 6.7% on the previous years, with all sales being made on the domestic market.

Turnover from the cement business unit in Lebanon stood at approximately 81.3 million euros, representing an increase of 1.8% on the same period in the previous year, due to the increase in the sales volume and a slight increase in average sales prices,

EBITDA stood at approximately 30.5 million euros, up by 31.4% on the previous year. This significant improvement in performance was essentially due to better performance in production and also to successful sales efforts, which resulted in an increase in turnover.

The resolution of technical hitches and problems in the power supply experienced in the previous year (leading to additional cost of acquiring clinker and cement), improvements in consumption indicators for thermal and electrical energy and the reduction in the clinker incorporation rate, made it possible to achieve a reduction in production costs.

Industrial Operations

Annual output from the Sibline plant in 2013 was the highest ever, with cement totalling 1,238 thousand tons and clinker 923 thousand tons, representing increases respectively of 10.3% and 13.0% over the previous year.

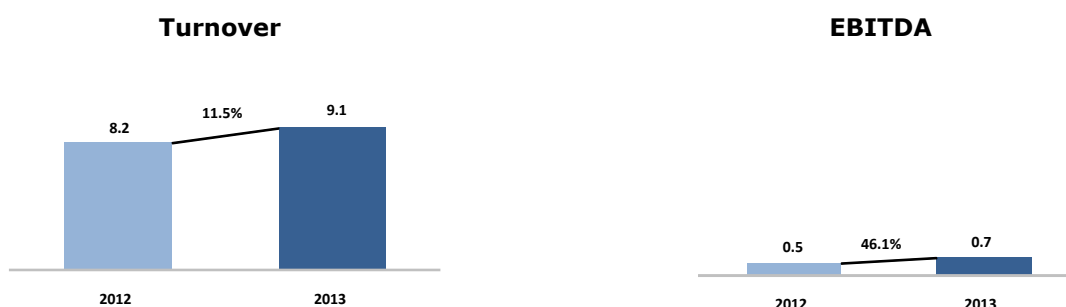
In 2012, production had been badly hit by poor performance in the first half, as the result of lengthy stoppages of production lines, due to technical problems and frequent power cuts. These problems have since been resolved, and output has accordingly stabilized.

Other achievements include an improvement in consumption of thermal energy, thanks to completion of the capital project for revamping line 1, a substantial reduction in power consumption, due to improved performance in production, and a reduction in the clinker incorporation rate to 76.7%, the lowest rate ever.

Capital expenditure

Capital expenditure stood at 9.4 million euros, centred on completion of the revamping of line 1, which has led to an improvement in consumption of thermal energy, with a positive influence on fuel costs.

4.4.3.3. Ready-Mixed



Figures in million euros

Ready-mixed concrete business in 2013 enjoyed a positive boost from the strength of the construction industry, with a significant increase in the sales volume, which stood at 153 thousand m3 of concrete (up by 15.9% over 2012), a new all-time high.

Turnover also performed well, standing at approximately 9.1 million euros, representing an increase of 11.5% over 2012, due solely to the growth in quantities sold, insofar as the average sales price dropped by around 4.0% as a result of competition in the market.

EBITDA stood at 765 thousand euros, 46.1% up on 2012, reflecting the increase in the sales volume, and also the gains obtained on reductions in the variable production costs, which made it possible to offset the deterioration in average sales prices.

4.4.4. Angola

4.4.4.1. Market Background

The Angolan economy is still growing and the latest estimates released by the IMF point to growth in gross domestic product of 5.6% in 2013, up from 5.2% in 2012 (World Economic Outlook, IMF, January 2014).

These estimates for growth are based on expansion of the oil & gas sector, increased consumer spending and implementation of a public spending programme for infrastructure, expected to boost business in the construction industry and other sectors.

The following table presents overall indicators for the Secil Group's business operations in Angola in 2012 and 2013:

Angola (million euros)	Turnover			EBITDA			Unit	Quantities Sold		
	2013	2012	13/12 (%)	2013	2012	13/12 (%)		2013	2012	13/12 (%)
Cement and clinker	23.9	28.5	-16.3%	0.3	2.9	-88.2%	1,000 t	180.2	190.6	-5.5%
Total	23.9	28.5	-16.3%	0.3	2.9	-88.2%				

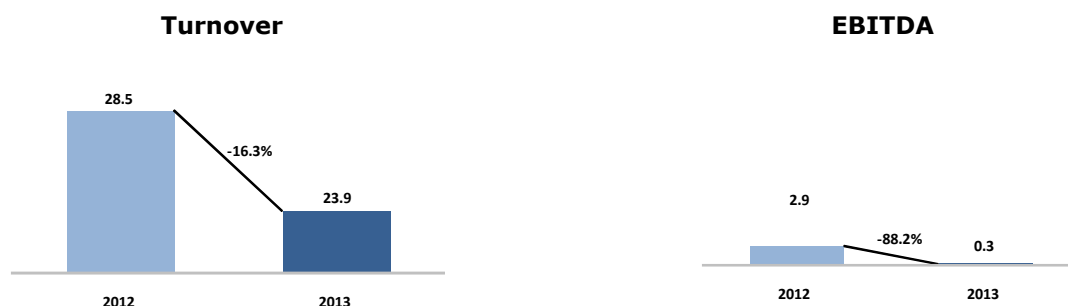
4.4.4.2. Cement and Clinker

Growth in the Angolan economy also resulted in continued expansion of the construction industry, causing cement consumption to rise to 5.5 million tons, representing an increase of approximately 10% on the previous year.

The production capacity of Angolan manufacturers rose from 4.5 million tons to 7.5 million in 2013, as a result of one manufacturer doubling its capacity whilst another, which started up in the fourth quarter of 2013, consolidated its production process.

Significantly, cement production capacity in Angola is currently higher than market demand. This fact, combined with the pressure of cheaper cement imports from China, led to a significant drop in sales prices, which are estimated to have fallen by 12% in 2013 in relation to the previous year.

Indicators



Figures in million euros

Secil Lobito recorded a sales volume of 180.2 thousand tons, corresponding to turnover of 23.9 million euros; these figures are down by respectively 5.5% and 16.3% on the previous year.

EBITDA shrank by 88.2% to stand at 343 thousand euros, due to a reduction in the sales volume and the average sales price in comparison with 2012 and to the recording of impairments on inventories.

In response to the difficult environment, the workforce was adjusted downwards by 6% in relation to December 2012, providing an adjustment on the cost side.

Capital expenditure

Capital expenditure in 2013 totalled 1.9 millions and included significant intervention in the mills, which will permit a reduction of around 15% in variable production costs, thanks to a reduction in the clinker incorporation rate. This will have a significant impact on results in 2014, as the work was only completed towards the end of 2013.

4.4.5. Brazil

4.4.5.1. Market Background

According to the latest figures published by the IMF, the Brazilian economy is thought to have grown by 2.3% in 2013, up from the figure of 1.0% recorded in 2012 (World Economic Outlook. IMF, January 2014), on the strength essentially of robust performance in the farming and service sectors. Consumer spending, which has been the main driving force in the economy, showed signs of cooling.

The economy continues to be affected by a number of structural problems, such as low levels of educational attainment, instability in regulations and red tape, and also the lack of appropriate infrastructures, such as ports, airports and roads. In addition, the impact caused by the organization of the World Cup and the resulting construction projects appears to have fallen short of expectations.

The crisis in the emerging markets has had a significant effect on Brazil, and its currency has fallen substantially in value, with interest rates and inflation both rising.

The following table presents overall indicators for the Supremo Group's business operations in Brazil in 2012 and 2013:

Brasil (million euros)	Turnover			EBITDA		
	2013	2012	13/12 (%)	2013	2012	13/12 (%)
Cement and clinker, Ready-mixed and Aggregates	51.5	46.1	11.6%	4.9	3.1	57.8%
Total	51.5	46.1	11.6%	4.9	3.1	57.8%

Brasil (million euros)	Unit	Quantities Sold		
		2013	2012	13/12 (%)
Cement and clinker	1,000 t	423.0	351.0	20.5%
Ready-mixed	1,000 m3	187.0	140.0	33.6%
Aggregates	1,000 t	556.5	376.3	47.9%

4.4.5.2. Cement and Clinker, Ready-Mixed Concrete and Aggregates

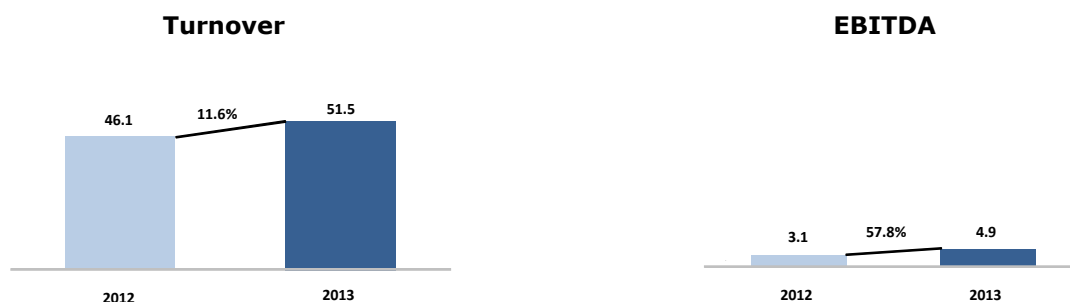
According to provisional figures from the industry, the cement market grew to a total sales volume of approximately 70.0 million tons, representing an increase of 2.4% over the previous year. This growth was not evenly spread around the country, and in the region where the Supremo Group operates, growth stood at 3.8% in relation to 2012.

In this context, the Supremo Group recorded a sales volume of approximately 423 thousand tons (which includes purchases from Secil Portugal), representing growth of 20.5% over the previous year.

The ready-mixed concrete unit presented a significant increase in sales volume, which grew to 187 thousand m³, up by 33.6% in relation to 2012, boosted by the start-up of the new plant in Itajaí.

In aggregates business, the sales volume increased considerably in 2013, standing at 557 thousand tons, 47.9% up on the previous year, thanks to a significant increase in sales to third parties.

Indicators



Figures in million euros

In 2013, the Supremo Group's sales volume stood at approximately 51.5 million euros, representing an increase of 11.6% in relation to the previous year, whilst EBITDA totalled 4.9 million euros, up by 57.8% on 2012.

This positive performance was due to the combined effect of the following factors: (i) an increase in the volume of cement sales and also in clinker output, in the order of 21%, thanks to improvements in operational performance as a result of capital projects; (ii) an increase in average sales prices for ready-mixed concrete, along with tight control of operating costs in this business unit; and (iii) an increase in the volume of sales of aggregates to third parties, and a consequent improvement in operating margins.

Industrial Operations

Cement output stood at approximately 340 thousand tons, 8.7% up on the output recorded in 2012. This increase would have been more significant had it not been for the stoppage of the mill during January, due to a capital project to improve its operational performance.

Capital expenditure

Capital expenditure by the Supremo Group stood at 78.0 million euros, of which 1.4 million related to operational investment, in particular the optimization of cement milling capacity in Pomedore, and 76.5 million euros related to the construction of the new cement mill in Andrianópolis.

4.5. RESOURCES AND SUPPORTING FUNCTIONS

4.5.1. Sustainability

Sustainability continues to be a strategic issue for the management of the Secil Group, as reflected in the commitments made in connection with the CSI – Cement Sustainability Initiative, and through the WBCSD – World

Business Council for Sustainability Development.

The following steps have been taken in the cement business unit in Portugal:

- The alternative fuel substitution rate rose to 44%, allowing further substitution of fossil fuels;
- The total rate of clinker incorporation increased slightly from 2012, to 76.4% (as compared to 74.4% in 2012).

4.5.2. Environment

In 2013, the main concern in the cement industry was to defend its continued inclusion in the list of sectors exposed to the risk of carbon leakage. Exclusion from the carbon leakage risk would have a severe impact on the industry's ability to compete, meaning that its continued inclusion is of vital importance to its survival. The revised list is due to be published by the end of March 2014, although the European Commission has already declared its intention of maintaining the parameters and classification criteria used in the 2009 list; if this is the case, then the cement industry will in fact be kept on the list of sectors exposed to the risk of carbon leakage.

The sector also has a fundamental need for an appropriate, predictable and stable regulatory framework, not subject to alterations to its original parameters, in order to invert the deficit of business confidence which has been observed in capital-intensive industries, which need to plan their investment projects over the long term.

Another important development was the approval, in early 2014, of the backloading of carbon permit auctions, designed to remove temporarily from the market around 900 million permits, which will be restored to the market at the end of the period. These measures will consequently increase indirect costs, through higher power prices, which will reflect the higher cost of CO₂ permits acquired in auctions by power generation companies.

In addition, the unexpected application of a Cross Sectoral Correction Factor (CSCF) significantly lower than one (it varies between 0.94272151 in 2013 and 0.82438204 in 2020), which corresponds to a tougher benchmark which is more demanding and difficult to achieve with existing technology, could cause sectors which currently run at a surplus to incur a deficit, thereby undermining their ability to compete at home and abroad. For the Portuguese cement industry, without considering other issues, the application of this factor alone amounts to eliminating around 5.5 million free permits.

In an important development for the Secil Group in particular, work continued in 2013 on the project for "Energy Optimization at Cement Mills in Portugal", designed to improve energy efficiency (electrical and thermal energy) at its facilities. With regard to the application of the Best Available Techniques for the cement industry, the cement mills in Portugal were required to adopt secondary abatement measures (SNCR – Selective Non Catalytic Reduction), in order to meet the new upper limit for NO_x emissions, which took effect in January 2014.

4.6. ORGANIZATION

The Secil Group continued in 2013 to pursue its strategy, first applied in 2012, of resizing its operations in Portugal, in order to streamline its operations.

As a result of these measures, the Secil Group's workforce was cut to 2,125, down by 42 on the figure for 2012. Downsizing measures in 2013 had the greatest impact on the pre-cast and cement sectors. In the cement division, operational management has been merged for maintenance and production at the Maceira and Pataias cement mills, making it possible to increase operational efficiency at these plants.

Work started in 2013 on the process of optimizing supporting functions in the new central structure, which was created in late 2012. This process involved IT projects designed to improve organizational processes and the renegotiation of a number of service contracts; these efforts have proved beneficial to the Group.

Improved efficiency remains one of the Group's main priorities in all geographical regions and the various operational units have continued to pursue a series of initiatives of this type, with the aim of improving their profitability.

5. Environment Business Area – ETSA

5.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2013	2012	Var. (%)
Sales	29.1	35.6	-18.2%
Other income	1.2	1.5	-20.9%
Costs and losses	(23.9)	(28.2)	15.2%
EBITDA	6.5	9.0	-28.1%
Recurrent EBITDA	6.5	9.0	-28.1%
Depreciation and impairment losses	(2.5)	(2.8)	11.1%
Provisions (increases and reversals)	(0.3)	(1.0)	73.7%
EBIT	3.7	5.2	-28.9%
Net financial profit	(1.1)	(1.6)	34.2%
Pre-tax profit	2.6	3.6	-26.6%
Tax on profits	(0.1)	(0.5)	84.6%
Retained profits for the year	2.6	3.1	-17.5%
Attributable to ETSA equity holders *	2.6	3.0	-15.7%
Attributable to non-controlling interests (NCI)	-	0.1	-100.0%
Cash-Flow	5.3	6.9	-22.7%
EBITDA margin (%)	22.2%	25.2%	-3.1 p.p.
EBIT margin (%)	12.7%	14.6%	-1.9 p.p.
	31-12-2013	31-12-2012	
Equity (before NCI)	58.2	55.7	4.6%
Net debt	19.6	20.6	-4.8%

* Of which 96.00% is attributable to Semapa in 2012 and 99.989% in 2013

Note: The above figures may differ from those presented individually by the ETSA Group, as a result of consolidation adjustments made by the holding company, Semapa.

5.2. LEADING OPERATING INDICATORS

The following table sets out the main operating indicators for the ETSA Group in the financial year of 2013:

	Unit	2013	2012	13/12
Collection of raw materials - Animal waste (categories 1 and 2)	1,000 t	44.1	47.5	-7.2%
Collection of raw materials - Animal waste (category 3)	1,000 t	70.5	71.7	-1.7%
Collection of used food oil	1,000 t	2.0	2.2	-11.9%
Sales - animal fats	1,000 t	13.0	18.1	-27.8%
Sales - meal	1,000 t	19.7	18.7	5.3%
Sales - used food oil	1,000 t	1.9	2.1	-8.7%

5.3. BUSINESS OVERVIEW: ETSA GROUP

The ETSA Group recorded turnover of 29.1 million euros, down by approximately 18.2% on the same period in 2012.

This reduction in business was due essentially to the combined effect of: (i) a significant reduction in the volume of lard sold as a result of rescheduling of the multiannual contracts currently underway, (ii) a reduction in quantities sold and average sales prices for low acidity fats (down respectively by 11% and 7.3%), (iii) a reduction of approximately 55.2% in the average value of contracts for collection of animal by-products from supermarkets and (iv) a reduction of approximately 22.2% in turnover from the collection, transport and destruction of animal carcasses under the SIRCA service provided to the Portuguese State, as a result of a drop in quantities collected and in the average price contracted.

EBITDA for the ETSA Group totalled 6.5 million euros, representing a reduction of 28.1% in relation to 2012. This is explained fundamentally by (i) the reduction in turnover, as described above, (ii) widespread increases in the average purchase price of by-products, due to the depressed business environment, overcapacity in the sector and extremely fierce competition, (iii) a significant increase in animal by-products business, but with falling revenue from fixed contracts, resulting in growth in the cost structure, due to higher logistical, personnel and industrial processing costs.

Other factors which had a positive impact on performance in the period included (i) the reduction in the cost of goods sold per ton of raw material processed, as a result of the planned reduction in commercial collection operations in Spain, and (ii) the lower cost of thermal fuels used in the industrial conversion process, thanks to capital projects implemented at both SEBOL and ITS.

The EBITDA margin stood at 22.2%, down by around 3.1 p.p. on the margin for 2012.

Financial costs came down in 2013 as a result of the reduction in average gross debt over the period.

The combined impact of these factors resulted in Net Income attributable to equity holders for the 2013 of approximately 2.6 million euros, 15.7% down on that recorded in the previous year.

The ETSA Group pressed ahead with a number of capital projects in 2013, primarily geared to converting industrial consumption and setting up new business units to boost value adding in future.

At 31 December 2013, the ETSA Group's net debt stood at 19.6 million euros, down by approximately 1.0 million euros in relation to year-end 2012, due essentially to compliance with the technical repayments plan, although the debt owed by the Portuguese State (specifically, by the Ministry of Agriculture and the Sea) to the subsidiary ITS, relating to services rendered since 1 December 2012, stood at the end of the year at approximately 5.5 million euros.

6. 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.

A commitment to a highly skilled workforce, with specialized professional careers, 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 5,208 at the end of December 2012 to 5,183 at the end of December 2013, as shown in the following table:

	31-12-2013	31-12-2012	Var. 13/12
Papel and Pulp	2,258	2,275	-17
Cement	2,617	2,659	-42
Environment	286	254	32
Holdings	22	20	2
TOTAL	5,183	5,208	-25

7. Social Responsibility in the Semapa Group

Helping to develop its local communities is one of the guiding strategic principles of the Semapa Group. The Group is accordingly involved in a wide array of projects designed in the last instance to improve the quality of life of the communities around its plants and facilities, and to conserve the environment.

As a holding company, Semapa has supported the following projects:

- Fundação Nossa Senhora do Bom Sucesso - a charity in the health sector, providing family-centred care, especially for women and children.
- Associação Salvador – Association which works to defend the interests and rights of persons with reduced mobility, especially individuals with motor handicaps.
- Associação Portuguesa Contra a Leucemia – a Portuguese association working to improve the effectiveness of treatment for leukaemia and related cancers, contributing to progress in scientific understanding of the nature, evolution, prevention and treatment of this diseases, and supporting leukaemia sufferers and their families.
- Associação Quinta Essência - a charity that help people with intellectual disabilities, aged 16 and over, to achieve independence and social integration, to the maximum extent possible.
- MDV Projecto Família – A pioneering project in Portugal seeking to work with families with children at risk. The aim is keep the family together through intensive, immediate and individualized support.

In 2013, the Portucel Group sought to pursue its policy of social responsibility by taking an active role in projects with welfare, cultural, environmental and educational aims, especially when located in the regions around its industrial units and forestry holdings.

The Portucel Group accordingly remained committed to a number of projects designed to promote responsible conduct and to foster a business culture, which is regarded as a priority for the Group's development. Special mention should be made of the "Give the Forest a Hand" campaign, which won the award for Best Responsibility Campaign from APCE (the Portuguese Corporate Communication Association).

In the field of education, the Portucel Group maintained its strategy of supporting and encouraging welfare projects, encouraging joint efforts between the educational community and the business sector.

The arts have been another focus for the activities of the Portucel Group, which has continued to support cultural and educational projects that promote paper as a valuable medium for communication, crucial to both culture and knowledge.

The Secil Group has been aware at all times that sustainable growth depends on the well-being of its workforce, and on the support and ties it builds with the communities in which it locates its production units and commercial premises.

Accordingly, Secil has signed cooperation agreements with institutions working in the fields of social inclusion, sport and the arts, with programmes in the local communities around the Group's facilities.

The ETSA Group has established partnerships with charities and welfare organizations, to which it makes technical and financial contributions, in order to support work to improve the living conditions and inclusion of the underprivileged. This has included supporting the work of AMI – Assistência Médica Internacional and also the Ronald McDonald Foundation, in both Lisbon and Porto.

Taken together, donations by the Semapa Group to welfare charities totalled approximately 2.4 million euros.

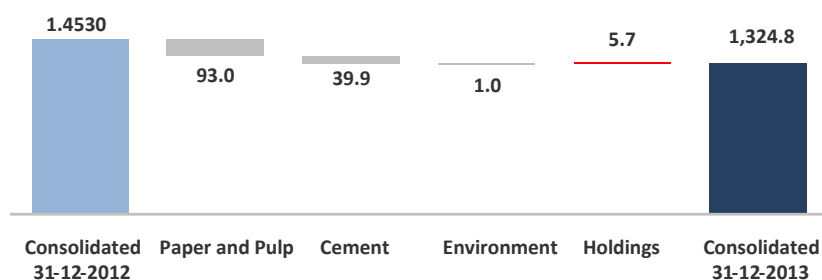
8. Semapa Group – Financial Area

8.1. INDEBTEDNESS

At 31 December 2013, consolidated net debt stood at 1,324.8 million euros, representing a reduction of 128.2 million euros from the figure recorded at year-end 2012. The following table shows the evolution and a breakdown of consolidated net debt:

Net debt (million euros)	31-12-2013	31-12-2012	Var 13/12
Paper and Pulp	162.6	255.6	-93.0
Cement	264.4	304.3	-39.9
Environment	19.6	20.6	-1.0
Holdings	878.2	872.6	5.6
Total	1,324.8	1,453.0	-128.2

Consolidated Net Debt Evolution



This decrease was due essentially to a combination of effects:

- Reduction in indebtedness in the Paper and Pulp segment, down by 93.0 million euros. Over the period, Portucel distributed a total of 201.4 million euros to its shareholders. It should also be noted that approximately 34.1 million euros in the reduction in debt is due directly to the appreciation of own shares;
- A reduction of 39.9 million euros in the cement segment, resulting from the combined effect of a decrease in indebtedness in the Secil Group and an increase in the Supremo Group;
- A reduction of approximately 1 million euros in the environment segment, due essentially to compliance with the technical repayments plan, although the debt owed by the Portuguese State (specifically, by the Ministry of Agriculture and the Sea) to the subsidiary ITS, relating to services rendered since 1 December 2012, stood at the end of the year at approximately 5.5 million euros. This fact makes cash flow management unsustainable;
- An increase of 5.7 million euros in the holding companies, as a result of amounts distributed by Portucel, the proceeds of the sale of shares in EDP, less the value of financial costs, overheads and payment of dividends by Semapa SGPS. Significantly, the listed value of the equities portfolio, comprising essentially Semapa's own shares, grew by 4.4 million euros.

8.2. RISK MANAGEMENT

Details of risk management may be consulted in the relevant section of the Notes to the Consolidated Financial Statements (Semapa Group).

8.3. LISTED SHARE PRICE

The financial year of 2013 proved to be fairly positive for the capital markets, with most stock exchanges recording significant gains. In a low interest rate environment, with some signs of an economic recovery, investors were hungry for yields and were again attracted to higher risk assets. The main indexes, both in Europe and the United States, presented sizeable gains, including the FT30 (up 27.5%), the Dow Jones Industrial (up 26.5%) and the Frankfurt index, Xetra Dax (up 25.5%). The Ibex 35 index, which had recorded an overall loss in 2012, closed the year up 21.4%.



Note: Closing prices

In this context, the value of Semapa shares rose impressively. Up by 43.1%, the share price clearly outperformed the PSI20 over the period, which itself presented a gain of 16.0%.

8.4. 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's General Meeting in 2013 resolved to distribute reserves of 28,785,539.85 euros, paying out 25.5 cents per share on 14 June;
- Portucel's General Meeting resolved to distribute a total dividend of 115,219,192.80 euros, paying out 16 cents per share on 06 June;

- In accordance with the resolution adopted at the Extraordinary General Meeting of 28 October, Portucel distributed reserves of 86,145,300.36 euros, paying out 12 cents per share on 08 November.

8.5. NET INCOME FOR 2013

Semapa recorded consolidated net income for 2013, before minority interests, of 191.1 million euros, of which 146.1 million euros is attributable to Semapa equity-holders, up by 15.5% from the previous year. This increase was due essentially to the following factors:

- A drop in total EBITDA of approximately 72.7 million euros;
- A reduction in depreciation and impairment losses of 30.4 million euros;
- An increase in provisions of 14.1 million euros in 2013, as compared to reversal of provisions worth 9.5 million euros in 2012;
- A worsening of financial results by 23.8 million euros in relation to the same period in the previous year;
- A positive effect of 39.4 million euros under taxes in 2013, as compared to 70.9 million euros in costs recorded in the previous year essentially explained (i) by the cancellation of a number of provisions recorded in previous periods for taxes payable, as the risks involved had ceased to exist, (ii) by the constitution of deferred tax assets relating to fiscal losses, the future recoverability of which became possible due to changes in the Corporation Tax Code, in particular the special rules on the taxation of groups of companies and (ii) by the positive impact on deferred taxes of the reduction in the corporation tax rate envisaged from 2014 onwards.

9. Highlights 2013

- Acquisition by the Portucel Group from EDP of the remaining 82% stake in Soporgen
- Portucel placed a bond issue on the international market (high yield), aimed at institutional investors, with a total value of 350 million euros, maturing in 2020. This operation permitted the Portucel Group to improve its liquidity, diversify its sources of finance and to extend significantly the average maturity of its borrowing.
- Portucel was elected European Business of the Year 2012 at the European Business Awards (EBA). The EBAs are amongst Europe's most coveted business awards, which seek to reward and promote excellence, good practice and innovation in Europe's business community. The 2012 awards attracted entries from more than 15 thousand organizations from different sectors in 30 countries.
- Portucel distributed a total of 201.4 million euros to its shareholder, by way of a dividend of 0.16 euros/share paid in June, and distribution of reserves of 0.12 euros/share, paid in November.
- Semapa SGPS distributed free reserves with a total value of 28.8 million euros, corresponding to 0.255 euros / share.
- In April 2013, ITS, the ETSA Group subsidiary operating in the collection and transport for destruction of 1 and 2 by-products, regarded as presenting the highest biological risk, signed a three-year contract, in the capacity of leader of a consortium, with the Directorate-General of Food and Veterinary Services relating to the new procedure for providing integrated collection and forwarding services for the destruction of animal carcasses (SIRCA). The services under this new contract started up on 9 September.

10. Outlook

The economic prospects in more developed markets have now begun to show more positive signs, although factors of uncertainty remain, meaning it is too early to consider that the troubles and imbalances experienced by the world economy in recent years are definitively over. The emerging markets should benefit from this trend although weaknesses still persist which may limit the development of these economies.

In the Euro Zone, the tentative economic recovery observed in recent months is expected to continue, albeit in a limited fashion, unevenly spread between periphery and centre, thanks to the process of adjusting public and private borrowing, and a still fragile banking system, causing problems in the funding of the economy.

In the United States, the recovery is stronger and more sustained, due to growth in domestic demand, supported by productivity gains, highly competitive energy prices and a less restrictive fiscal policy. The biggest question mark is over the impact on the economy of the reduction in monetary incentives already announced by the US Federal Reserve.

In China, the economy is expected to remain strong, despite the limiting effects of more restrictive credit and investment policies, which should result in a slight slowdown in growth.

In Portugal, forecasts published by the IMF point to growth of 0.8% in gross domestic product in 2014, up from the negative growth of -1.8% estimated for 2013 (World Economic Outlook, IMF, January 2014). The latest Bank of Portugal projections also point to growth in GDP of 0.8% in 2014, after a drop estimated at 1.5% in 2013 (Winter Economic Bulletin - January 2014), assuming a gradual recovery in internal demand and a moderate upturn in the economy in 2014-2015.

Paper and Pulp

In this context, the BEKP pulp market has proven fairly resilient, with growth in overall demand, and particularly robust demand from China. In the near future, the market should continue to be supported by a significant increase in production capacity for tissue papers and the closure and conversion of pulp mills, in particular in China. However, a degree of uncertainty as to the future of the paper market, the start-up of new pulp capacity planned for 2014 and 2015 and the evolution of the Euro/dollar exchange rate are all factors which may have an impact on supply and demand in this market.

In the UWF **paper** market, the business environment is expected to remain difficult in 2014, although less acutely so than in previous years, with the possibility that consumption may stabilize to an extent. Office paper, in particular, which has proved to be remarkably resilient, may record more positive performance. The coming year is therefore expected to be more positive, supported by improving order books in the paper industry.

Strong pressure will continue to be felt from Asian manufacturers, and the tendency observed recently for quality downgrading is expected to increase. The Group will continue to expand and consolidate its market, repositioning its product mix on its traditional markets.

Cement

In **Portugal**, the Secil Group's main market, the economic outlook for 2014 is generally less pessimistic, in comparison with the severe contraction experienced in recent years.

Activity in the European construction industry is expected to stabilize in 2014 and show a modest recovery in 2015. According to figures from Euroconstruct, 2013 may have been the last year of the severe crisis that has gripped the

construction sector in Europe. For Portugal, the forecasts point to a further decline in construction business in 2014, albeit less drastic than in recent years (Euroconstruct figures point to a reduction of around 3% in construction business in 2014).

In 2014, the Group's operations in Portugal will continue to be influenced by the situation in the construction sector, and priority will be given to pressing ahead with measures to improve operational efficiency in all areas of activity (both in operations and at head office), in order to assure better results as soon as the market recovers.

For **Tunisia**, the latest IMF figures point to expectations that the economy will grow in 2014 by 3.7%, up from the figure of 3.0% estimated for 2013 (World Economic Outlook, IMF, January 2014), despite the continued uncertainty as regards political and social stability in the country. In line with expectations for the economy as a whole, the construction and cement sector is also expected to record stronger growth than in 2013.

The prospects for the Tunisian market are therefore positive, all the more so because cement prices and exports were deregulated in early 2014.

Economic growth in **Lebanon** is forecast to stand at 1.5% in 2014, similar to that expected for 2013 (World Economic Outlook, IMF January 2014). Recent changes in the Middle East region have not made it easy to maintain economic stability, and so the growth forecast for **Lebanon** is well below the country's potential.

The cement market is expected to stabilize, after the boom years of 2003 to 2011. The prospects for Secil Group operations are therefore positive, considering the improvements achieved in cement manufacturing, with an increase in the productivity of the mills, and growth in clinker output will make it possible to obtain gains on production costs, thanks to improvements in the raw material mix and in the use of thermal fuels.

In the ready-mixed concrete market, the current vitality of the market and the works contracts already adjudicated point to growth in sales in 2014.

In addition, work has started on building a blocks plant, due to be completed in 2014, which will make it possible to diversify business areas in the country, by moving into the pre-cast sector.

In **Angola**, the latest forecasts published by the IMF point to continued economic growth, with estimates that gross domestic product will increase by 6.3% in 2014, up from the figure of 5.6% estimated for 2013 (World Economic Outlook, IMF, January 2014). In this context, the Angolan cement market is expected to enjoy robust growth in 2014.

The Secil Group's operations should benefit from the capital projects implemented in 2013, bringing down production costs and offering the prospect of improved results.

In **Brazil**, the latest IMF estimates suggest that the economy will grow by 2.3% in 2014, in line with the growth recorded in 2013 (World Economic Outlook, IMF, January 2014). Interest rate hikes intended to control inflation and the costs of controlling the exchange rate will have a significant impact on the real economy.

However, it is anticipated that the construction projects underway for the World Cup, the *My House My Life* welfare programme, the Olympic Games to be held in 2016, the Growth Acceleration Programme (PAC) and also the fact that elections will take place in 2014, will all act as catalysts, ensuring that the construction industry continues to grow at a rate faster than the economy as a whole, meaning that the performance of the cement market should be in line with the trend for growth in recent years, albeit unevenly spread between the regions.

The investment in acquiring Supremo Cimentos and building a new mill in Brazil is resulting in increased debt, which will bring down financial results and consequently the Group's net income until the new plant starts operation.

Environment

Considering the current economic and financial environment, no improvements are envisaged in the short term in the

sector operated by the ETSA Group, insofar as falling consumption of foodstuffs (due simply to changes in the average shopping basket, or other factors) results directly in a reduction in the animal slaughter rate, and consequently in the volume of by-products generated. In view of overcapacity in by-product processing, competition between operators is set to remain fierce, leading to a more aggressive search for raw materials, which will be increasingly scarce and therefore more expensive, eroding commercial margins.

The ETSA Group's prime objectives in the short term include: (i) concentrating on horizontal expansion of its markets (with estimates suggesting that exports accounted for around 43.0% of total turnover in 2013); and (ii) identifying fresh opportunities for vertical growth, channelling investment to improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres.

11. Acknowledgments

2013 was another year in which the Group continued to focus on export operations, building on the heavy capital expenditure projects implemented in previous years. This is a Portuguese Group rooted in manufacturing industry whose successful strategic decisions have led it to play a growing role in the country's economy.

We wish to express our thanks to the following, for their important contribution to our success:

- 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.

12. Proposed Allocation of Profits

Considering that the Company needs to maintain a financial structure compatible with the sustained growth of the Group it manages in the various Business Areas in which it operates, and

Considering that the Company's independence from the financial sector involves preserving consolidated levels of short, medium and long-term indebtedness which allow it to maintain sound solvency indicators,

It is proposed that the Net Profits for the individual period, determined under the SNC rules, in the amount of EUR 134,981,089.39 (one hundred and thirty four million, nine hundred and eighty one thousand and eighty nine euros and thirty nine cents) be allocated as follows:

Dividends for shares in circulation (33.2 cents/share)	37,477,644.04 euros
Free reserves	97,503,445.35 euros

Lisbon, 11 March 2014

The Board of Directors

Pedro Mendonça de Queiroz Pereira

Chairman

Francisco José Melo e Castro Guedes

Director

José Miguel Pereira Gens Paredes

Director

Paulo Miguel Garcês Ventura

Director

António da Nóbrega de Sousa da Câmara

Director

Joaquim Martins Ferreira do Amaral

Director

António Pedro de Carvalho Viana-Baptista

Director

Vitor Manuel Galvão Rocha Novais Gonçalves

Director

PART 2

CORPORATE GOVERNANCE REPORT

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Part I - Information on Capital Structure, Organization and Corporate Governance

A. CAPITAL STRUCTURE

I. CAPITAL STRUCTURE

1. Capital structure (share capital, number of shares, distribution of capital between shareholders, etc.), including indication of shares not admitted to trading, different classes of shares, the rights and obligations attaching to these and the percentage of share capital that they represent (Article 245-A.1 a)).

Semapa has share capital of 118,332,445 Euros, represented by a total of 118,332,445 shares, with a nominal value of one euro each. All shares are ordinary shares and have the same rights and obligations attached to them, and are admitted for trading.

A breakdown of the capital structure, indicating shareholders with qualifying holdings, is provided in the table in item 7 below.

2. Any restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A.1 b)).

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

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares (Article 245-A.1 a)).

Semapa holds 5,447,975 own shares, corresponding to 4.6% of its share capital. If the voting rights were not suspended, the percentage of voting rights would be the same as the percentage of the total capital.

4. 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 as a result of a takeover bid, together with the respective effects, unless, due to its nature, disclosure of such agreements would be seriously detrimental to the company, except if the company is specifically required to disclose such information by other mandatory provision of law (Article 245-A.1 j)).

Semapa is not party to any agreements which come into effect, are altered or terminate in the event of a change of control over the company.

5. Rules applicable to the renewal or revocation of defensive measures, in particular those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

There are no defensive measures in place in the company, namely any limiting shareholder's voting rights.

6. Shareholders' Agreements known to the company or which might lead to restrictions on the transfer of securities or voting rights (Article 245-A.1 g)).

The company is unaware of the existence of any shareholders' agreement relating to the shares in its capital, notwithstanding the ongoing and open coordination of the exercise of voting rights mentioned in item 7 below.

II. HOLDINGS OF SHARES AND BONDS

7. Identification of persons and organizations who, directly or indirectly, own qualifying holdings (Article 245-A.1 c) and d) and Article 16), detailing the percentage of the share capital and votes imputable and the respective grounds.

The owners of qualifying holdings in Semapa are identified in the following table:

Entity	No. shares	% capital and voting rights	% non-suspended voting rights
A - Sodim, SGPS, S.A.	15,657,505	13.23%	13.87%
Cimigest, SGPS, SA	3,185,019	2.69%	2.82%
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69%	14.35%
Longapar, SGPS, S.A.	21,505,400	18.17%	19.05%
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45%	0.47%
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53%	0.55%
Total:	57,707,154	48.77%	51.12%
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%
Total:	12,009,004	10.15%	10.64%
C - Bestinver Gestión, SA, SGIIC	-	-	-
Bestinver Bolsa, F.I.	3,820,550	3.23%	3.38%
Bestinver Global, F.I.	3,432,923	2.90%	3.04%
Bestinver Global, FP	907,128	0.77%	0.80%
Bestinver Hedge Value Fund, FIL	855,353	0.72%	0.76%

Bestinver Mixto, F.I.	639,125	0.54%	0.57%
Soixa, SICAV	603,626	0.51%	0.53%
Bestinver Bestvalue, SICAV	550,645	0.47%	0.49%
Bestinver Ahorro, F.P.	540,058	0.46%	0.48%
Texrenta Inversiones, SICAV	162,753	0.14%	0.14%
Bestinver Value Investor, SICAV	146,200	0.12%	0.13%
Bestinver Renta, F.I.	94,353	0.08%	0.08%
Bestinver Prevision, F.P.	33,828	0.03%	0.03%
Divalsa de Inversiones, SICAV, SA	26,132	0.02%	0.02%
Bestinver Empleo, F.P.	23,517	0.02%	0.02%
Linker Inversiones, SICAV, SA	15,964	0.01%	0.01%
Sumeque Capital, SICAV	10,719	0.01%	0.01%
Bestinver Empleo II, F.P.	1,415	0.00%	0.00%
Bestvalue, F.I.	921	0.00%	0.00%
Total:	11,865,210	10.03%	10.51%
D - Norges Bank (the Central Bank of Norway)	5,649,215	4.77%	5.00%

The voting rights relating to the companies in group A are allocated on the basis of (i) direct ownership of the shares; (ii) the open coordination of the exercise of voting rights by the companies Sodim, SGPS, S.A., Cimigest, SGPS, S.A., Cimo - Gestão de Participações, SGPS, S.A., Longapar, SGPS, S.A., OEM - Organização de Empresas, SGPS, S.A. and Sociedade Agrícola da Quinta da Vialonga, S.A., which means that the voting rights held by these companies taken together in Semapa are allocated to each of them, as follows from the list of qualifying holdings, and (iii) the existence of controlling relationships of Sodim, SGPS, S.A. over Cimigest, SGPS, S.A., the latter controlling Cimo - Gestão de Participações, SGPS, S.A. and Longapar, SGPS, S.A., resulting in an allocation to Sodim, SGPS, S.A. of 50.09% of non suspended voting rights on Semapa.

In relation to the companies in groups B and C, voting rights are allocated on the basis of direct and indirect ownership of shares, by virtue of domain relations.

For the company in Group D, voting rights are allocated on the basis of the direct ownership of shares.

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies.

This information is provided in Annex I to this Report.

9. Special powers of the management board, in particular concerning resolutions to increase capital (Article 245-A.1 i)), indicating, with regard to these, the date on which they were granted, the period during which such powers may be exercised, the upper limit for the increase in share capital, shares already issued under the powers granted and the form taken by these powers.

Under the Articles of Association, the Board of Directors has no powers to resolve on increases in share capital.

10. Information on the existence of significant dealings of a commercial nature between qualifying shareholders and the company.

In 2013 there were no significant dealings of a commercial nature between qualifying shareholders and the company, on the basis of the criteria set out in item 91 below.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a) Composition of the General Meeting

11. Officers of the General Meeting and their term of office (starting and ending dates).

The officers of the General Meeting are:

Chairman:	Francisco Xavier Zea Mantero (term of office from 18/05/2012 to 31/12/2013)
Secretary:	Rita Maria Pinheiro Ferreira Soares de Oliveira (term of office from 22/04/2010 to 31/12/2013)

b) Exercise of voting rights

12. Any restrictions on voting rights, such as limitations on the exercise of voting rights based on the ownership of a given number or percentage of shares, time limits for exercising voting rights, or systems for detaching voting rights from ownership rights (Article 245-A.1 h));

Under Semapa's Articles of Association, each 385 shares in the company carry one vote. Nonetheless, the minimum number of shares required by the company for a shareholder to be able to attend and vote is well below the limit indicated in Article 384.2 a) of the Companies Code (which is for at least one vote for each 1000 euros of share capital), and this limit is merely intended to prevent participation by shareholders with negligible holdings in the capital from prejudicing the interests of the company and the shareholders in general; it does not function as a real restriction as shareholders are in any case entitled to group together as provided for in law.

Despite the existence of time limits established in Semapa's Articles of Association for attendance of general meetings, the mandatory legal rules on this matter apply, such as Article 23-C of the Securities Code. The time limit established by the Articles of Association for exercise of postal rights is the day prior to the general meeting. The Articles of Association make no provision for electronic voting and as no shareholder has yet informed Semapa of its intention of voting electronically, the company has never implemented the means needed for this purpose. This situation will be reconsidered if any request is received to this effect.

There are no systems for detaching voting rights from ownership rights.

Lastly, Semapa has no procedures in place which result in mismatching between the right to receive dividends or to

subscribe new securities and the voting right attached to each ordinary share.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in Article 20.1

There are no rules in the Articles of Association which lay down that voting rights are not counted if in excess of a given number, when cast by a single shareholder or shareholders related to him.

14. Identification of shareholder resolutions which, under the Articles of Association, can only be adopted with a qualified majority, in addition to those provided for in law, and details of the majorities required.

The company has established no quorums for constituting meetings or adopting resolutions different from those provided for on a supplementary basis in law.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of the governance model adopted

The company has adopted the governance model provided for in Article 278.1 a) of the Companies Code (Board of Directors and Audit Board) and in Article 413.1 b) (Audit Board and Statutory Auditor), of the same code.

16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and substitution of members, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board (Article 245-A.1 f) .

Semapa's Articles of Association set no special rules on the appointment and replacement of directors, and the general supplementary rules contained in the Companies Code therefore apply here.

17. Composition, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board, detailing the provisions of the Articles of Association concerning the minimum and maximum number of directors, duration of term of office, number of full members, and the date when first appointed and the end of their terms of office for each member.

The company's Articles of Association (11.1) stipulate that the Board of Directors comprises three to fifteen directors appointed each for a four-year term.

We indicate below the date of first appointment of each member, together with the date on which their term of office expires:

Members of the Board of Directors:	Date of first appointment and end date of term of office:
Pedro Mendonça de Queiroz Pereira	1991-2013
Maude Mendonça de Queiroz Pereira Lagos (*)	1994-2013
José Alfredo de Almeida Honório (**)	1994-2013
Francisco José Melo e Castro Guedes	2001-2013
José Miguel Pereira Gens Paredes	2006-2013
Paulo Miguel Garcês Ventura	2006-2013
Rita Maria Lagos do Amaral Cabral (***)	2006-2013
António da Nóbrega de Sousa da Câmara	2006-2013
Joaquim Martins Ferreira do Amaral	2006-2013
António Pedro de Carvalho Viana-Baptista	2010-2013
Vítor Manuel Galvão Rocha Novais Gonçalves	2010-2013

(*) Maude Mendonça de Queiroz Pereira Lagos resigned from office on 5 December 2013, her resignation taking effect on 31 January 2014.

(**) José Alfredo de Almeida Honório resigned from office on 31 January 2014, his resignation taking effect on 28 February 2014.

(***) Rita Maria Lagos do Amaral Cabral resigned from office on 7 November 2013, her resignation taking effect on 31 December 2013.

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive directors, identification of those who can be regarded as independent or, if applicable, identification of the independent members of the General and Supervisory Board.

The executive members of the Board of Directors are those who belong to the Executive Board, the others being non-executive.

Despite this classification, some of Semapa's directors who are not members of the Executive Board play a role which goes beyond providing advice at board meetings, and take part more directly through committees set up by the board, such as the Strategy Committee which works in greater proximity to management.

Given that, at 31 December 2013, the company's Board of Directors comprised eleven members, only five of which sat on the Executive Board, we consider that it had a number of non-executive directors which assures they are effectively able to oversee, assess and monitor the work of the other directors.

On the basis of the criteria laid down by the Securities Market Commission, the following non-executive directors may be classified as independent: Messrs. António da Nóbrega de Sousa da Câmara, António Pedro de Carvalho Viana-Baptista and Vítor Manuel Galvão Rocha Novais Gonçalves.

The director Joaquim Martins Ferreira do Amaral is not independent because during the financial year of 2013 he was director of a company owning a qualifying holding in Semapa.

Lastly, the two directors who resigned from office in late 2013, Mesdmes. Maude Mendonça de Queiroz Pereira Lagos and Rita Maria Lagos do Amaral Cabral, cannot be classified as independent as they held directorships in companies which own qualifying holdings in Semapa, the former also being the sister of the Chairman of the Board of Directors, who holds directorships in companies which own qualifying holdings in Semapa.

19. Professional qualifications and other relevant biographical details of each of the members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors.

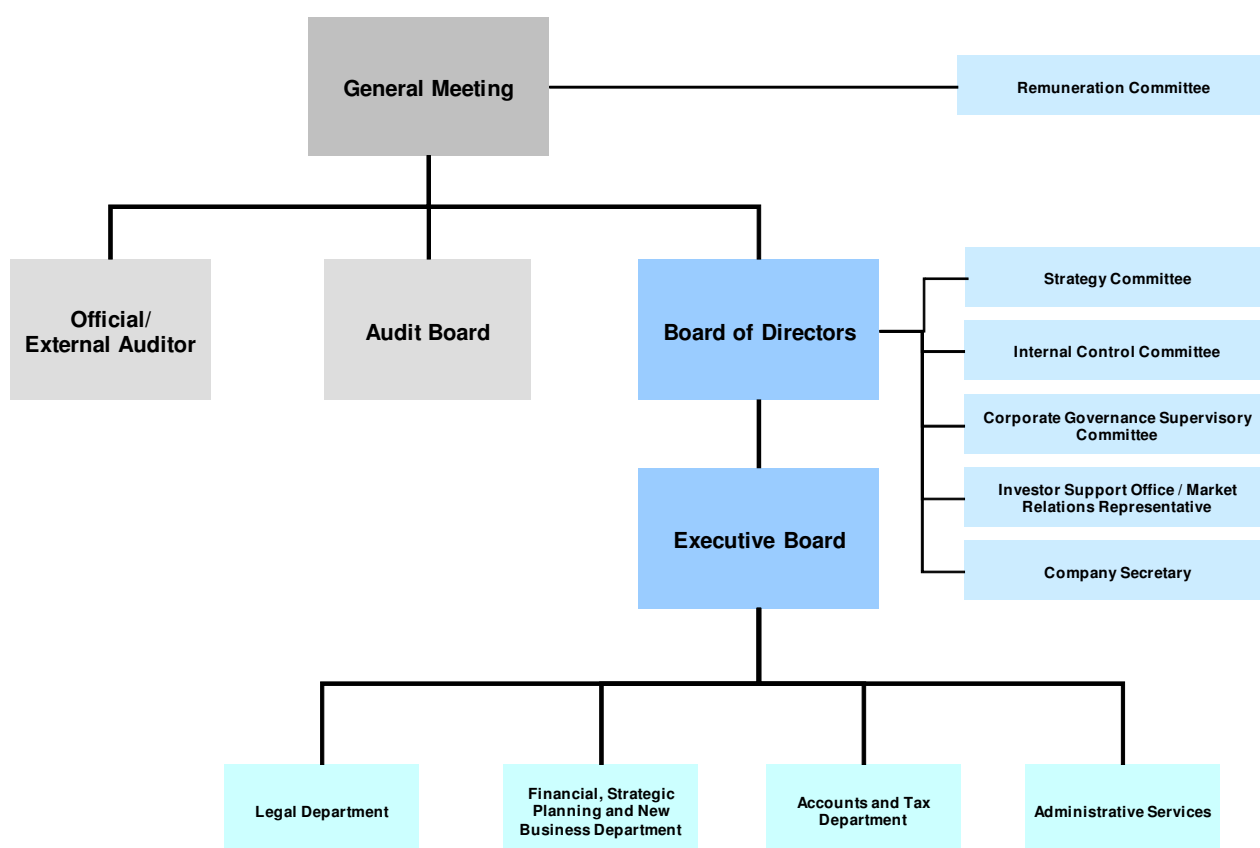
Members of the Board of Directors:	Professional qualifications and other relevant biographical details
Pedro Mendonça de Queiroz Pereira	General High School Certificate in Lisbon and attended Instituto Superior de Administração.
Maude Mendonça de Queiroz Pereira Lagos	General High School Certificate
José Alfredo de Almeida Honório	Degree in Economics from the Faculty of Economics, University of Coimbra
Francisco José Melo e Castro Guedes	Degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras and MBA from Insead
José Miguel Pereira Gens Paredes	Degree in Economics, Portuguese Catholic University
Paulo Miguel Garcês Ventura	Degree in Law from the Faculty of Law, University of Lisbon, member of the Portuguese Bar Association and IEP from Insead
Rita Maria Lagos do Amaral Cabral	Degree in Law from the Faculty of Law, University of Lisbon, member of the Portuguese Bar Association
António da Nóbrega de Sousa da Câmara	Degree in Civil Engineering from Instituto Superior Técnico, MSc and PhD in Environmental Engineering Systems, Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.
Joaquim Martins Ferreira do Amaral	Degree in Mechanical Engineering from Instituto Superior Técnico
António Pedro de Carvalho Viana-Baptista	Degree in Economics from the Portuguese Catholic University, Post-graduate studies in European Economics from the Portuguese Catholic University, MBA from Insead
Vítor Manuel Galvão Rocha Novais Gonçalves	Degree in Business Management from ISC-HEC-Brussels

20. Habitual and significant family, professional or business ties between members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors with shareholders to whom a qualifying holding greater than 2% of the voting rights may be allocated.

Applying the criteria referred to in item 91, there are no habitual or significant family, professional or business ties between members of the Board of Directors and shareholders in Semapa which own qualifying holdings.

21. Organizational or functional charts showing the division of powers between the different corporate boards, committees and/or company departments, including information on delegated powers, in particular with regard to delegation of the day-to-day management of the company.

The following simplified chart shows the organization of Semapa's different bodies, committees and departments:



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

The two bodies are coordinated 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. Information requested by the other members of corporate boards is also provided in good time and in an appropriate form by the members of the Executive Board.

In order to assure that information is communicated on a regular basis, the Chief Executive Officer also sends the notices and minutes of meetings of the Executive Board to the Chairman of the Audit Board.

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.
2. Financial policy and risk management, which is the responsibility of the directors José Alfredo de Almeida Honório and José Miguel Pereira Gens Paredes.
3. Human resources policy and management control, which is the responsibility of the director Francisco José de Melo e Castro Guedes.
4. Legal and IT issues, which are the responsibility of the director Paulo Miguel Garcês Ventura.

The Executive Board has been granted broad management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407, paragraph 4 of the Companies Code. Powers are specifically delegated for the following:

- a) To negotiate and resolve to enter into any commercial or civil contract, by public or private act, on the terms and conditions it deems most appropriate, and to take all decisions it sees fit in the performance of these contracts;
- b) To resolve to issue, sign, draw, accept, endorse, guarantee, protest or carry out any other act in connection with the use of bills or credit instruments;
- c) To resolve on all routine banking operations, with Portuguese or foreign financial institutions, namely opening, consulting and establishing the form of effecting movements in bank accounts, in all the legally admissible forms;
- d) To negotiate and resolve to contract and amend loan agreements, with financial institutions or other entities, including the provision of the respective guarantees in cases where the law permits such delegation, all on the terms it sees fit;
- e) To resolve to acquire, dispose of and encumber assets of all kinds, on the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contractual instrument, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;
- f) To take all decisions and carry out all acts in connection with the exercise by the company of its position as shareholder, namely by appointing its representatives at the general meetings of companies in which it has holdings and adopting unanimous resolutions in writing;
- g) To draft the company reports, balance sheets, financial statements and proposals for allocation of profits;

- h) To take all steps necessary or appropriate in connection with the company's industrial relations with its employees, namely contracting, dismissing, transferring, defining terms of employment and pay, and revising and amending the same;
- i) To resolve on representation of the company before any court or mediation or arbitration body, taking all decisions as may be necessary or appropriate in connection with any proceedings pending before the same or to bring the same, and namely to desist, confess or settle;
- j) To appoint attorneys for the company within the powers delegated to it;
- k) To take all steps necessary or appropriate in connection with existing or planned issues of bonds and commercial paper, including the actual decision to issue; and
- l) In general, to carry out all acts of day-to-day management in the company, save those which cannot be delegated under Article 407.4 of the Companies Code.

The Executive Board is barred from resolving 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.

In the case of the Audit Board, which has the powers established in law, there are no delegated powers or special areas of responsibility for individual members.

The main purpose of the Internal Control Committee (ICC) is to detect and control all relevant risks in the company's affairs, in particular financial risks, and the Committee enjoys full powers to pursue this aim, as set out in item 29 of this report.

The Strategy Committee has the central mission of following through and assessing the main strategic options of the Executive Board and the Board of Directors, with the specific responsibilities detailed in item 29 of this report.

The Corporate Governance Supervisory Committee (CGSC) exists to monitor, on a permanent basis, compliance by the company with corporate governance requirements established in law, regulation and the Articles of Association, and to exercise the other powers detailed in item 29 of this report.

The functions of the Investor Support Office are detailed in item 56 of this report.

The Company Secretary is appointed by the Board of Directors and has the powers defined in law.

The Remuneration Committee draws up an annual statement on remuneration policy for members of the board of directors and audit board, and sets the remuneration of directors.

The Legal Department provides the company with legal advice in order to assure that procedures and proceedings comply with the relevant legislation.

The Financial, Strategic Planning and New Business Division is primarily engaged in financial management and planning and research to identify and implement new business opportunities.

Finally, the Accounts and Tax Department is principally responsible for rendering the company's accounts and complying with its tax obligations, avoiding abusive tax planning.

b) Functioning

22. Existence of the rules of procedure of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where these may be consulted.

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

23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be.

The Board of Directors met 7 times in 2013, and attendance by each member was as follows:

Members of the Board of Directors:	Attendance (%)
Pedro Mendonça de Queiroz Pereira	100%
Maude Mendonça de Queiroz Pereira Lagos	57%
José Alfredo de Almeida Honório	57%
Francisco José Melo e Castro Guedes	100%
José Miguel Pereira Gens Paredes	100%
Paulo Miguel Garcês Ventura	86%
Rita Maria Lagos do Amaral Cabral	57%
António da Nóbrega de Sousa da Câmara	86%
Joaquim Martins Ferreira do Amaral	57%
António Pedro de Carvalho Viana-Baptista	71%
Vítor Manuel Galvão Rocha Novais Gonçalves	100%

24. Indication of the company bodies empowered to assess the performance of executive directors.

The body empowered to conduct the performance assessment of executive directors is the Remuneration Committee.

25. Predetermined criteria for assessing the performance of executive directors.

The Remuneration Committee assesses the performance of executive directors on the basis of the information at its disposal and other information and documents requested from the Chairman of the Directors, as the main person

responsible for the team, and from non-executive directors and members of the Audit Board who are best placed to observe the performance of the executive members of the Board of Directors and have direct access to these members.

However, in view of the actual nature of the situation, this is not a technical/functional assessment in which the assessor is responsible for setting objectives, monitoring progress and discussing performance with the person assessed. Instead, this is a general assessment of performance based on the information and documents referred to.

There are no predetermined mandatory criteria at Semapa for assessing the performance of executive directors, notwithstanding the criteria defined in item 2 of chapter VI of the Remuneration Policy Statement for setting the variable remuneration component.

As a basic tool for setting variable remuneration, the members of the Remuneration Committee work with a system of KPIs which have evolved and are not publicly disclosed, although remuneration has not been set merely by appraising and applying quantitative elements in direct arithmetic fashion. Certain defined percentages are set in accordance with value judgements.

26. Availability of each of the members of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period.

The members of the Board of Directors have the appropriate time available to perform the duties entrusted to them, and the other activities carried on by the executive members during the period, outside the business group to which Semapa belongs, are negligible when compared to performance of their duties in the companies and other companies in the same business group.

The members of the Board of Directors hold office in other companies as detailed below:

Pedro Mendonça de Queiroz Pereira

Office held in other companies belonging to the same group as Semapa:

ABOUTBALANCE SGPS S.A.	Chairman of the Board of Directors
CELCIMO, S.L.	Chairman of the Board of Directors
GREAT EARTH – Projectos, S.A.	Chairman of the Board of Directors
INSPIREDPLACE, S.A.	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

Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Chairman of the Board of Directors
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, S.A.	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A.	Chairman of the Board of Directors
SECILPAR, S.L.	Chairman of the Board of Directors
SOPORCEL - Sociedade Portuguesa de Papel, S.A.	Chairman of the Board of Directors
CIMIGEST, SGPS, S.A.	Chairman of the Board of Directors
CIMO – Gestão de Participações Sociais, 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, Lda.	Manager
OEM - Organização de Empresas, SGPS, S.A.	Chairman of the Board of Directors
SODIM, SGPS, S.A.	Chairman of the Board of Directors
TEMA PRINCIPAL – SGPS, S.A.	Sole Director
TERRAÇOS D'AREIA – SGPS, S.A.	Chairman of the Board of Directors

Maude Mendonça de Queiroz Pereira Lagos

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

YDREAMS - Informática S.A.	Director
QP4TH Consulting, S.A.	Director

José Alfredo de Almeida Honório

Office held in other companies belonging to the same group as Semapa:

ABOUTBALANCE SGPS S.A.	Director
CELCIMO, S.L.	Director
GREAT EARTH – Projectos, S.A.	Director
INSPIREDPLACE, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director

Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Director and Chief Executive Officer
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
CMP - Cimentos Maceira e Pataias, S.A.	Director
COLOMBO ENERGY, INC.	Chairman of the Board of Directors

COUNTRYTARGET, SGPS, S.A.	Chairman of the Board of Directors
EUCALIPTUSLAND, S.A.	Chairman of the Board of Directors
PORTUCEL, S.A.	Director and Chief Executive Officer
PORTUCELPAPEL SETÚBAL S.A.	Chairman of the Board of Directors
PORTUCEL FLORESTAL – Emp. de Desenv. Agroflorestal, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Energia, SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL FINE PAPER, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL FLORESTAL, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Internacional Ltd.	Chairman of the Board of Directors
PORTUCELSOPORCEL Internacional, SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Papel – SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Parques Industriais, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Participações, SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Pulp, SGPS, S.A.	Chairman of the Board of Directors
PORTUCEL SOPORCEL SALES & MARKETING S.A.	Director
PORTUCELSOPORCEL Switzerland Ltd	Director and Chief Executive Officer
PORTUCEL FINANCE spółka z ograniczoną odpowiedzialnością	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director and Chief Executive Officer
SOPORCEL PULP, S.A.	Chairman of the Board of Directors
CELPA – Associação da Indústria Papeleira	Chairman of the General Board and member of Executive Board
CEPI – Confederation of European Paper Industries	Director and Member of Executive Board

Francisco José Melo e Castro Guedes

Office held in other companies belonging to the same group as Semapa:

ABOUTBALANCE SGPS S.A.	Director
CELCIMO, S.L.	Director
GREAT EARTH – Projectos, S.A.	Director
INSPIREDPLACE, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director

SEMAPA Inversiones, S.L.

Chairman of the Board of Directors

Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.

Director

CMP- Cimentos Maceira e Pataias, S.A.

Director

CIMENT DE SIBLINE S.A.L.

Director

CIMIGEST, SGPS, S.A.

Director

CIMINPART - Investimentos e Participações, SGPS, S.A.

Director

CIMO – Gestão de Participações Sociais, S.A.

Director

LONGAPAR, SGPS, S.A.

Chairman of the Board of Directors

MARGEM – Companhia de Mineração

Director

PORTUCEL, S.A.

Director

SECIL - Companhia Geral de Cal e Cimento, S.A.

Director

SUPREMO CIMENTOS, S.A.

Chairman of the Board of Directors

SOPORCEL – Sociedade Portuguesa de Papel, S.A.

Director

UNICONCRETO – Betão Pronto, S.A.

Director

José Miguel Pereira Gens Paredes

Office held in other companies belonging to the same group as Semapa:

ABAPOR - Comércio e Indústria de Carnes, S.A.

Chairman of the Board of Directors

ABOUTBALANCE SGPS S.A.

Director

Aprovechamiento Integral de Subproductos Ibéricos, S.A.

Director

BIOLOGICAL - Gestão de Resíduos Industriais, Lda.

Manager

CELCIMO, S.L.

Director

ETSA Investimentos, SGPS, S.A.

Chairman of the Board of Directors

ETSA LOG, S.A.

Chairman of the Board of Directors

GREAT EARTH – Projectos, S.A.

Director

INSPIREDPLACE, S.A.

Director

I.T.S. - Indústria Transformadora de Subprodutos, S.A.

Chairman of the Board of Directors

SEBOL - Comércio e Indústria de Sebo, S.A.

Chairman of the Board of Directors

SEINPART - Participações, SGPS, S.A.

Director

SEMINV - Investimentos, SGPS, S.A.

Director

Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.

Director

CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
PORTUCEL, S.A.	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director
MOR ON-LINE – Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.	Director
OEM – Organização de Empresas, SGPS, S.A.	Director

Paulo Miguel Garcês Ventura

Office held in other companies belonging to the same group as Semapa:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Director
ABOUTBALANCE SGPS S.A.	Director
Aprovechamiento Integral de Subproductos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager
CELCIMO, S.L.	Director
ETSA Investimentos, SGPS, S.A.	Director
ETSA LOG, S.A.	Director
GREAT EARTH – Projectos, S.A.	Director
INSPIREDPLACE, 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
SEMAPA Inversiones, S.L.	Director
SEMINV - Investimentos, SGPS, S.A.	Director

Office held in other companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Director
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
PORTUCEL, S.A.	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
ANTASOBRAI - Sociedade Agropecuária, S.A.	Chairman of General Meeting
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.	Chairman of the Board of Directors
ESTRADAS DE PORTUGAL, S.A.	Vice-Chairman of General Meeting
GALERIAS RITZ – Imobiliária, S.A.	Chairman of the General Meeting
HOTEL RITZ, S.A.	Chairman of the General Meeting
LONGAVIA – Imobiliária, S.A.	Chairman of the General Meeting
OEM – Organização de Empresas, SGPS, S.A.	Director
PARQUE RITZ – Imobiliária, S.A.	Chairman of the General Meeting
REFUNDOS – Soc. Gest. de Fundos de Invest. Imobiliário, S.A.	Chairman of the General Meeting
SONAGI – Imobiliária, S.A.	Chairman of the General Meeting
VÉRTICE – Gestão de Participações, SGPS, S.A.	Chairman of the General Meeting
Sociedade Agrícola da Quinta da Vialonga, S.A.	Chairman of the General Meeting

Rita Maria Lagos do Amaral Cabral

Office held in other companies belonging to the same group as Semapa:

CELCIMO, S.L.	Director
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Office held in other companies:

Companhia Agrícola da Quinta do Duque, S.A.	Chairman of the General Meeting
Sociedade Amaral Cabral & Ass. – Soc. de Advogados, RL.	Director
Sociedade Agrícola do Margarido, S.A.	Chairman of the General Meeting
Banco Espírito Santo, S.A.	Director

António da Nóbrega de Sousa da Câmara

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

YDREAMS - Informática S.A.	Chairman of the Board of Directors
YD YNVISIBLE, S.A.	Director

Joaquim Martins Ferreira do Amaral

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

AEM – Assoc Emp. Emitentes de Valores Cotados em Mercado	Chairman of General Board
CIMIGEST, SGPS, S.A.	Director
LVT - Lisboa Vista do Tejo	Chairman of the Board of Directors
LUSOPONTE – Concessionária para a Travessia do Tejo S.A.	Chairman of the Board of Directors
Transdev – Transportes	Consultant
Cimo – Gestão de Participações, SGPS, S.A.	Director
Longapar, SGPS, S.A.	Director

António Pedro de Carvalho Viana-Baptista

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

Credit Suisse AG (for Spain and Portugal)	CEO
JERÓNIMO MARTINS SGPS, S.A.	Director and Member of the Audit Committee
Largo Ltd	Chairman of the Board of Directors
Arica B.V.	Director
Jasper Wireless Inc.	Director

Vítor Manuel Galvão Rocha Novais Gonçalves

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

ZOOM INVESTMENT, SGPS, S.A.	Director
TCARE - Conhecimento e Saúde, S.A.	Director
MAGALHÃES e GONÇALVES - Consultoria e Gestão, Lda.	Manager

c) Committees belonging to the management or supervisory bodies and managing directors

27. Identification of committees set up by the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where the rules of procedure may be consulted

The following committees exist in the company within the Board of Directors: Executive Board, Internal Control

Committee, Corporate Governance Supervisory Committee and the Strategy Committee.

All the committees have rules of procedure, access to which is reserved for the company.

28. Composition, if applicable, of the executive board and/or identification of the managing director(s).

The Executive Board comprises the following members:

Pedro Mendonça de Queiroz Pereira, who chairs the board;
Francisco José Melo e Castro Guedes;
José Miguel Pereira Gens Paredes; and
Paulo Miguel Garcês Ventura.

29. Indication of the powers of each of the committees created and summary of the activities carried on the exercise of these responsibilities.

The powers of the Executive Board are described in item 21 of this report.

The ICC has the following powers and responsibilities:

- 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 propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the company's business risks, with a view to perfecting the internal risk control and management system, involving at least the following components:
 - Setting strategic aims for the company in terms of risk-taking;
 - Identifying the main risks associated with the specific business carried on and the events which may give rise to risks;
 - Analysis and measurement of the impact and likelihood of the occurrence of each of the potential risks;
 - Risk management with a view to aligning the risks effectively run with the company's strategic options on risk-taking;
 - Procedures for monitoring the execution of risk management measures adopted and their effectiveness;
 - Adoption of internal reporting and notification procedures on the various system components and for risk alerts.
- d) To check implementation of the adjustments to the internal control and risk management system proposed by the Audit Board;
- e) To monitor the quality of financial and accounting information, taking steps to ensure that it is reliable; and
- f) To issue its opinion on the choice of external auditors and to monitor their independence.

The Strategy Committee has the following powers and responsibilities:

- a) To cooperate in long term strategic planning, including identification and setting of strategic aims for business development and implementation of initiatives for growth;
- b) To advise, by drawing up recommendations, and to discuss the company's strategic options;
- c) To oversee the company's strategic options, proposing, if necessary, the approval of specific measures and procedures for developing, adopting and modifying the strategies adopted; and
- d) To analyze and assess the evolution of the impact of external factors, such as changes in the economy, competition and technology, on the group's overall strategy.

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

III. AUDITING

a) Composition

30. Identification of the supervisory body corresponding to the model adopted.

The company's affairs are supervised by the Audit Board and the Statutory Auditor, in accordance with Article 413.1 b) of the Companies Code.

31. Composition, as applicable, of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum numbers of members and duration of their term of office, as established in the Articles of Association, number of full members, date of first appointment and end date of the term of office of each member; reference may be made to the item in the report where this information is contained in accordance with paragraph 17.

As established in the Articles of Association, the Audit Board consists of three to five full members, one of which serves as Chairman with a casting vote, and of one or two alternate members, depending on whether there are three or more full members, all holding office for four year terms.

Members of the Audit Board	Date of first appointment and end date of term of office:
Miguel Camargo de Sousa Eiró (Chairman)	2006-2013
Duarte Nuno d'Orey da Cunha	2004-2013

Members of the Audit Board	Date of first appointment and end date of term of office:
(Full member)	
Gonalo Nuno Palha Gaio Picao Caldeira	2006-2013
(Full member)	
Marta Isabel Guardalino da Silva Penetra	2006-2013
(Alternate member)	

32. Identification, as applicable, of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with Article 414.5 of the Companies Code; reference may be made to the item in the report where this information is contained in accordance with paragraph 18.

All the members of the Audit Board are independent in accordance with the criteria set down in Article 414.5 of the Companies Code. This understanding was reinforced by the opinion of the Securities Market Commission of 12 November 2011, which concluded that only the third "re-election" of members of the audit board, for a fourth term of office, causes them not to meet the independence criterion.

33. Professional qualifications, as applicable, of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs and other relevant biographical details; reference may be made to the item in the report where this information is contained in accordance with paragraph 21.

Members of the Audit Board	Professional qualifications and other relevant biographical details
Miguel Camargo de Sousa Eiro (Chairman)	Degree in Law from Faculty of Law, University of Lisbon
Duarte Nuno d'Orey da Cunha (Full member)	Degree in Finance, ISCEF
Gonalo Nuno Palha Gaio Picao Caldeira (Full member)	Degree in Law from Portuguese Catholic University, Master of Business Administration (MBA) from Universidade Nova de Lisboa, and attendance of Post-graduate course in Real Estate management and valuation, ISEG
Marta Isabel Guardalino da Silva Penetra (Alternate member)	Degree in Management from Instituto Superior de Economia e Gesto, Post-graduate studies in Advanced Banking management (ISGB/UCP)

b) Functioning

34. Existence and place where the rules of procedure may be consulted for the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be; reference may be made to the item in the report where this information is contained in accordance with paragraph 22.

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

35. Number of meetings held and rate of attendance at meetings of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be; reference may be made to the item in the report where this information is contained in accordance with paragraph 23.

In the financial year 2013, the Audit Board met 8 times, with all members present at all meetings.

36. Availability of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period; reference may be made to the item in the report where this information is contained in accordance with paragraph 26.

The members of the Audit Board have the appropriate time available to perform the duties entrusted to them.

The members of the Audit Board hold office in other companies as detailed below:

Miguel Camargo de Sousa Eiró

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

PORTUCEL, S.A.

Chairman of the Audit Board

SECIL - Companhia Geral de Cal e Cimento, S.A.

Chairman of the Audit Board

Duarte Nuno D'Orey da Cunha

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

PORTUCEL, S.A.	Member of the Audit Board
Secil – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
VÉRTICE – Gestão de Participações, SGPS, S.A.	Director

Gonçalo Nuno Palha Gaio Picão Caldeira

Office held in other companies belonging to the same group as Semapa: No office held in other companies belonging to the same group as Semapa

Office held in other companies:

PORTUCEL, S.A.	Member of the Audit Board
Secil – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
LOFTMANIA – Gestão Imobiliária, Lda.	Manager
LINHA DO HORIZONTE – Investimentos Imobiliários, Lda.	Manager

c) Powers and responsibilities

37. Description of the procedures and criteria applicable to the work of the supervisory body for the purposes of contracting additional services from the external auditor.

In the exercise of its powers relating to the provision of additional services by the external auditor, the Audit Board analyzes the additional services and proposals submitted by the external auditor for provision of the same as transmitted to them by the directors, seeking to safeguard, essentially, that the independence and impartiality of the external auditor needed for the provision of audit services is not undermined and that the additional services are provided to a high standard of quality and independence.

38. Other duties of the supervisory bodies and, if applicable, of the Committee for Financial Affairs.

As stated above, the Audit Board has the duties established in law, in particular those stated in Article 420 of the Companies Code, as well as those indicated in the Rules of Procedure of the Audit Board, which are:

- To oversee the management of the company;
- To ensure compliance with the law and the articles of association;
- To check that books, accounting records and the respective supporting documents are in order;
- To check, as and when it sees fit, the state of cash and inventories of any type of goods or valuables belonging to the company or received by the same as security, deposit or on another basis;
- To check the accuracy of financial reporting;
- To check that the accounting policies and valuation criteria adopted by the company lead to a correct valuation of the company's assets and profits or loss;

- To draw up an annual report on its audit activities and to issue its opinion on the report, accounts and motions submitted by the directors;
- To call the general meeting, when the respective chairman fails to do so;
- To monitor the effectiveness of the risk management system, or internal control system and the internal audit system, if any;
- To receive reports of irregularities (whistleblowing) submitted by shareholders, company employees or others;
- To contract the provision of services by experts who assist one or more of its members in the exercise of their duties, which experts shall be contracted and remunerated in line with the importance of the matters entrusted to them and the economic situation of the company;
- To perform any other duties established in law or the articles of association;
- To oversee the process of drafting and disclosure of financial information;
- To propose to the general meeting the appointment of the statutory auditor;
- To oversee the auditing of the company's financial statements and reports;
- To monitor the independence of the statutory auditor, namely with regard to the provision of additional services.

Nonetheless, although the powers of the Audit Board do not expressly include the possibility of proposing dismissal of the auditor to the general meeting, it is fully accepted that these powers derive from its general duties and responsibilities – oversight and notification of irregularities detected to the first general meeting held after such discovery. If the irregularities constitute due cause for dismissal, the Audit Board must inevitably submit a proposal to the shareholders to this effect.

The Audit Board is also the prime point of contact with the External Auditor, with direct access to and knowledge of his work. The company believes that this direct supervision by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried on by the External Auditor, provided that it does not undermine a prompt and adequate information of the management body, which has ultimate responsibility for the company's affairs and financial statements. Complying with this principle, the External Auditor's reports are addressed to the Audit Board and discussed at joint meetings of this board with a member of the Board of Directors, and the Audit Board ensures that the necessary conditions are in place in the company for the provision of audit services. Regarding the appointment of the External Auditor, the Audit Board proposes its candidate, under the terms of Article 420.2 b) of the Companies Code, and the respective remuneration.

IV. STATUTORY AUDITOR

39. Identification of the statutory audit firm and the partner and statutory auditor representing the same.

Statutory Auditor

Full: PricewaterhouseCoopers & Associados – SROC, Lda, represented by Dr. António Alberto Henriques Assis (ROC) or Dr. César Abel Rodrigues Gonçalves (ROC) (*)

Alternate: Dr. Jorge Manuel Santos Costa (ROC)

(*) It should be noted that, as from 16 January 2014, PricewaterhouseCoopers has been represented by Dr. António Alberto Henriques Assis (ROC) or Dr. José Pereira Alves (ROC)

40. Indication of the consecutive number of years for which the statutory audit firm has held office in the company and/or group.

PricewaterhouseCoopers has held office with the company for 11 consecutive years.

41. Description of other services provided by the statutory auditor to the company.

In addition to legal auditing services, PricewaterhouseCoopers provides the company with tax consultancy and reliability assurance services.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed for the purposes of Article 8 and the partner and statutory auditor representing such firm in the discharge of these duties, together with their respective registration number with the Securities Market Commission.

The company's external auditor and its representative are indicated in item 39, and PricewaterhouseCoopers is registered with the Securities Market Commission under number 9077.

43. Indication of the consecutive number of years for which the external auditor and the respective partner and statutory auditor representing the same in the discharge of these duties has held office in the company and/or group.

The external auditor is the statutory auditor which has held office in the company for 11 years as stated in item 40. The (full) representative of the external auditor, Dr. António Alberto Henriques Assis, has held office with the company for 4 consecutive years, having been appointed for the first time at the start of the present term of office.

44. Policy on rotation of the external auditor and the respective partner and statutory auditor representing the same in the carrying out of these duties, and the respective frequency of rotation.

The company has no policy that requires the rotation of the external auditor or its representative. However, if the Audit Board decides to retain the external auditor for more than two terms of office it must issue a recommendation in favour of such continued appointment.

This was the procedure adopted at the annual general meeting in 2010, when the Audit Board submitted to the shareholders a proposal for retaining the External Auditor, issuing its opinion in a report in which it argued that the

quality of the work performed by PricewaterhouseCoopers and the firm's accrued experienced in the sectors in which Semapa invests outweighed the drawbacks of retaining it. Nonetheless, in line with best international practices, rotation of the partner representing the firm was proposed and approved.

45. Indication of the body responsible for assessing the external auditor and the intervals at which this assessment is conducted.

As part of its supervisory work and auditing of the company's accounts, the Audit Board assesses the external auditor each year, and the result of this assessment is included in its Report and Opinion on the annual accounts.

46. Identification of work, other than audit work, carried out by the external auditor for the company and/or companies in a controlling relationship with it, and indication of the internal procedures for approval of the contracting of these services and indication of the reasons for contracting them.

The services provided by the external auditor are those referred to in item 41 and all additional work was approved in each case by the Audit Board. In relation to tax consultancy services and services other than 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. It is only decided to appoint the external auditor for services other than audit services when justified by the technical quality of its staff.

47. Indication of the annual remuneration paid by the company and/or controlled, controlling or group entities to the auditor and other individuals or organizations belonging to the same network, specifying the percentage relating to the following services:

Services	Company		Group entities (including the company itself)	
	Value	Percentage	Value	Percentage
Value of auditing services	93,324	88.61%	1,297,160	77.92%
Value of reliability assurance services	6,000	5.70%	260,892	15.67%
Value of tax consultancy services	6,000	5.70%	106,638	6.41%
Value of other services other than auditing services	-	0.00%	-	0.00%
Total:	105,324	100.00%	1,664,690	100.00%

NOTE: Figures in Euros

In 2013, services other than audit services contracted by the company or controlling entities from the External Auditor, including by entities belonging to the same corporate group or service network, represented 6.41% of the

total services provided, which percentage is well below the recommended upper limit of 30%. These services consist essentially of support services to safeguard compliance with tax obligations in Portugal and abroad, and are approved by the Audit Board. The Board of Directors and the Audit Board consider that the contracting of these services is justified by the External Auditor's accrued experience in the sectors in which the company operates and by the quality of its work, in addition to the fact that there are sufficient procedures in place to safeguard the independence of the auditors, through careful definition of the services required at the contracting stage.

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the articles of association (Article 245-A.1 h)).

There are no specific rules at Semapa on the amendment of the Articles of Association, and the general supplementary rules contained in the Companies Code therefore apply here.

II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

49. Whistleblowing - procedures and policy

The company has a set of "Regulations on Notification of Irregularities", which govern the company's procedures that employees can use to report irregularities allegedly taking place within the company.

These regulations lay down the general duty to report alleged irregularities, requiring that such reports are made to the Audit Board, and also provide for an alternative solution in the event of conflicts of interests on the part of the Audit Board regarding to the report in question.

The Audit Board, which may be assisted for these purposes by the Internal Control Committee, shall investigate all facts necessary for assessment of the alleged irregularity. This process ends with the report being filed or submitted to the Board of Directors or the Executive Board, depending on whether a company officer is implicated or not, a proposal for application of the measures most appropriate in light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of the 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 safeguard 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, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

Although the company has no specific independent structure for internal audits, internal control and risk management are conducted by the Board of Directors, the Audit Board, the External Auditor and through an organizational unit with special responsibilities in this area, the Internal Control Committee (ICC).

51. Description of the lines of command in this area in relation to other bodies or committees; an organizational chart may be used to provide this information

The lines of command are shown in the organizational chart in item 21 of this report, and the responsibilities of the bodies and committees involved are better described in item 54.

52. Existence of other departments with responsibilities in the field of risk control.

There are no other departments with responsibilities in the field of risk control.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

Chapter 2 of the notes to the consolidated financial statements provides a detailed analysis of all financial and operational risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk, price risk, raw material supplies risk, sales price risk, risk of product demand, risk of competition, risk of environmental legislation, human resources risk, energy cost risk and economic and market risks in general.

With regard to legal risks, which are not detailed in the same way in the notes to the financial statements, it is important to point out that they derive essentially from tax and regulatory risks which are covered by the analysis of operational risks, specific general liability risks or risks relating to the negotiation and conclusion of contracts. These risks are controlled by legal counsels both in Semapa as the holding company and in its subsidiaries, and through recourse to external lawyers whenever justified by their particular expertise, the amount at stake or other factors in specific cases.

54. Description of the process of identification, assessment, monitoring, control and risk management.

The Audit Board plays a particularly important role in this field, with all the powers and responsibilities assigned to it directly by law.

The main purpose of the ICC is to detect and control all relevant risks in the company's affairs, in particular financial

risks, and the Committee has the responsibilities and powers described in item 21.

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 to.

Independent audits of Semapa and the companies it controls are carried out by PricewaterhouseCoopers. The company's External Auditor checks, in particular, the application of remuneration policies and systems, and the effectiveness and workings of internal control procedures through the information and documents provided by the company, and in particular by the Remuneration Committee and the Internal Control Committee. The respective conclusions are reported by the External Auditor to the Audit Board which then reports the shortcomings detected, if any.

The implemented internal control and risk management systems have proven to be effective, and no situations have so far arisen which have not been anticipated, duly guarded against or expressly accepted in advance as controlled risks.

As stated above, in addition to its own powers in this field and in order to safeguard against the acceptance of excessive risks by the company, the Board of Directors created the ICC which, in accordance with the responsibilities defined by the Board of Directors, is responsible for assuring internal control and risk management. The Audit Board is responsible for overseeing the effectiveness of the risk management system and the internal control system, proposing adjustments to the existing system whenever necessary, being the ICC responsible for implementing these adjustments. Finally, it should be noted that these systems are monitored and overseen at all times by the Board of Directors, which has ultimate responsibility for the company's internal activities.

55. Main elements of the internal control and risk management systems implemented in the company with regard to the process of disclosure of financial information (Article 245-A.1 m)).

The disclosure of financial information is the responsibility of the market relations officer and, where applicable, it falls to the Audit Board, the Internal Control Committee and the External Auditor to assess the quality, reliability and completeness of the financial information approved by the company's Board of Directors and drawn up by the Financial and Accounts and Tax departments.

The process of preparing financial information is subject to an internal control system and to rules which are designed to assure that the accounting policies adopted by the company are properly and consistently applied and that the estimates and judgements used in preparing this information are reasonable.

With regard to internal control procedures for the process of disclosing financial information, the company has implemented rules which are intended to assure that disclosures are made in good time and to mitigate the risk of unevenness in the information provided to the market.

IV. INVESTOR SUPPORT

56. Office responsible for investor support, composition, functions, information provided and contact details

The investor support service is provided by an office reporting to the director José Miguel Paredes. This 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 due time and without any inequality.

Dr. José Miguel Gens Paredes can be contacted through his email address (jmparedes@semapa.pt) or on the company's general telephone numbers. All public information regarding the company can be accessed by these means. It should be noted, in any case, that the information most frequently requested by investors is available at the company's website at www.semapa.pt.

57. Market relations officer

The market relations officer is Dr. José Miguel Paredes.

58. Information on the number of enquiries received in the period or pending from previous periods, and enquiry response times.

Semapa receives various types of enquiries, which are normally answered within 24 hours of receipt, although some enquiries, because of their breadth, scope and/or complexity, necessarily take longer to process. There are also specific times of the year when Semapa receives more enquiries, in particular in the run-up to general meetings and the payment of dividends, when response times may sometimes be longer. There are no enquiries pending from previous years.

V. WEBSITE (59 TO 65)

Description	Internet address
59. Semapa Website	www.semapa.pt
60. Address where information is provided on the company's name, public company status, registered office and other data required by Article 171 of the Companies Code	www.semapa.pt/en/location
61. Address where the articles of association and rules of procedures of company boards and/or committees can be consulted	www.semapa.pt/sites/default/files/pdf_pb/estatutos_semapa_en.pdf www.semapa.pt/sites/default/files/pdf_pb/reg_cons_fisc_en.pdf www.semapa.pt/sites/default/files/pdf_pb/reg_cons_admin_en.pdf

Description	Internet address
62. Address where information is provided on the identity of company officers, market relations officer, the Investor Support Office or equivalent structure, respective powers and responsibilities and contact details	www.semapa.pt/en/company-officers www.semapa.pt/en/investor-support-office
63. Address for consultation of financial statements and reports, which must be accessible for no less than five years, together with the six-monthly corporate diary, disclosed at the start of each semester, including, amongst other things, general meetings, disclosure of annual, half-yearly and, if applicable, quarterly accounts	www.semapa.pt/en/demonstracoes-financeiras www.semapa.pt/en/eventos
64. Address where notice of general meetings is posted, together with all preparatory information and subsequent information related to meetings	www.semapa.pt/en/general-meeting-may-31-2013
65. Address for consultation of historical archives, with resolutions adopted at the company's general meetings, the share capital represented and the results of votes, for the past three years	www.semapa.pt/en/ag-arquivo

D. REMUNERATION

I. POWERS TO DETERMINE REMUNERATION

66. Indication of powers to set the remuneration of company officers, members of the executive board or managing director and the company managers.

Powers to determine the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

Powers to determine the remuneration of company managers lie with the Board of Directors.

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including identification of individuals or organizations contracted to provide support, and declaration regarding the independence of each member and adviser.

The Remuneration Committee currently comprises Messrs. José Gonçalo Maury and Frederico José da Cunha Mendonça e Meneses.

The Commission usually comprises three members, but Ms. Sofia Frère resigned from the committee in September 2013.

The Remuneration Committee has never contracted any advisers.

Regarding the members of the committee, the Company considers them to be independent, except for Mr. Frederico da Cunha, for the reasons mentioned below.

Frederico da Cunha is no longer considered independent due to his appointment as member of the Board of Directors of Sodim, SGPS, S.A., during the course of 2013, company to which 51.12% of the non suspended voting rights are allocated, according to item 7 above.

With regard to José Maury, the company he represents, Egon Zehnder, provided services in 2013 to subsidiaries of Semapa, by completing projects originating in previous periods, with no new projects being started in the period. However the scale of these services is not such as could undermine the independence of this member of the committee.

Finally, Dr. Sofia Frère was also independent at all time, there existing no circumstance which could undermine the impartiality of her analysis or decisions. We would clarify however that, although she holds office in a number of companies in the Santander group, Semapa's commercial dealings with Santander do not fall within the scope of her responsibilities.

68. Expertise and experience of the members of the remuneration committee in the field of remuneration policy.

One of the members of the Remuneration Committee, José Maury has extensive knowledge and experience in the field of remuneration policy.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy for members of the management and supervisory bodies as referred to in Article 2 of Law no. 28/2009, of 19 June.

The remuneration policy for members of the management and supervisory bodies is set out in the Remuneration Policy Statement issued by the Remuneration Committee and contained in Annex II to this Report.

70. Information on how remuneration is structured in order to align the interests of members of the management body with the long term interests of the company, and on how it is based on performance assessment and discourages excessive risk-taking.

The way in which remuneration is structured and how it is based on the directors' performance follows with sufficient clarity the Remuneration Policy Statement of the Remuneration Committee, specifically item 1 of chapter VI, to which we make reference, and from the references to performance assessment included in item 25 above.

Regarding the discouragement of excessive risk-taking, we should clarify that there is no separate mechanism in place

with this specific aim. Risk is an intrinsic characteristic of any act of management and, as such, it is unavoidably and continuously considered in all management decisions. A quantitative or qualitative assessment of risk as good or bad cannot be made autonomously, but only in the light of its impact on company's performance over the time. Nonetheless, the factors considered by the Remuneration Committee also include any excessive risk-taking.

71. Reference, if applicable to the existence of a variable remuneration component and information on any impact on this from performance assessments.

The remuneration of executive directors includes a variable component which depends on a performance assessment, as described in the Remuneration Policy Statement, in particular in item 2 of chapter VI.

There are no upper limits to remuneration, notwithstanding the limit set by the articles of association on directors' profit sharing.

In the case of non-executive directors, variable remuneration is sometimes awarded, albeit more exceptionally, in line not with the performance or value of the company, but rather with the outcome of the performance of management tasks closer in nature to executive duties.

The remuneration of the members of the Audit Board includes no variable component.

72. Deferred payment of the variable component of remuneration, indicating the deferral period.

Payment of the variable component of remuneration is not deferred at Semapa.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or transferring risk, the respective limits and the respective proportion represented of total annual remuneration.

At Semapa, the variable remuneration has no component consisting of shares.

74. Criteria applied in allocating variable remuneration on options and indication of the deferral period and the price for exercising options.

At Semapa, the variable remuneration has no component consisting of options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

The criteria for setting annual bonuses are those related to the variable remuneration, as described in item 2 of chapter VI of the Remuneration Policy Statement, and no other non-cash benefits are allocated.

76. Main features of complementary or early retirement schemes for directors and the date of approval by the general meeting, on an individual basis.

The extraordinary general meeting of 27 December 2012 approved the abolition of the pension scheme for Semapa's directors in force up to that date, which had been unanimously approved by the shareholders at the general meeting of 30 March 2005; the scheme was wound up whilst safeguarding the legitimate rights and expectations in existence.

The resolution approved provided for the extinction of the rights and expectations already constituted, with regard to the individuals covered by the scheme who so agreed, by means of redemption with a discount, which was eventually set at 20% of the actuarial liability at the date on which the pension scheme was wound up. The winding up of the scheme was accepted by all those concerned, except for Frederico José da Cunha Mendonça e Meneses, who retains the retirement pension from the company.

IV. DISCLOSURE OF REMUNERATION

77. Indication of the annual remuneration earned from the company, on an aggregate and individual basis, by the members of the company's management body, including fixed and variable remuneration and, in relation to the latter, reference to the different components.

Below we indicate the remuneration earned in 2013, paid by Semapa to the members of the company's management body, distinguishing between fixed and variable remuneration, but without a breakdown of the different components of the latter, insofar as it is set as a whole, taking into account the factors described in the Remuneration Policy Statement issued by the Remuneration Committee, without identifying components.

Board of Directors	Remuneration Fixed	Remuneration Variable
Pedro Mendonça de Queiroz Pereira	430,308.43	1,339,800.00
Maude Mendonça de Queiroz Pereira Lagos	430,308.43	—
José Alfredo de Almeida Honório	266,153.86	1,030,627.00
Francisco José Melo e Castro Guedes	61,781.31	127,446.00
José Miguel Pereira Gens Paredes	269,708.06	1,147,016.00
Paulo Miguel Garcês Ventura	270,469.75	1,079,318.00
Rita Maria Lagos do Amaral Cabral	4,901.31	—
António da Nóbrega de Sousa da Câmara	8,168.85	—
Joaquim Martins Ferreira do Amaral	226,772.85	—
António Pedro de Carvalho Viana-Baptista	128,305.13	—
Vítor Manuel Galvão Rocha Novais Gonçalves	128,305.13	—
TOTAL	2,225,183.11	4,724,207.00

NOTE: Figures in Euros

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control.

It should be clarified that the amounts referred to in this item do not relate only to companies controlled by Semapa. They also include amounts over which Semapa and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved. The total amount paid by all companies controlled by or controlling Semapa, and by companies under common control, is 7,400,541.67 euros.

79. Remuneration paid in the form of profit sharing and/or payment of bonuses, and the grounds on which these bonuses and/or profit sharing were granted.

The amount of the remuneration paid in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration referred to in item 77 of this report, which amounts were determined by the Remuneration Committee based on the actual application, as explained more fully in its report, of the criteria described in item 2 of chapter VI of the Remuneration Policy Statement.

80. Compensation paid or owing to former executive directors in relation to termination of their directorships during the period.

No compensation was paid or is due to former executive directors for termination of their directorships.

81. Indication of the annual remuneration earned, on an aggregate and individual basis, by the members of the company's supervisory body, for the purposes of Law 28/2009, of 19 June.

Audit Board	Remuneration Fixed	Variable Remuneration
Miguel Camargo de Sousa Eiró	19,958.57	–
Duarte Nuno d'Orey da Cunha	14,256.13	–
Gonçalo Nuno Palha Gaio Picão Caldeira	14,256.13	–
TOTAL	48,470.83	–

NOTE: Figures in Euros

82. Indication of remuneration earned in the reporting period by the chairman of the general meeting.

During the financial year of 2013, the Chairman of the General Meeting earned 6,000.00 euros.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. Contractual limits for compensation payable for the unfair dismissal of directors and the respective relationship with the variable remuneration component;

Semapa has no contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination.

84. Reference to the existence and description of 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, indicating the amounts involved. (Article 245.-A.1 l)).

There are also no agreements between the company and the company officers or managers providing for compensation in the event of resignation, unfair dismissal or redundancy as the result of a takeover.

The company does not enter into any contracts with directors with the effect of mitigating the risk inherent to the variability of the remuneration set by the company. With regard to the conclusion of contracts of this type by directors with third parties, the company does not encourage this, nor is there any director who has done so.

VI. STOCK OR STOCK OPTION PLANS

85. Identification of plan and beneficiaries

The company has no stock or stock option plans.

86. Description of plan (terms of allocation, non-transfer of share clauses, criteria on the price of shares and the price of exercising options, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase shares and/or exercise options)

Not applicable.

87. Stock option rights allocated to company employees and staff.

Not applicable.

88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by employees (Article 245-A.1 e)).

There is no employee ownership scheme in Semapa.

E. RELATED PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. Procedures implemented by the company for controlling related party transactions (reference is made for this purpose to the concept deriving from IAS 24).

The company has established the procedures and criteria referred to in item 91 for transactions with holders of qualifying holdings.

90. Indication of transactions subject to control during reporting period

In 2013, no transactions were subject to control given that, through application of the criteria referred to in item 91 below, none of the company's transactions with the qualifying shareholders, or with entities in any way related to such shareholders, as defined in Article 20 of the Securities Code, were subject to prior clearance from the Audit Board. There were no transactions between the company and qualifying shareholders outside of regular market conditions.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior assessment of transactions to be carried out between the company and qualifying shareholders or related entities, under Article 20 of the Securities Code.

The Board of Directors must subject to review and prior opinion of the Audit Board the transactions between the company and qualifying shareholders or entities in any way related to these shareholders, as defined in Article 20 of the Securities Code, whenever one of the following criteria is met with regard to each period:

- a) When such transactions have a value greater than or equal to 1% of the company's consolidated turnover in the previous year;
- b) When the accrued value, with regard to the same qualifying shareholder, or entity related to the same in any way, as defined in Article 20 of the Securities Code, is greater than or equal to double the amount resulting from application of the criteria referred to in the preceding sub-paragraph.

II. DETAILS OF TRANSACTIONS

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

Information on related party transactions is contained in note 35 of the consolidated financial statements and note 28 of the individual financial statements.

Part II – Assessment of Corporate Governance

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

Semapa has adopted the 2013 Corporate Governance Code of the Securities Market Commission due to the natural evolution from the 2010 Corporate Governance Code of the same body, adopted in the past by Semapa.

The code adopted is disclosed by the Securities Market Commission and may be consulted at:

<http://www.cmvn.pt/en/recomendacao/recomendacoes/Pages/default.aspx>

2. ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE GOVERNANCE CODE

The following table indicates the recommendations adopted and not adopted. For the recommendations adopted, we indicate only the place in the report where detailed information is contained. For recommendations not adopted, information is provided below the table on the respective grounds for non-adoption and any alternative measures taken.

#	Adoption	Text	Reference
I. Voting and Corporate Control			
I.1	Adopted	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement to one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Part I, items 12 and 13
I.2	Adopted	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Part I, item 14
I.3	Adopted	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Part I, item 12
I.4	Not applicable	The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a single shareholder, either individually or in concert with other shareholders, shall also provide for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without increased quorum requirements in addition to those required by law – and that in said resolution, all votes issued be counted, without applying said restriction.	Part I, item 13

#	Adoption	Text	Reference
I.5	Adopted	Measures shall not be adopted that require payment or acceptance of charges by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members.	Part I, item 4

II. Supervision, Management and Oversight

II.1 Supervision and Management

II.1.1.	Adopted	Within the limits established by law, and except due to the small size of the company, the board of directors shall delegate the day-to-day management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Part I, items 21, 28 and 29
II.1.2	Not adopted	The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amounts, risk and particular characteristics involved.	Explanation of Recommendations not adopted below
II.1.3	Not applicable	The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, and a requirement shall therefore be enshrined, in the articles of association or by equivalent means, that this body shall pronounce on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that are to be considered strategic due to the amounts or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Part I, item 15
II.1.4 a)	Not adopted	Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees.	Explanation of Recommendations not adopted below
II.1.4 b)	Adopted	b) Reflect on the governance system, structure and practices adopted, verify their effectiveness and propose to the competent bodies, measures to be implemented with a view to their improvement.	Part I, items 21, 27, 28 and 29
II.1.5	Adopted	The Board of Directors or the General and Supervisory Board, depending on the applicable model, shall set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Part I, items 50 to 55
II.1.6	Adopted	The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Part I, item 18

#	Adoption	Text	Reference
II.1.7	Adopted	<p>Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed in accordance with the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <ul style="list-style-type: none"> a. Having been an employee at the company or at a related or group company in the past three years; b. Having, in the past three years, provided services or established a significant commercial relationship with the company or a related or group company, either directly or as a partner, board member, manager or director of a legal person; c. Being the beneficiary of remuneration paid by the company or by a related or group company, other than the remuneration deriving from a directorship; d. Living with a life partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder. 	Part I, item 18
II.1.8	Adopted	Directors who exercise executive duties shall respond to enquiries from other company officers by providing the information requested in a timely and appropriate manner.	Part I, item 21
II.1.9	Adopted	The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Part I, item 21
II.1.10	Not adopted	If the chairman of the board of directors exercises executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Explanation of Recommendations not adopted below

II.2 Oversight

II.2.1.	Adopted	Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Part I, item 32
II.2.2.	Adopted	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, in particular, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Part I, item 38.
II.2.3	Adopted	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract for provision of their services when there is a valid basis for such dismissal.	Part I, item 38

#	Adoption	Text	Reference
II.2.4.	Adopted	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Part I, items 50, 54 and 55
II.2.5.	Not adopted	The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and shall be recipients of reports made by these services at least when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities.	Explanation of Recommendations not adopted below

II.3 Remuneration setting

II.3.1	Adopted	All members of the Remuneration Committee or equivalent shall be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Explanation of Recommendations not adopted below
II.3.2.	Adopted	No natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Part I, item 67
II.3.3 a)	Adopted	The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the company officers;	Annex II to the Corporate Governance Report
II.3.3 b)	Not adopted	b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;	Explanation of Recommendations not adopted below
II.3.3 c)	Adopted	d) Information on whether payments are due for the dismissal or termination of appointment of board members.	Annex II to the Corporate Governance Report
II.3.4	Not applicable	Approval of stock and/or option plans or plans based on share price variation for company officers shall be submitted to the General Meeting. The proposal shall contain all the necessary information for a correct assessment of said plan.	Part I, items 73 and 74
II.3.5	Adopted	Approval of any retirement benefit scheme established for company officers shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Part I, item 76

III. Remuneration

III.1	Adopted	The remuneration of the executive directors shall be based on actual performance and shall discourage excessive risk-taking.	Part I, items 69 and 70
III.2	Adopted	The remuneration of non-executive directors and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Part I, item 71
III.3	Not adopted	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and upper limits shall be set for all components.	Explanation of Recommendations not adopted below

#	Adoption	Text	Reference
III.4	Not adopted	A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right to payment shall depend on the continued positive performance of the company during that period.	Explanation of Recommendations not adopted below
III.5	Adopted	Members of the board of directors shall not enter into contracts either with the company or with third parties which have the effect of mitigating the risk inherent in the variability of their remuneration as fixed by the company.	Part I, item 84
III.6	Not applicable	Executive directors shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on earnings from said shares, until the end of their term of office.	Part I, items 73 and 74
III.7	Not applicable	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period of no less than three years.	Part I, items 73 and 74
III.8	Adopted	When the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is even so attributable to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments to ensure that no damages or compensation, beyond those legally due, are payable.	Part I, item 83

IV. Auditing

IV.1	Adopted	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems for company officers as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Part I, item 54
IV.2	Adopted	The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that belongs to the same network, for services other than audit services. If there are reasons for contracting such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - these services shall not account for more than 30% of the total value of services rendered to the company.	Part I, item 47
IV.3	Adopted	Companies shall rotate auditors after two or three terms, depending on whether the terms are four or three years, respectively. Retention of the auditor beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Part I, item 44

V. Conflicts of interests and related party transactions

V.1	Adopted	The company's transactions with qualifying shareholders, or entities with which they are in any type of relationship pursuant to article 20 of the Securities Code, shall be conducted on regular market conditions.	Part I, items 89 to 91
V.2	Adopted	The supervisory or audit board shall establish the procedures and criteria necessary to define the relevant level of significance of transactions with qualifying shareholders - or entities with which they are in any of the relationships described in Article 20.1 of the Securities Code -, and the execution of transactions of significant relevance requires clearance from such body.	Part I, item 91

VI. Information

#	Adoption	Text	Reference
VI.1	Adopted	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on the course of their affairs, as regards economic, financial and governance issues.	Part I, items 59 to 65
VI.2	Adopted	Companies shall ensure the existence of an investor support and market relations office, which responds to enquiries from investors in a timely fashion and records shall be kept of the submittal and handling of enquiries.	Part I, item 56

Explanation of Recommendations not adopted below

Recommendation II.1.2

This recommendation states that "The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group, iii) decisions considered strategic due to the amounts, risk and particular characteristics involved."

Formally, this recommendation is not fully adopted because the powers delegated to the Executive Board include some of the powers contemplated herein. However, in practice, this recommendation has been complied with, 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 that this procedure should be maintained in future. The directors' grounds for continuing, formally, to delegate wider powers are that this mitigates the risk of action not being taken in due time to pursue the company's business, due to the Executive Board having insufficient powers, in situations where the less flexible rules for convening the Board of Directors might prevent a meeting being held in time.

In the specific case of Semapa, sufficient trust exists between the company officers to render a formal control procedure unnecessary.

Recommendation II.1.4 a)

This recommendation states that "Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;"

This recommendation is not adopted because Semapa does not have committees of the type recommended, as this would mean duplicating the responsibilities of other committees or boards and thereby causing the company to shoulder an additional bureaucratic burden and costs disproportionate to the possible advantages. This position is not unrelated to the fact that Semapa is a holding company which does not engage directly in business operations, and with a simplified administrative structure.

With regard to the assessment of directors, this function is fully and perfectly assured by the Chairman of the Board of Directors, the Audit Board, the Remuneration Committee and the shareholders.

With regard to assessment of committees by committees, it would be excessively bureaucratic, given the administrative size of Semapa, to set up committees to oversee committees. The body creating them is responsible for

overseeing them.

Recommendation II.1.10

This recommendation reads as follows: "If the chairman of the board of directors exercises executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination."

Due to its communication and internal transparency policy, and given that all directors have access to the executive management and company structure, Semapa provides non-executive directors with every opportunity to reach independent and informed decisions.

However, the company provides no incentives for organizing any kind of coordination between the non-executive members of the Board of Directors. There would appear to be no need for such coordination initiative by the company in order to achieve the objectives of independent and informed decision-making, although the non-executive directors are free to coordinate their work however they see fit, if they find this to be more appropriate for the exercise of their duties.

This recommendation has therefore not been adopted by the company.

Recommendation II.2.5

This recommendation states that "the Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and shall be recipients of reports made by these services at least when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities."

The company does not have internal departments solely dedicated to audit or compliance and these functions are assigned essentially to the Internal Control Committee, the Audit Board and to Semapa's Legal Department. The decision not to have a special department in this area is due to Semapa's simplified administrative structure as a holding company, without prejudice to the existence of departments of this type in its subsidiaries.

In view of these fundamental option and in the absence of autonomous internal audit and compliance units, it is not appropriate for the Audit Board to pronounce on the work plans or the suitability of the resources of the units responsible for these activities, or that it should receive reports from the Legal Department which has its own reporting system.

The company does not comply with this recommendation.

Recommendation II.3.1

Recommendation II.3.1 states that "All members of the Remuneration Committee or equivalent shall be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy."

As further explained in item 67 of Part I of this report one of the members of the Remuneration Committee, Mr.

Frederico da Cunha is no longer qualified as independent. However, Semapa considers that the exercising of administrative duties in Sodim, SGPS, S.A. does not affect his unbiased analysis and decision making capacity and that he exercises independently his duties in the Remuneration Committee.

Recommendation II.3.3 b) and Recommendation III.3

Recommendation II.3.3 b) states that: "The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;"

Recommendation III.3 states that "The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and upper limits should be set for all components".

These recommendations have not been adopted by Semapa insofar as the remuneration policy statement, contained in Annex II to this report, only sets aggregate upper limits for variable remuneration, as a percentage of profits, and not for fixed remuneration.

Accordingly, in relation to Recommendation II.3.3 b), we may see that the remuneration policy statement sets no potential upper limit either for variable remuneration in individual terms, or for fixed remuneration, and the company considers that such limits are not necessary and may even undermine the reasonable criteria underlying them, as explained more fully below.

With regard to Recommendation III.3, although the upper limits apply only to variable remuneration, the remuneration policy statement results in a fully reasonable basis for the various remuneration components.

The company considers that the concern to assure that the fixed remuneration is reasonable is sufficiently guaranteed by the other criteria established, without the need for limits. It should be noted that, apart from being unnecessary, the existence of lower or upper limits would be unhelpful because, just as salaries need periodically to be reviewed and reconsidered, the limits would also inevitably need to be revised and reconsidered, under penalty of becoming inappropriate, and consequently counter-productive. This need for review, abreast for remunerations, would render the limits effectively meaningless.

Recommendation III.4

This recommendation states that "A significant part of the variable remuneration should be deferred for a period of no less than three years, and the right to payment shall depend on the continued positive performance of the company during that period".

Specialists in this field have draw attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office might in some way be appraised.

We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of Semapa and other similar companies.

One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is related simply to one financial year, which may not be representative, and which may present higher

profits at the cost of worse results in subsequent years.

However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as Semapa, with a stable shareholder structure and management, where these concerns are inherently less of an issue.

This recommendation has therefore not been adopted by the company.

3. OTHER DISCLOSURES

There are no other disclosures or additional information which would be relevant to an understanding to the governance model and practices adopted.

Annex I

To the Corporate Governance Report

DISCLOSURES REQUIRED BY ARTICLES 447 AND 448 OF THE COMPANIES CODE AND PARAGRAPHS 6 AND 7 OF ARTICLE 14 OF SECURITIES MARKET COMMISSION REGULATION 5/2008

(with regard to the financial year of 2013)

1. Securities issued by the company and held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 of the Companies Code (*):

- José Alfredo de Almeida Honório - 20,000 shares in the company and 500 company bonds
- José Miguel Pereira Gens Paredes – 205 company bonds
- Paulo Miguel Garcês Ventura – 125 company bonds
- Vítor Manuel Galvão Rocha Novais Gonçalves – 50 company bonds
- Miguel Camargo de Sousa Eiró – 50 company bonds
- Duarte Nuno d'Orey da Cunha - 2.,907 shares in the company and 25 company bonds
- Maria Rita Carvalhosa Mendes de Almeida Queiroz Pereira - 16,464 shares in the company and 50 company bonds

(*) *The company bonds referred to in this item correspond to bonds with a flat rate of 6.85 per cent per annum, maturing in 2015, issued by Semapa with the name "Obrigações SEMAPA 2012/2015"*

2. Securities issued by companies controlled by or belonging to the same group as Semapa held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 of the Companies Code (**):

- Duarte Nuno d'Orey da Cunha – 16,000 shares in Portucel, S.A. and 1 bond issued by Portucel, S.A.
- José Miguel Pereira Gens Paredes – 1 bond issued by Portucel, S.A.

(**) *The company bonds of Portucel, S.A. referred to in this item correspond to bonds named "Obrigações Portucel €350,000,000 5.375% Senior Notes due 2020"*

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

- Cimigest, SGPS, S.A. – 3,185,019 shares in the company
- Cimo - Gestão de Participações, SGPS, S.A. – 16,199,031 shares in the company
- Longapar, SGPS, S.A. – 21,505,400 shares in the company, 1,000 shares in Secil – Companhia Geral de Cal e Cimento, S.A. and 5,000 shares in ETSA – Investimentos, SGPS, S.A.
- Sodim, SGPS, SA – 15,657,505 shares in the company
- OEM - Organização de Empresas, SGPS, SA – 535,000 shares in the company.
- Pedro Mendonça de Queiroz Pereira – 134,422 shares in Sodim, SGPS, SA

4. Acquisition, disposal, encumbrance or pledge of securities issued by the company, controlled companies or companies in the same group by company officers and the companies referred to in 3 (*) (**):

- Duarte Nuno d'Orey da Cunha acquired, on 4 July 2013, 1 bond issued by Portucel, S.A., for a price of 100,198.37 euros
- José Miguel Pereira Gens Paredes acquired 3 bonds issued by the company, on 29 May 2013, 7 bonds issued by the company, on 30 May 2013, 1 bond issued by the company, on 31 May 2013, and 14 bonds issued by the company, on 12 June 2013, all for a price of 1,039.20 euros per bond, and acquired 1 bond issued by Portucel, S.A., on 29 May 2013, for a price of 103,000.00 euros.
- Maude Mendonça de Queiroz Pereira Lagos disposed, on 2 December 2013, of 134,318 shares in Sodim, SGPS, SA, for a price of 58.29 euros per share.
- Pedro Mendonça de Queiroz Pereira disposed, on 7 May 2013, of 134,214 shares in Sodim, SGPS, SA, for a price of 58.00 euros per share and acquired, on 2 December 2013, 134,318 shares in Sodim, SGPS, SA, for a price of 58.29 euros per share.
- Longapar, SGPS, S.A. acquired, on 9 September 2013, 5,000 shares in ETSA – Investimentos, SGPS, S.A. for a price of 1.49 euros per share.
- Semapa, SGPS, S.A. acquired, on 11 September 2013, 1,789,542 shares in ETSA – Investimentos, SGPS, S.A. for a price of 1.04 euros per share.
- ZOOM Investment, SGPS, S.A. disposed, on 22 April 2013, of 630,000 shares in the company for a price of 7.021 euros per shares and of 1,996,453 shares in Portucel, S.A. for a price of 2.698 euros per share.

(*) The company bonds referred to in this item correspond to bonds with a flat rate of 6.85 per cent per annum, maturing in 2015, issued by Semapa with the name "Obrigações SEMAPA 2012/2015"

(**) The company bonds of Portucel, S.A. referred to in this item correspond to bonds named "Obrigações Portucel €350,000,000 5.375% Senior Notes due 2020"

5. Transactions in own shares:

In 2013 Semapa neither acquired nor disposed of any shares in its own capital.

Annex II

to the Corporate Governance Report

REMUNERATION POLICY STATEMENT

Law 28/2009, of 19 June, requires the Remuneration Committee to submit each year for the approval of the general meeting of shareholders a statement on the remuneration policy for members of the management supervisory bodies. A draft document was accordingly submitted to shareholders in 2013, resulting in approval of a remuneration policy statement as transcribed below:

“Remuneration Policy Statement - Semapa Directors and Auditors

I. Introduction

Semapa’s Remuneration Committee drew up a remuneration policy statement for the first time in early 2007, successfully submitting it for approval by the company’s general meeting that year. This statement was drafted at that time in line with a recommendation issued on this matter by the Securities Market Commission (Comissão de Mercado de Valores Mobiliários).

The Remunerations Committee declared at this time that it felt that the options set out in the statement should be maintained until the end of the term of office of the company’s officers then underway. This term ran from 2006 to 2009.

The statement was due for review in 2010, not only because a fresh term of office had started, but also because of the entry into force of Law 28/2009, of 19 June, requiring remuneration committees to submit a remuneration policy statement annually for the approval of the general meeting.

This Committee continues to believe that a remuneration policy statement, due to its nature as a set of principles, should be stable during an entire term of office, unless exceptional or unforeseen circumstances require it to be altered.

We have therefore decided to propose for approval a statement with the same content as that currently in force.

There is a significant divide between the two most common systems for setting the remuneration of company officers. The first is for such remuneration to be set by the general meeting; this solution is rarely adopted, being rather impractical for a variety of reasons. The second is for remuneration to be set by a Committee, which decides in

keeping with criteria on which the shareholders have not had the opportunity to pronounce.

The solution now before us amounts to an intermediate system whereby the shareholders can appraise a remuneration policy to be followed by the Committee. This seeks to draw on the best features of both theoretical systems, as we propose to do in this document, reasserting the position we have previously defended whilst also including the contribution from the additional experience and expertise acquired by the company, and complying with the new legal requirements in this field as referred to above.

II. Legal requirements and recommendations

This statement is issued in the legal framework formed by Law 28/2009, of 19 June (as referred to above), and the recommendations of the Securities Market Commission for 2010.

In addition to rules on the frequency with which the statement must be issued and approved and on disclosure of its content, this law also stipulates that this content should include information on:

- a) Arrangements for aligning the interests of members of the management body with those of the company;
- b) Criteria for setting the variable component of remuneration;
- c) The existence of share or share option pay schemes for members of the management and supervisory bodies;
- d) The possibility of the variable component of remuneration, if any, being paid, wholly or in part, after the accounts have been finalized for the entire term of office;
- e) Rules limiting variable limitation in the event of the company's results revealing significant deterioration in the company's performance in the last period for which accounts are closed or when such deterioration may be expected in the period underway.

The current recommendations of the Securities Market Commission make the following requirements:

II.1.5.2. In addition to the content referred to in Article 2 of Law 28/2009, of 19 June, the statement on remuneration policy for the management and supervisory bodies referred to in the same article should contain sufficient information on:

- i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration;
- ii) the payments for the dismissal or termination by agreement of the Directors' duties.

II.1.5.3. The remuneration policy statement referred to in Article 2 of Law 28/2009 should also cover the payment of management personnel as defined by Article 248-B.3 of the Securities Code, when such payment includes a significant variable component. The statement should be detailed and the policy presented should take into account, namely, the company's long term performance, compliance with the rules applicable to the company's business activities and restraint in risk-taking.

III. Rules deriving from law and the articles of association

Any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the articles of association.

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 or 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 members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the company's affairs.

Semapa's articles of association contain a specific clause, number seventeen, dealing only with the directors and governing also retirement provision. We transcribe the relevant passages:

"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 to be observed in defining remuneration policy.

IV. 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.

This is the procedure which has stayed in place through to the present, although since 2007 this has taken place within the terms of a remuneration policy statement approved by the company's General Meeting.

It should be noted that the allocation of a percentage of profits is not applied directly, but rather as an indicator, and

also as a limit, in line with the articles of association, on amounts which are determined in a more involving process, taking into account the factors set out in the remuneration policy statement in force.

The percentage for the directors' variable remuneration has ranged between a maximum of 5% and a minimum of 2.23% of the net profits. In recent years, the percentage has been lower than initially, essentially due to the consideration given to other earnings received by the same directors in companies controlled by Semapa.

There has therefore been a constant procedure since 2003, with the directors' remuneration comprising a fixed component and a variable component.

Since the incorporation of the company, members of the Audit Board have received fixed monthly remuneration. In the case of the officers of the General Meeting, since remuneration for these officers was first instituted it has been set on the basis of the number of meetings actually held.

V. General Principles

The general principles to be observed when setting the remuneration of the company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

It is necessary to consider the duties performed by each company officer not only in the formal sense, but also in the broader sense of the work carried out and the associated responsibilities. Not all the executive directors are in the same position, and the same is also true, for example, for the members of the audit board. Duties have to be assessed in the broadest sense, taking into account criteria as varied as, for example, responsibility, time dedicated, or the added value to the company resulting from a given type of intervention or representation of a given institution.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due, on the one hand, to the added responsibility this represents, and, on the other hand, to the existence of another source of income.

It should be noted that Semapa's experience has shown that the directors of this company, contrary to what is often observed in other companies of the same type, cannot be neatly split into executive and non-executive. There are a number of directors with delegated powers and who are generally referred to as executive directors, but some of the directors without delegated powers are closely involved in the life of the company in a variety of ways. These are essential aspects which must inevitably be considered when setting remuneration.

b) The state of the company's affairs.

This criterion must also be understood and interpreted with caution. The size of the company and the inevitable complexity of the associated management responsibilities, is clearly one of the relevant aspects of the state of affairs, understood in the broadest sense. There are implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of payment, and the officers of a corporation are no exception. Only respect for market practices makes it possible to retain professionals of a calibre required for the complexity of the duties performed and the responsibilities shouldered, thereby assuring not only their own interests but essentially those of the company, and the generation of value of all its shareholders. In the case of Semapa, in view of its characteristics and size, the market criteria to be considered are those prevailing internationally, as well as those to be observed in Portugal.

VI. Compliance with legal requirements and recommendations

Having described the historical background and the general principles adopted, we shall now consider the issue of compliance by these principles with the relevant legal requirements.

1. Article 2 a) of Law 28/2009. Alignment of interests

The first requirement that Law 28/2009 regards as essential in terms of the information in this statement is for a description of the procedures which assure that the directors' interests are aligned with those of the company.

We believe that the remuneration system adopted in Semapa is successful in assuring such alignment. Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set out, and secondly because it links the directors to results by means of a variable remuneration component which is set primarily in the light of these results.

2. Article 2 b) of Law 28/2009. Criteria for the variable component

The second requirement established by the law is for information on the criteria used to determine the variable component.

The company's results are the most important factor in setting the variable remuneration: not the results seen as an absolute value, but viewed from a critical perspective in the light of what may be expected of a company of this size and characteristics, and in view of the actual market conditions. The importance of the results in setting the variable component derives from the actual articles of association, which expressly provide for the possibility of "profit sharing" and limit this to a percentage of profits.

In setting the variable component, other factors are also considered, resulting, in the main, from the general principles - market, specific duties, the state of the company's affairs. These factors are often more individual, relating to the specific position and performance of each director.

Another important factor which is taken into overall account when setting the variable component is Semapa's option not to provide any share or option plans.

3. Article 2 c) of Law 28/2009. Share or option plans.

The decision whether or not to provide share or option plans is structural in nature. The existence of such a plan is not a simple add-on to an existing remuneration system, but rather an underlying to change to the existing system, at

least in terms of the variable remuneration.

Although a remuneration system of this type is not incompatible with the company's articles of association, we feel that the wording of the relevant provisions in the articles and the historical background to the existing system argue in favour of maintaining a remuneration system without any share or option component.

This is not to say that we see no merits in including a share or option component in directors' remuneration, nor that we would not be receptive to restructuring directors' remuneration to incorporate such a plan. However, such a component is not essential in order to promote the principles we defend and, as we have said, we do not believe that this was the fundamental intention of the company's shareholders.

4. Article 2 d) of Law 28/2009. Date of payment of variable remuneration

Specialists in this field have drawn attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office can in some way be appraised.

We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of Semapa and other similar companies.

One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is related simply to one financial year, which may not be representative, and which may present higher profits at the cost of worse results in subsequent years.

However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as Semapa, with a stable shareholder structure and management, where these concerns are inherently less of an issue.

5. Article 2 e) of Law 28/2009. Procedures limiting variable remuneration

Procedures of this kind are designed to limit variable remuneration in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway.

This type of provision also reflects a concern that good performance in the short term, which may boost directors' remuneration, could be achieved at the cost of future performance.

For obvious reasons, the arguments presented above also apply here. It should also be noted that a system of this kind would have little practical effect if not combined with significant deferral of remuneration, which is not proposed for Semapa.

6. First part of Recommendation II.1.5.2. Comparative information.

In relation to groups of companies whose remuneration policies and practices have been taken as the baseline for setting remuneration, this Committee took into consideration, to the extent of the information accessible, all Portuguese companies of equivalent size, namely PSI-20 companies, and also companies in international markets with characteristics similar to those of Semapa.

7. Second part of Recommendation II.1.5.2.. Termination agreements.

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination by agreement of Directors' duties.

This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature.

8. Recommendation II.1.5.3. Inclusion of managers in this statement

The Remuneration Committee has no proposal or statement to make on this issue, as it is the express understanding of the Board of Directors that it has sole powers over this matter and that it is not in the company's interest to comply with this recommendation.

VII. Specific Options

The specific options for the remuneration policy we propose may therefore be summarized as follows:

- 1.^a The remuneration of executive directors shall comprise a fixed component and a variable component.
- 2.^a The remuneration of non-executive directors shall comprise only a fixed component, or else a fixed component and a variable component, as for executive directors, whenever justified by the nature of the duties actually exercised and their degree of responsibility and involvement in the day to day running of the company.
- 3.^a The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
- 4.^a The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a predetermined amount for each meeting of the Board of Directors attended.
- 5.^a A monthly rate shall be set for the fixed component of the remuneration of directors for all those who are members of the Executive Board and those who, although not members of such Board, perform duties or carry out specific work of a repeated or ongoing nature.
- 6.^a The predetermined amount for participation in meetings by members of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.
- 7.^a The fixed remuneration of the members of the Audit Board shall consist in all cases of a predetermined amount paid fourteen times a year.
- 8.^a The fixed remuneration of the officers of the General Meeting shall consist in all cases of a predetermined amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.
- 9.^a The procedure for assigning variable remuneration to the executive members of the Board of Directors shall comply with the criteria proposed by the Remuneration Committee, and such remuneration shall not exceed five per cent of the consolidated net profits (IFRS format).
- 10.^a In setting all remuneration, including in particular the distribution of the total amount allocated to the variable remuneration of the Board of Directors, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

Lisbon, 03 May 2013

The Remuneration Committee

José Gonçalo Maury

Frederico José da Cunha Mendonça e Meneses

Sofia Luísa Corrêa Henriques Cardoso de Menezes Frère"

Annex III

To the Corporate Governance Report

DECLARATION REQUIRED UNDER ARTICLE 245.1 c) OF THE SECURITIES CODE

Article 245.1 c) of the Securities Code requires that each of the persons responsible for the 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, to the best of my knowledge, 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 2013, 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 only 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	Title
Pedro Mendonça de Queiroz Pereira	Director
Francisco José Melo e Castro Guedes	Director
José Miguel Pereira Gens Paredes	Director
Paulo Miguel Garcês Ventura	Director
António da Nóbrega de Sousa da Câmara	Director
Joaquim Martins Ferreira do Amaral	Director
António Pedro de Carvalho Viana-Baptista	Director
Vitor Manuel Galvão Rocha Novais Gonçalves	Director

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António da Nóbrega de Sousa da Câmara	Director
Joaquim Martins Ferreira do Amaral	Director
António Pedro de Carvalho Viana-Baptista	Director
Vitor Manuel Galvão Rocha Novais Gonçalves	Director

PART 3

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED SEPARATE INCOME STATEMENT

AS OF 31 DECEMBER 2013 and 2012

Amounts in Euro	Note	2013	2012	4th Q 2013 (Unaudited)	4th Q 2012 (Unaudited)
Revenues					
Sales	4	1.947.410.132	1.907.469.953	487.136.381	496.380.237
Services rendered	4	43.100.332	45.117.965	9.709.770	12.539.347
Other income					
Gains on disposal of non-current assets	5	1.524.019	25.059.542	793.431	1.710.352
Other operating income	5	50.438.800	71.426.751	22.586.964	23.222.283
Change in fair value of biological assets	18	2.283.381	(1.713.381)	(10.676)	(149.274)
Costs, expenses and losses					
Cost of inventories sold and consumed	6	(808.189.137)	(759.614.259)	(193.553.490)	(208.318.017)
Variation in production	6	2.548.100	(2.513.330)	(6.237.677)	3.840.120
Cost of materials and services consumed	6	(581.714.481)	(555.502.068)	(154.161.255)	(143.433.461)
Payroll costs	6	(201.981.258)	(192.737.391)	(45.805.086)	(29.923.667)
Other costs and losses	6	(33.297.983)	(42.207.337)	(12.151.320)	(9.468.427)
Provisions	6	(14.112.990)	9.508.549	(14.334.148)	5.061.591
Depreciation, amortisation and impairment losses	8	(169.408.637)	(199.812.720)	(44.125.883)	(76.685.842)
Operational results		238.600.278	304.482.274	49.847.011	74.775.242
Group share of (loss) / gains of associated companies	9	445.516	1.002.692	73.442	540.284
Net financial results	10	(87.305.900)	(64.025.464)	(17.807.037)	(20.727.750)
Profit before tax		151.739.894	241.459.502	32.113.416	54.587.776
Income tax expense	11	39.403.174	(70.899.615)	57.530.919	(30.215.500)
Profit for the year		191.143.068	170.559.887	89.644.335	24.372.276
Profit for the year					
Attributable to Semapa's shareholders		146.125.472	126.516.088	76.535.981	16.001.029
Attributable to non-controlling interests	13	45.017.596	44.043.799	13.108.354	8.371.247
Earnings per share					
Basic earnings per share, EUR	12	1,294	1,121	0,678	0,142
Diluted earnings per share, EUR	12	1,294	1,121	0,678	0,142

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2013 and 2012

Amounts in Euro	Note	31-12-2013	31-12-2012
ASSETS			
Non-current assets			
Goodwill	15	335.700.924	335.700.924
Other intangible assets	16	290.310.424	295.255.939
Property, plant and equipment	17	2.197.206.941	2.301.163.727
Investment properties		1.431.752	1.615.016
Biological assets	18	111.339.306	109.055.925
Investment in associates	19	3.439.994	5.498.397
Financial assets at fair value through profit or loss	20	482.923	9.026.930
Available-for-sale financial assets	21	346.257	226.921
Deferred tax assets	28	84.698.331	60.858.404
Other non-current assets		6.111.194	3.113.802
		3.031.068.046	3.121.515.985
Current assets			
Inventories	23	299.644.017	317.329.632
Receivables and other current assets	24	280.662.214	290.925.902
State and other public entities	25	64.719.854	80.511.929
Assets held for sale	33	1.174.069	4.000.614
Cash and cash equivalents	31	666.345.306	413.676.080
		1.312.545.460	1.106.444.157
Total assets		4.343.613.506	4.227.960.142
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	(49.274.921)	(25.322.950)
Fair value reserves	27	(14.243.578)	(20.213.050)
Other reserves	27	924.814.439	953.599.979
Retained earnings	27	(201.788.562)	(313.759.714)
Profit for the year	27	146.125.472	126.516.088
Consolidated shareholders' equity		880.723.768	795.911.271
Non-controlling interests	13	328.074.030	335.228.645
Total equity		1.208.797.798	1.131.139.916
Non-current liabilities			
Deferred tax liabilities	28	338.289.795	455.206.346
Pensions and other post-employment benefits	29	3.922.272	9.503.059
Provisions	30	76.184.019	34.518.241
Interest-bearing liabilities	31	1.929.394.235	1.681.677.079
Other non-current liabilities	32	48.021.571	15.616.661
		2.395.811.892	2.196.521.386
Current liabilities			
Interest-bearing liabilities	31	250.603.409	333.104.559
Payables and other current liabilities	32	339.301.436	415.397.720
State and other public entities	25	148.998.706	150.562.422
Liabilities held for sale	33	100.265	1.234.139
		739.003.816	900.298.840
Total liabilities		3.134.815.708	3.096.820.226
Total equity and liabilities		4.343.613.506	4.227.960.142

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

AS OF 31 DECEMBER 2013 and 2012

Amounts in Euro	Note	2013	2012	4th Q 2013 (Unaudited)	4th Q 2012 (Unaudited)
Retained earnings for the year without non-controlling interests		191.143.068	170.559.887	89.644.335	24.372.276
Items that may subsequently be reclassified to the income statement					
Derivative Financial Instruments					
Fair value changes	34	6.472.890	(9.728.499)	95.195	(2.643.478)
Tax on items above when applicable	28	(479.379)	1.026.242	(223.794)	553.954
Actuarial gains / (losses)					
Actuarial gains / (losses)	29	(6.786.377)	11.654.475	(5.555.020)	4.495.074
Tax on items above when applicable	28	267.398	(974.955)	(116.653)	(778.361)
Currency translation differences	27	(27.750.151)	(10.399.261)	(8.398.157)	(3.123.724)
Share of other comprehensive income of associates		-	(3.382.270)	655.889	(3.382.270)
Other comprehensive income for the year		(28.275.619)	(11.804.268)	(13.542.540)	(4.878.805)
Total comprehensive income for the year		162.867.449	158.755.619	76.101.795	19.493.471
Attributable to:					
Semapa's shareholders		122.723.307	113.901.898	65.467.467	11.839.780
Non-controlling interests		40.144.142	44.853.721	10.634.328	7.653.691
		162.867.449	158.755.619	76.101.795	19.493.471

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 1 JANUARY 2012 TO 31 DECEMBER 2013

Amounts in Euro	Notes	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Profit for the year	Total	Non-controlling interests	Total
Equity as of 1 January 2013		118.332.445	(47.164.986)	3.923.459	(20.213.050)	953.599.979	(25.322.950)	(313.759.714)	126.516.088	795.911.271	335.228.645	1.131.139.916
Application of 2012 profit of the year		-	-	-	-	-	-	126.516.088	(126.516.088)	-	-	-
- Transfer to retained earnings		-	-	-	-	(28.785.540)	-	-	-	(28.785.540)	-	(28.785.540)
- Dividends paid / Reserves paid	14 and 27	-	-	-	-	-	-	-	-	-	-	(28.785.540)
Dividends paid by subsidiaries to non-controlling interests	13	-	-	-	-	-	-	-	-	-	(40.713.580)	(40.713.580)
Other comprehensive income for the year		-	-	-	5.969.472	-	(23.951.971)	(5.419.665)	-	(23.402.164)	(4.873.455)	(28.275.619)
Differences in non-controlling interests acquisitions	27	-	-	-	-	-	-	(9.103.553)	-	(9.103.553)	(6.333.579)	(15.437.132)
Changes in the consolidation perimeter		-	-	-	-	-	-	-	-	-	(251.502)	(251.502)
Other movements		-	-	-	-	-	-	(21.718)	-	(21.718)	(95)	(21.813)
Profit for the year		-	-	-	-	-	-	-	146.125.472	146.125.472	45.017.596	191.143.068
Equity as of 31 December 2013		118.332.445	(47.164.986)	3.923.459	(14.243.578)	924.814.439	(49.274.921)	(201.788.562)	146.125.472	880.723.768	328.074.030	1.208.797.798

Amounts in Euro	Notes	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Profit for the year	Total	Non-controlling interests	Total
Equity as of 1 January 2012		118.332.445	(47.164.986)	3.923.459	(11.409.673)	858.223.719	(15.071.293)	17.807.527	124.161.800	1.048.802.998	333.216.889	1.382.019.887
Application of 2011 profit of the year		-	-	-	-	95.376.260	-	-	(95.376.260)	-	-	-
- Transfer to Other reserves		-	-	-	-	-	-	-	(28.785.540)	(28.785.540)	-	(28.785.540)
- Dividends paid	14	-	-	-	-	-	-	-	-	-	-	(28.785.540)
Dividends paid by subsidiaries to non-controlling interests	13	-	-	-	-	-	-	-	-	-	(40.199.383)	(40.199.383)
Other comprehensive income for the year		-	-	-	(8.803.377)	-	(10.251.657)	6.835.982	-	(12.219.052)	414.784	(11.804.268)
Differences in non-controlling interests acquisitions	27	-	-	-	-	-	-	(338.365.640)	-	(338.365.640)	(44.095.664)	(382.461.304)
Consolidation method changes		-	-	-	-	-	-	-	-	-	31.381.063	31.381.063
Fair value changes attributable to non-controlling interests		-	-	-	-	-	-	-	-	-	10.503.035	10.503.035
Other movements		-	-	-	-	-	-	(37.583)	-	(37.583)	(35.878)	(73.461)
Profit for the year		-	-	-	-	-	-	-	126.516.088	126.516.088	44.043.799	170.559.887
Equity as of 31 December 2012		118.332.445	(47.164.986)	3.923.459	(20.213.050)	953.599.979	(25.322.950)	(313.759.714)	126.516.088	795.911.271	335.228.645	1.131.139.916

CONSOLIDATED CASH FLOW STATEMENT AS OF 31 DECEMBER 2013 and 2012

Amounts in Euro	Notes	2013	2012	4th Q 2013 (Unaudited)	4th Q 2012 (Unaudited)
OPERATING ACTIVITIES					
Receipts from customers		2.151.669.719	2.163.019.309	531.409.847	551.773.591
Payments to suppliers		(1.587.609.548)	(1.600.814.104)	(387.029.193)	(360.889.698)
Payments to personnel		(214.190.126)	(211.611.354)	(71.507.854)	(85.641.970)
Cash flow from operations		349.870.045	350.593.851	72.872.800	105.241.923
Income tax received / (paid)		(27.315.232)	(57.175.810)	(15.587.609)	(25.330.766)
Other receipts / (payments) relating to operating activities		(28.666.213)	79.772.157	(51.236.993)	44.994.701
Cash flow from operating activities (1)		293.888.600	373.190.198	6.048.198	124.905.858
INVESTING ACTIVITIES					
Inflows					
Financial investments		10.712.903	316.350	74.837	(9)
Property, plant and equipment		426.283	950.292	132.579	80.704
Government grants		-	32.536.179	-	9.508
Interest and similar income		7.756.773	10.353.505	1.588.207	(907.293)
Dividends		1.442.686	1.566.291	3.748	14.286
Other assets		-	126.463	-	191
		20.338.645	45.849.080	1.799.371	(802.613)
Outflows					
Financial investments		(14.946.646)	(699.375.212)	(2.637.674)	(775.163)
Cash and cash equivalents - changes in consolidation perimeter		6.680.980	39.414.089	-	-
Property, plant and equipment		(90.301.515)	(87.356.071)	(19.709.731)	(28.742.534)
Intangible assets		(19.271)	(25.765)	106.908	(25.765)
Other assets		-	(254.054)	-	9.218
		(98.586.452)	(747.597.013)	(22.240.497)	(29.534.244)
Cash flow from investing activities (2)		(78.247.807)	(701.747.933)	(20.441.126)	(30.336.857)
FINANCING ACTIVITIES					
Inflows					
Proceeds from borrowings		3.141.568.098	2.128.517.374	703.272.093	(656.952.132)
Share capital increase, additional paid in capital and Share premiums		1.500	-	-	-
		3.141.569.598	2.128.517.374	703.272.093	(656.952.132)
Outflows					
Repayments of borrowings		(2.913.825.127)	(1.638.084.654)	(638.655.431)	692.880.357
Repayment of financial leases		(1.176.903)	(979.614)	(386.739)	(161.708)
Interest and similar expenses		(114.579.314)	(93.154.681)	(37.815.109)	(38.830.240)
Dividends paid / (reserves) paid	13 and 27	(69.374.450)	(69.767.974)	(16.339.988)	(1.273.482)
		(3.098.955.794)	(1.801.986.923)	(693.197.267)	652.614.927
Cash flow from financing activities (3)		42.613.804	326.530.451	10.074.826	(4.337.205)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		258.254.597	(2.027.284)	(4.318.102)	90.231.796
EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS		(5.585.370)	(1.430.342)	(3.811.067)	(1.131.109)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	31	413.676.079	415.697.575	674.520.059	324.464.136
EFFECT OF NON-CURRENT ASSETS HELD FOR SALE		-	1.436.131	(45.584)	111.257
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	666.345.306	413.676.080	666.345.306	413.676.080

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Translation of a report originally issued in Portuguese)

(In these notes, unless indicated otherwise, all amounts are expressed in Euro)

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

Head Office: Av. Fontes Pereira de Melo, 14, 10th Floor, Lisbon

Share Capital: Euro 118,332,445

Corporate body no.: 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cement and derivatives, and environment, developed respectively through its subsidiaries Portucel, S.A. (Portucel or Portucel Group), Secil - Companhia Geral de Cal e Cimento, S.A. (Secil or Secil Group) and ETSA – Investimentos, SGPS, S.A. (ETSA or ETSA Group).

These consolidated financial statements were approved by the Board of Directors on 11 March 2014.

The Group's senior management, that are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation scope.

1. Summary of the principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are described below.

1.1 Basis of preparation

The Group's consolidated financial statements have been 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.

The accompanying consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 44), and under the historic cost convention, except for: biological assets, available-for-sale financial assets, derivative financial instruments and financial instruments which are recorded at fair value (Notes 18, 20, 21 and 34). Tangible assets acquired until 1 January 2004 have been recorded at revaluated cost.

The preparation of the financial statements requires the use of important estimates and judgments in the application of the Group's accounting policies. The principal statements which involve a greater degree of judgment or complexity, or the most significant assumptions and estimates used in the preparation of the aforesaid financial statements are disclosed in Note 3.

1.2 Additional disclosures

Comparability

Acquisition of 82 % of share capital from Soporgen, S.A.

On 22 January 2013, the Group, through its subsidiary Soporcel, S.A., acquired the remaining shares not held in the capital of Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen or Soporgen S.A.), triggering the call - option which, by shareholders agreement, had upon the other shareholder, EDP, S.A.. Pursuant to the revised IFRS 3, the group measured its equity interest held in Soporgen (18%) at their fair value at the date in which control was obtained. Additionally, the Group acquired 82% allocated to the fair value of the identifiable assets and liabilities, calculated by reference to the date in which control was obtained, resulting in a net gain of Euro 3 million (Note 19) .

In light of the foregoing, these consolidated financial statements comprise the consolidated subsidiary Soporgen by the equity method in the year 2012 and the full method in the year 2013.

Secil, SA

The comparative information for the year 2012 presented in these consolidated financial statements incorporates Secil subsidiary consolidated by the proportional method in the period between January and March 2012 and the full method in the period from April to December 2012 (year 2013: fully consolidated).

1.3 Basis of consolidation

1.3.1 Subsidiaries

Subsidiaries are all the entities over which the Group has the right to determine their financial and operating policies, generally where the Group's interest is represented by more than half of the voting rights. The existence and the effect of the potential voting rights which are currently exercisable or convertible are taken into account when the Group assesses whether it has control over another entity.

These company's shareholders equity and net income/loss, corresponding to the third-party investment in such companies, are presented under the caption non-controlling interests respectively in the Consolidated Balance Sheet, in a separate component of shareholders' equity, and in the Consolidated Separated Income Statement. Companies included in the consolidated financial statements are detailed in Note 44.

The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured by the fair value of the assets transferred, the equity instruments issued and liabilities incurred or assumed on acquisition date.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date, irrespective of the existence of non-controlling interests. The excess of the acquisition cost relative to the fair value of the Group's share of the identifiable assets and liabilities acquired is recorded as goodwill when the Group acquires control, as described in note 15.

The subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity under the caption Retained earnings (Note 27).

If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired (negative goodwill), the difference is recognised directly in the income statement under the caption Other operating income. Transaction costs directly attributable are immediately expensed.

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

Subsidiaries' accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group.

1.3.2 Associates

Associates are all the entities in which the group has significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Investments in associates are equity accounted.

In conformity with the equity accounting method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' shareholders' equity (including net income/loss) and by dividends received.

The difference between the acquisition cost and the fair value of the associate's identifiable assets, liabilities and contingent liabilities on the acquisition date, if positive, are recognised as goodwill and recorded under the caption Investments in associates. If these differences are negative, they are recorded as income for the period under the caption Group share of (loss)/gains of associated companies. Transaction costs directly attributable are immediately expensed.

An evaluation of investments occurs when there are signs that the asset could be impaired, and any identified impairment losses are recorded under the same caption. With the exception of goodwill, when the impairment losses recognised in prior years no longer exist, they are reversed.

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name. Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

Associate's accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group. Investments in associated companies are disclosed in Note 19.

1.3.3 Joint Ventures

A jointly-controlled entity is a joint venture which involves the establishment of a company, a partnership or another entity in which the Group has an interest.

Jointly-controlled entities are included in the consolidated financial statements under the proportional consolidation method, with the assets, liabilities and income and expenses of the jointly-controlled entities recognised on a line-by-line basis in the consolidated financial statements such as sub-group Supremo.

1.4 Segmental reporting

An operating segment is a component of an entity:

- a) that engages in business activities that may earn revenues and incur in expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the chief operating decision maker of the entity for the purposes of making decisions about allocating resources to the segment and assessing its performance; and
- c) for which separate financial information is available.

Operating segments are consistently disclosed with the internal model of management information provided to the chief operating decision maker of the entity (CODM-Chief Operating Decision-Maker). The CODM is responsible for allocating resources to the segment and assess its performance, as well as for the strategic decision making.

Three business segments have been identified: pulp and paper, cement and derivatives and environment.

Pulp and paper

Portucel, S.A. is the subsidiary, acquired in 2004, that leads the Enterprise Group dedicated to the production and sales in Portugal, Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria, Belgium, Switzerland, Morocco, Poland, United States and Mozambique, among others, 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 About the Future, S.A., Soporcel – Sociedade Portuguesa de papel, S.A. and PortucelSoporcel 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 Outão, Maceira, Pataias, 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 Inertes, SGPS S.A..

Supremo Cimentos, S.A. is a cement company with activity in the south of Brazil (state of Santa Catarina), which operates with a factory of clinquer and cement in Pomerode, and also with aggregates and concrete.

Environment

ETSA – Investimentos, SGPS, S.A. leads the Enterprise Group of environment which operates in Portugal.

Geographical segment is an individual area committed to supplying products or services in a particular economic environment and which is subjected to different risks and benefits than those arising from segments which operate in other economic environments. The geographical segment is based on the destination country of the goods and services sold by the Group.

The segment reporting accounting policies are those consistently used in the Group. All the inter-segment sales and services are performed at market prices and eliminated on consolidation. The segment reporting is presented in Note 4.

1.5 Foreign currency translation

1.5.1 Functional and Reporting currency

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

The consolidated financial statements are presented in Euro, which is the Group's functional and reporting currency.

1.5.2 Balances and transactions expressed in foreign currencies

All the Group's assets and liabilities denominated in foreign currencies were converted into Euro using the exchange rates ruling at the balance sheet date.

The currency differences, favourable and unfavourable, arising from the differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or balance sheet dates, were recorded as income and costs in the consolidated income statement for the year.

1.5.3 Group Companies

The results and the Balance Sheet of the Group's entities which have a different functional currency from the Group's reporting currency are converted into the reporting currency as follows:

- (i) The assets and liabilities of each balance sheet are translated at the exchange rates ruling at the date of the financial statements;

The resulting exchange rate differences are recognised as a separate component of shareholders' equity, under the caption Translation reserves;

- (ii) The income and costs of each income statement are translated using the average exchange rate of the reporting period, except where the average exchange rate is not a reasonable approximation of the cumulative effect of the rates ruling on the transaction dates, in which case the income and costs are converted at the exchange rate ruling on the transaction dates.

1.6 Intangible assets

Intangible assets are stated at cost of acquisition deducted of accumulated amortisation and impairment losses. Depreciation is calculated using the straight-line method, over a period between 3 to 5 years and annually for CO2 emission rights.

1.6.1 CO2 emission rights

The CO2 emission rights attributed to the Group at no cost within the PNALE II (national plan for the assignment of CO2 emission rights), are recognised at fair value under the caption Intangible assets on the assignment date, with a corresponding liability being recorded under Deferred income – grants, for the same amount.

The Group records as an operating cost with a corresponding liability and an operating income as a result of the recognition of the proportion of the corresponding grant relating to the Group's CO2 emissions.

Sales of emission rights give rise to a gain or loss, being the difference between the amount realised and the respective initial recognition cost, net of the corresponding government grant.

At the date of the consolidated balance sheet, CO2 emission rights' portfolio is valued at the lower of the acquisition or their market value. On the other hand, liabilities due for those emissions are valued at market value at the same date.

1.6.2 Brands

Whenever brands are identified in a business combination, the Group records them separately in the consolidated financial statements as an asset at historical cost, which represents their fair value on the acquisition date.

On subsequent measurement, brands are stated in the Group's consolidated financial statements at cost less accumulated amortisation and impairment losses.

1.7 Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the acquisition date.

Goodwill is not amortised and is subject to impairment tests at least once a year. Impairment losses relating to Goodwill cannot be reversed. Gains or losses arising from the sale of an entity include the amount of the corresponding Goodwill.

1.8 Property, plant and equipment

Property, plant and equipment acquired up to 1 January 2004 (date of transition to IFRS) are recorded at acquisition 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, among others, the cost of the tangible fixed assets on the date these subsidiaries were acquired, was calculated based on valuations made by independent entities.

Property, plant and equipment acquired after transition date are recorded at acquisition cost, less depreciation and impairment losses. Acquisition cost includes all the expenses directly attributable to the acquisition of the assets.

Subsequent costs are included in acquisition cost of the asset or recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the company and the respective cost can be reliably measured. Other repairs and maintenance costs are recognised as a cost in the period they are incurred.

Depreciation is calculated over the acquisition cost, using the straight-line method since the asset is available for use and using the 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	4 - 9
Tools and utensils	2 - 8
Administrative equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary at the balance sheet date. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is booked (Note 1.10).

Gains or losses arising on the write off or disposal represent the difference between the proceeds received on disposal less costs to sell and the asset's carrying amount, and are recognised in the income statement as other operating income or expenses (operational).

1.9 Investment properties

Investment properties are valued at acquisition cost, less depreciation and impairment losses, being the cost of those acquired up to 1 January 2004 (date of transition to IFRS) the historical acquisition cost, or the revalue cost in accordance with generally accepted accounting principles in Portugal up to that date.

1.10 Impairment of non-current assets

Non-current assets which do not have a defined useful life are not subject to depreciation, but are subject to annual impairment tests. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses are recognised as the amount of the excess of the asset's carrying value over its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell amount and the value in use.

For the purpose of conducting impairment tests, the assets are grouped at the lowest level for which cash flows can be identified separately (cash generating units that the assets belong to), when it is not possible to do so individually for each asset.

The reversal of impairment losses recognised in previous periods is recorded when it can be concluded that the recognized impairment losses no longer exist or have decreased (with the exception of impairment losses relating to Goodwill – see Note 1.7).

The reversal of impairment losses is recognised in the income statement as Other operating income, unless the asset has been revalued in which case the reversal corresponds to an additional revaluation. However, the reversal of the impairment loss is reversed only up to the limit of the amount that would have been recognised (net of amortisation or depreciation) had the impairment loss not been recorded in previous years.

1.11 Biological assets

Biological assets are measured at fair value. The Group's biological assets comprise the forests held for the production of timber, suitable for incorporating in the production process of pulp and paper.

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house that is subject to periodical reviews by external and independent experts, 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 the rents of the woodlands (own and rented) and also 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 and the related risks.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as Changes in fair value of biological assets on the income statement. At the time of harvest, wood is recognised at fair value less estimated costs at point of sale.

1.12 Financial investments

The Group classifies its financial investments in the following categories: financial assets at fair value through profit and loss, loans granted and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the intention motivating the investment's acquisition. Management determines the classification at the moment of initial recognition of the instruments and reappraises this classification on each reporting date.

All acquisitions and disposals of these investments are recognised at the date of the respective purchase and sale contracts, irrespective of the financial settlement date.

Financial investments are initially recorded at the acquisition cost, and the fair value is equal to the price paid, including transaction expenses. The subsequent measurement depends on the category the investment falls under, as follows:

Loans granted and receivables

Loans granted and accounts receivable are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They are originated when the Group advances money, goods or services directly to a debtor without any intention of negotiating the debt. These investments for the purpose are included in current assets, except when their maturity exceeds 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans granted and accounts receivable are reported as part of receivables and other current assets in the consolidated balance sheet (Note 24).

Financial assets at fair value through profit and loss

A financial asset is classified under this category if primarily acquired for the purpose of being sold in the short-term or if so designated by management. Assets in this category are classified as current if held for trading or if they are realisable in a period of up to 12 months of the balance sheet date. These investments are measured at fair value through the income statement (Note 20).

Investments held to maturity

Investments held to maturity are non-derivative financial assets, with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold to maturity. Investments in this category are recorded at amortised cost using the effective interest rate method.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not meet the conditions to be classified in the above categories. These assets are included in non-current assets unless management expects to sell them over the 12 months period following the balance sheet date (Note 21). These financial instruments are recognised at market value, as quoted on the balance sheet date.

If there is no active market of a financial asset, 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 fair value reserve 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 their acquisition cost. An impairment loss is recognised whenever a reduction of value is identified and it is justifiable.

At each reporting 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 the income statement- 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 and hedge accounting

Derivative financial instruments

The Group uses derivative financial instruments to manage the financial risks to which it is exposed.

Although the derivative financial instruments contracted represent effective economic hedging instruments, not all of them qualify as hedging instruments in accordance with the rules and requirements of IAS 39. Derivative financial instruments, that do not qualify as hedging instruments, are stated on the balance sheet at fair value and changes in fair value are recognised in gains and losses in financial instruments (Note 10).

Whenever possible, the fair value of derivatives is estimated based on quoted instruments. In the absence of market prices, the fair value of derivatives is estimated based on the discounted cash flow method and option valuation models, in accordance with the assumptions generally used in the market. The fair value of derivative financial instruments is mainly included in the captions receivables and other-current assets and payables and other-current liabilities.

Additionally, the Group contracted derivative financial instruments relating to the portfolio of greenhouse-gas emission right.

The derivative financial instruments used for hedge purposes may be classified as hedge instruments whether they fulfil all of the following conditions:

- i) At acquisition date, there is formal designation and documentation of the hedging relationship, namely regarding the hedged item, the hedging instrument and the company's evaluation of the hedging effectiveness;
- ii) There is an expectation that the hedge will be highly effective, at the inception of the hedging relation and along its duration;

- iii) The effectiveness of the hedge may be measured at the beginning of the operation and while it is running;
- iv) For cash flow hedges, the realization of the cash flows must be highly probable.

Whenever expectations of changes in interest or exchange rates justify it, the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), exchange an interest rate collars, exchange forwards, calls, etc.

In the selection of derivative financial instruments, it is their economic aspects that are the main focus of assessment. The management also evaluates the impact of each additional derivative financial instruments to its portfolio, namely in earnings' volatility.

Coverage of cash flows (interest rate and exchange risk rate)

In order to manage the risk of interest and exchange rates, the Group enters into cash flow hedge.

Those transactions are recorded in the balance sheets at their fair value and, to the extent that they are considered effective hedging's, changes in fair value are initially recorded in shareholder's equity and recycled to financial results under the caption gains / (losses) in derivative financial instruments at the settlement date.

If the hedge instruments present ineffectiveness, that inefficiency is immediately recognised in profit and loss. As so, net expenses associated to the hedged interest-bearing liabilities are deferred in accordance with the hired hedging instrument inherent rate.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement when the hedge instrument is also recognised in the income statement.

Net investment hedging (exchange rate risk)

In order to manage the exposure of its investments in foreign subsidiaries to fluctuations in the exchange rate (net investment), the group enters into exchange rate forwards.

Those exchange rate forwards, hired as hedging derivative financial instruments over foreign subsidiaries, are recorded at their fair value in the balance sheet. As long as they meet the conditions to be considered effective, changes in fair value of the exchange rate forwards are recorded directly on equity, as translation reserves. Gains and losses accumulated in those reserves are recycled to the income statement when the foreign subsidiaries are disposed.

1.14 Corporate income tax

Corporate income tax includes current and deferred tax. Current income tax is calculated based on net income, adjusted in conformity with tax legislation in force at the balance sheet date.

Deferred tax is calculated using the liability method, based on the temporary differences between the book values of the assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax.

Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased whenever it is likely that tax losses will not be utilised.

Deferred taxes are recorded as a cost or income for the year, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.

1.15 Inventory

Inventories are valued in accordance with the following criteria:

i) Goods and raw materials

Goods and raw, subsidiary and consumable materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs, and it is determined using the weighted average cost as the valuation method.

ii) Finished products and work in progress

Finished and intermediate products and work in progress are valued at the lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) or their net realisable value.

The net realisable value corresponds to the estimated selling price after deducting estimated completion and selling costs. Differences between costs and net realisable value, if lower, are recorded under the caption Inventories consumed and sold.

1.16 Receivables and other current assets

Debtors' balances and other current assets are recorded at fair value and are subsequently recognised at their amortised cost, net of impairment losses, so as to state them at their expected net realisable value (Note 24).

Impairment losses are recorded when there is objective evidence that the Group will not receive the full amount outstanding in accordance with the original conditions of the accounts receivables.

1.17 Cash and cash equivalents

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months which can be mobilised immediately without any significant risk in value fluctuations. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the balance sheet as a current liability, under the caption Interest-bearing liabilities.

1.18 Share capital and treasury shares

Ordinary shares are classified in shareholders' equity (Note 26).

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the proceeds of the issue.

Costs directly attributable to the issue of new shares or options towards the acquisition of a new business are included in the acquisition cost as part of the purchase consideration.

Treasury shares are recorded at their acquisition amount as a decrease in shareholders' equity, in the caption Treasury shares, while the gains or losses inherent in their disposal are recorded under Other reserves. Pursuant to prevailing corporate legislation, as long as treasury shares remain in the company's possession, it is mandatory to set aside a reserve equal to their acquisition costs.

When any Group company acquires shares of the parent company (treasury shares), the payment, which includes directly-attributable incremental costs, is deducted from the shareholders' equity attributable to the holders of the parent company's capital until the shares are cancelled, redeemed or sold.

When such shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under other reserves.

1.19 Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value, net of the transaction costs incurred, and are subsequently stated at their amortised cost. Any difference between the amounts received (net of transaction

costs) and the repayment amount is recognised in the income statement over the term of the debt, using the effective interest rate method.

Interest-bearing debt is classified as a current liability, except where the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the consolidated balance sheet date (Note 31).

1.20 Borrowing costs

Borrowing costs relating to loans are generally recognised as financial costs, in accordance with the accrual accounting principle (Note 10).

Borrowing costs directly related to the acquisition, construction or production of fixed assets are capitalised when their construction period exceeds one year, and form part of the asset's cost.

Capitalization of these charges commences after the start of the asset's preparation or development activities and ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed or when the relevant project is suspended or substantially concluded.

Any financial income directly related to a specific investment is deducted from the borrowing costs of the referred asset.

1.21 Provisions

Provisions are recognised whenever the Group has a legal or constructive obligation, as a result of past events, in which 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 so as to reflect the best estimate at that date (Note 30).

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimizing energy consumption, atmospheric emissions, the production of residues and noise), are capitalised when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to prolong life expectancy, increase capacity or improve the safety or efficiency of other assets owned by the Group (Notes 30 and 37).

In addition, quarries have to be subject to environmental remediation and improvements. It is the Group's practice to continuously and progressively reconstitute the land freed up by the quarries, recognising in the income statement of the period the expenditure incurred.

Quarries whose reconstitution is only possible at the closure of operations, the Group has requested independent and specialised entities to quantify those obligations, having for this purpose recognised a provision under the caption Provisions (Note 30).

1.22 Pensions and other post-employment benefits

1.22.1 Pensions obligations – defined benefit plans

Some of the Group's subsidiaries have assumed the commitment to make payments to their employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans.

As referred to in Note 29, the Group constituted autonomous Pension Funds as a means of funding a part of the commitments for such payments. According to IAS 19, companies with pension plans recognise the costs with the granting of these benefits as and when the services are rendered by the beneficiary employees. In this manner, the Group's total liability is estimated at least every six months at the date of the interim and annual

financial statements, for each plan separately by an independent and specialised entity in conformity with the projected unit credit method.

The costs relating to past liabilities, which result from the implementation of a new plan or additional benefits granted, are recognised immediately in situations in which the benefits are being paid or are overdue. The calculated liability is presented in the Consolidated Balance sheet after deducting the market value of the funds constituted, under the caption Pensions and other post-employment benefits included in non-current liabilities.

Actuarial gains and losses resulting from differences between the assumptions used for purposes of calculating the liabilities and what effectively occurred (as well as from changes made thereto and from the difference between the expected amount of the return on the funds' assets and the actual return) are recognised when incurred directly in the statement of comprehensive income (Note 27).

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees or the plan is altered in such a way that the benefits awarded are reduced with a material impact.

1.22.2 [Pension obligations – defined contribution plans](#)

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

In order to capitalise those contributions, pension funds were set up, for which employees can make additional voluntary contributions.

Therefore, the responsibility with these plans corresponds to the contribution made to the funds based on the percentage of the employees' salaries defined in the respective agreements. These contributions are recognised as a cost in the income statement in the period to which they refer, regardless of the date of the settlement of the liability.

1.22.3 [Holiday pay, allowances and bonuses](#)

Under the terms of the prevailing legislation, employees are entitled annually, if hired until 2003, to 25 working days leave (22 days if hired after 2003), as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

According to the current Performance Management System ("Sistema de Gestão de Desempenho"), employees have the right to a bonus based on annually-defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

Accordingly, these liabilities are recorded in the period in which the employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the consolidated balance sheet is shown under the caption Payables and other current liabilities.

1.23 Payables and other current liabilities

Trade creditors and current accounts payable are initially recorded at their fair value and subsequently at amortised cost (Note 32).

1.24 Non-current assets held for sale and discontinued operations

Non-current assets (or discontinued operations) are classified as held for sale if its value is realisable through a sale transaction rather than through its continuing.

It is considered that this situation exists only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition, (ii) the Group has assumed a commitment to sell, and (iii) it is expected

that the sale will take place within a period of 12 months. In this case, non-current assets are valued at lower between carrying value and fair value less costs to sell.

From the moment that certain tangible assets are considered as "held for sale", depreciation ceases, and the assets are classified as non-current assets held for sale.

Gains or losses on disposals of tangible assets, determined as the difference between the sale price and its net book value, are recorded under the caption gains and losses on disposals of assets.

1.25 Government grants

Government grants are recognised at their fair value and only when there is a reasonable assurance that the grant will be received and the group will comply with all required conditions. Government grants related to operating 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 during the estimated useful life of the granted asset, by deducting the value of its amortisation.

1.26 Leases

Fixed assets acquired under leasing contracts, as well as the corresponding liabilities, are recorded using the financial method. According to this method, the asset's cost is recorded in property, plant and equipment and the corresponding liability is recognised under the caption interest-bearing liabilities- financial leases, while the interest included in the instalments and the asset's depreciation, calculated as described in Note 1.8, are recorded as costs in the income statement of the period to which they relate.

Leases, under which a significant part of the risks and benefits of the property is assumed by the lessor, with the Group being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received by the lessee, are recorded in the income statement during the period of the lease (Note 40).

Leases included in contracts according to IFRIC 4

The Group recognises an operating or financial lease whenever it enters into an agreement, encompassing a transaction or a series of related transactions which even if not in the legal form of a lease, transfers a right to use an asset in return for a payment or a series of payments (Note 17).

1.27 Dividends distribution

The distribution of dividends to shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders and up until the time of their payment.

1.28 Revenue recognition and accrual basis

Income derived from sales is recognised in the consolidated income statement when risks and benefits inherent in the ownership of the respective assets are transferred to the purchaser and the amount of the income can be reasonably quantified.

Sales are recognised net of taxes, discounts and other costs associated with their realisation, at the fair value of the amount received or receivable.

The income derived from the services rendered is recognised in the consolidated income statement with reference to the stage of completion of the services rendered at the balance sheet date.

Interest received is recognised in accordance with the principle of accrual accounting, taking into consideration the amount of debt and the effective rate of interest during the period to maturity.

The Group companies record their costs and income in accordance with the accrual accounting principle, in terms of which costs and income are recognised as and when generated, irrespective of the moment in which they are received or paid. The differences between the amounts received and paid and the respective costs and income are recognised in the Receivables and other current assets and Payables and other current liabilities headings (Notes 24 and 32, respectively).

1.29 Contingent assets and liabilities

Contingent liabilities in which there is probability of an outflow of funds affecting future economic benefits is only probable, are not recognised in the consolidated financial statements, and are disclosed in the notes, unless the probability of the outflow of funds affecting future economic benefits is remote, in which case they are not the disclosed.

Provisions are recognised for liabilities which meet the conditions described in note 1.21.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them (Note 42).

1.30 Subsequent events

Events after balance sheet date which provide additional information about the conditions prevailing at the date of the balance sheet are reflected in the consolidated financial statements. Subsequent events which provide information about conditions which occur after the balance sheet date are disclosed in the notes to the consolidated financial statements, if material (Note 44).

1.31 New standards, changes and interpretation of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the IASB for the financial years that begin on or after 1 January 2013:

Effective Standards 31 December 2013	Effective date*
IAS 1 – Presentation of financial statements	1 July de 2012
IAS 12 - Deferred tax	1 January 2013
IAS 19 – Employee benefits	1 January 2013
Improvements to standards 2009-2011	1 January 2013
IFRS 7 – Financial instruments: Disclosure	1 January 2013
IFRS 13 – Fair value: measurement and disclosure	1 January 2013
IFRS 1 - First-time Adoption of IFRS	1 January 2013

* Periods beginning on or after

Effective interpretations 31 December 2013	Effective date*
IFRIC 20 – Stripping Costs in the production phase of a surface mine	1 January 2013

* Periods beginning on or after

The adoption of this new interpretation did not have any relevant impact in the Group's consolidated financial statements.

New standards and interpretations not mandatory as at 31 December 2013:

There are new standards, interpretations and amendments of existing standards, that despite having already been published, they are only mandatory for the periods starting after 1 January 2014, which the Group decided not to early adopt in the current period, as follows:

Effective standards by EU after 1 January 2014	Effective date*
IAS 27 – Separate financial statements	1 January 2014
IAS 28 – Investment in associates and joint ventures	1 January 2014
IAS 32 – Financial Instruments : Disclosures	1 January 2014
IAS 36 – Impairment of assets	1 January 2014
IAS 39 – Financial instruments: Recognition and measurement	1 January 2014
IFRS 10 – Consolidated financial statements	1 January 2014
IFRS 11 – Joint agreements	1 January 2014
IFRS 12 – Disclosure of interests in other entities	1 January 2014
Amendments to IFRS 10,11 and 12	1 January 2014

* Periods beginning on or after

Effective standards on or after 1 January 2014, not yet endorsed by EU	Effective date*
IAS 19 – Employee benefits - Defined Benefits	1 July 2014
Improvement to standards 2010-2012	1 July 2014
Improvement to standards 2011-2013	1 July 2014
IFRS 9 - Financial Instruments: Classification and measurement	to be defined
Amendment to IFRS 9 - Financial Instruments: hedge accounting	to be defined

* Periods beginning on or after

Effective standards on or after 1 January 2014, not yet endorsed by EU	Effective date *
IFRIC 21 – Government taxes (“Levies”)	1 January 2014

* Periods beginning on or after

The Group will adopt the new standards in the years in which they become of effective implementation. Up to the date of issuing this report, the Group had not yet cancelled the quantification of the effects of any changes arising from the adoption of these standards.

2. Risk management

2.1 Financial risk factors

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries. Thus, the company depends on the eventual dividends distribution by subsidiaries, interests’ payment, loans reimbursement and other cash-flows generated by those companies.

The ability of Semapa subsidiaries 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 the Pulp and Paper segment a significant portion of its sales is denominated in currencies other than Euro. Thus, its development could have a significant impact on future sales of the Company mainly regarding USD exposure. Also sales in GBP, PLN and CHF have some expression, as sales in other currencies are less significant.

Purchases of certain raw materials are made in USD, particularly the share of imports of wood pulp and softwood; therefore variations in this currency may have an impact on acquisition values.

Furthermore, once a sale is made in a currency other than the Euro, the Group takes on 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. Therefore, the Group is permanently exposed to currency risk through a significant amount of receivables and albeit with lesser significance payables.

Portucel holds a commercial subsidiary in the United States of America, Portucel Soporcel North America, whose share capital amounts to USD 25,000,000 and is exposed to currency risk. In addition to this transaction, this segment no longer holds investments in foreign operations which are materially relevant and whose net assets are exposed to currency risk.

Occasionally, when considered appropriate, Portucel 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 future sales and purchases and accounts receivable and payables which are denominated in currencies other than the Euro.

The currency risk inherent to the segment of Cement and derivatives is mainly due to purchases of fuel and freight ships, both paid in USD. This segment continued its policy of maximizing the potential of covering their foreign exchange exposure, through compensating the exchange flows internally. Secil has assets located in Tunisia, Angola, Lebanon and Brazil, therefore any change in these countries' exchange rates could have an impact on Semapa balance sheet.

For the flows that are not compensated naturally, the risk has been assessed and covered by contracting structures of exchange options, which set the limit for the amount to pay, while it allows benefits from a favourable evolution in the exchange rate.

The Group's exposure to foreign exchange rate risk as of 31 December 2013, based on the financial assets and liabilities that amounted to a net amount of Euro 66,666,765, passive position, (31 December 2012: Euro 48,331,861, active position) converted at the exchange rate as of that date is detailed as follows:

Amounts in Foreign Currency	United States Dollar	British Pound	Polish Zloty	Swedish Krone	Swiss Franc	Danish Krone	Brazilian Real	Australian Dollar	Norwegian Krone	Mozambican Metical	MAD	000 Lebanese Pounds	Tunisian Dinar	Kwanza Angolan
As of 31 December 2013														
Assets														
Cash and cash equivalents	61,792,820	403,998	198,227	1,862	23,501	2,543	55,261,106	-	8,595	19,771,878	142,770	32,667,732	3,595,977	262,588,531
Receivables	78,737,868	13,645,618	10,369,760	1,260,647	2,984,999	796,610	6,503,144	4,424	1,204,259	-	-	26,187,419	22,846,606	198,299,243
Other assets	639,456	-	-	-	-	-	6,365,913	-	-	-	-	-	5,913,772	-
Total Financial Assets	141,170,144	14,049,616	10,567,986	1,262,508	3,008,500	799,153	68,130,163	4,424	1,212,854	19,771,878	142,770	58,855,151	32,356,355	460,887,774
Liabilities														
Interest- Bearing liabilities	(10,563,485)	-	-	-	-	-	(335,563,392)	-	-	-	-	(9,760,004)	(68,996,018)	(1,143,936,997)
Payables	(9,873,132)	-	-	-	-	-	(33,320,324)	(642)	-	(6,428,720)	-	(25,097,810)	(29,942,834)	(112,945,301)
Total Financial Liabilities	(20,436,617)	-	-	-	-	-	(368,883,716)	(642)	-	(6,428,720)	-	(34,857,814)	(98,938,852)	(1,256,882,298)
Derivative financial instruments	(113,890,000)	(8,080,000)	-	-	-	-	(128,100,000)	-	-	-	-	-	-	-
Net financial position	6,843,527	5,969,616	10,567,986	1,262,508	3,008,500	799,153	(428,853,553)	3,782	1,212,854	13,343,158	142,770	23,997,337	(66,582,497)	(795,994,524)
As of 31 December 2012														
Total Financial Assets	140,907,284	12,339,535	11,387,394	486,507	3,702,974	884,586	23,663,154	(12,176)	1,581,304	5,888,551	103,545	19,795,501	29,037,565	-
Total Financial Liabilities	(25,238,640)	(112,164)	-	-	(155,358)	(5)	(105,206,832)	-	-	(708,784)	-	(21,600,041)	(91,274,622)	-
Derivative financial instruments	(163,182,000)	(18,028,000)	-	-	-	-	(64,025,000)	-	-	-	-	-	-	-
Net financial position	(47,513,355)	(5,792,629)	11,387,394	486,507	3,547,616	884,581	(145,567,877)	(12,176)	1,581,304	5,179,767	103,545	(1,804,540)	(62,237,057)	-

As of 31 December 2013, a variation (positive or negative) of 10% of all currency rates to Euro would have a impact on results amounting to Euro 7,645,475/ (9,344,470), (31 December 2012: Euro 1,288,209/ (1,574,476)) and on equity of Euro (2,491,906)/ 2,038,832 (31 December 2012: Euro 1,776,290/(1,453,328)), considering the effect of exchange rate hedging contracts in place.

The exchange rate Derivative financial instruments aim hedge the currency risk of future transactions in foreign currency.

2.1.2 Interest rate risk

A significant share of the Group's financial liabilities cost are 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). 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 and collars 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 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.

During 2009 Semapa SGPS, S.A. contracted three interest rate collar structures over two bond loans maturing in 2016, in order to fix the interest costs within a certain limit of payments.

The sub-group ETSA kept all its debt allocated to a variable tax rate.

On 31 December 2013 and 2012, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturities and the next repricing date was as follows:

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2013						
Assets						
Non-current						
Other non-current assets	-	-	-	1.250.000	-	1.250.000
Current						
Cash and cash equivalents	653.060.565	13.284.740	-	-	-	666.345.305
Total Financial Assets	653.060.565	13.284.740	-	1.250.000	-	667.595.305
Liabilities						
Non-current						
Interest bearing liabilities	168.736.749	289.349.842	708.199.116	403.620.187	370.614.010	1.940.519.904
Other liabilities	298.350	-	-	-	-	298.350
Current						
Interest bearing liabilities	95.207.272	12.957.389	139.812.053	815.296	-	248.792.010
Total Financial Liabilities	264.242.371	302.307.231	848.011.169	404.435.483	370.614.010	2.189.610.264
Difference	388.818.194	(289.022.491)	(848.011.169)	(403.185.483)	(370.614.010)	(1.522.014.959)
As of 31 December 2012						
Assets						
Non-current						
Other non-current assets						-
Current						
Cash and cash equivalents	413.676.080	-	-	-	-	413.676.080
Total Financial Assets	413.676.080	-	-	-	-	413.676.080
Liabilities						
Non-current						
Interest bearing liabilities	293.050.000	114.400.000	598.259.873	659.334.508	16.632.698	1.681.677.079
Other liabilities	-	-	-	-	-	-
Current						
Interest bearing liabilities	26.515.966	18.799.695	287.788.898	-	-	333.104.559
Total Financial Liabilities	319.565.966	133.199.695	886.048.771	659.334.508	16.632.698	2.014.781.638
Difference	94.110.114	(133.199.695)	(886.048.771)	(659.334.508)	(16.632.698)	(1.601.105.558)

Semapa uses the sensibility analysis technique to measure impacts on earnings and equity of increase or decrease on interest rates maintaining the other variables constant. This analysis is only for theoretical reasons since changes in interest rates rarely occur in isolation from changes in other market factors.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;
- Changes in market interest rates only lead to interest income and expenses regarding fixed rate financial instruments if those are measured at their fair value;
- Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;
- Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured using the discounted cash flows method, with market interest rates at year end;

Under these assumptions, an increase of 0.5% on the interest rates for all currencies where the Group has interest-bearing liabilities or derivative financial instruments as of 31 December 2013 would have a negative impact in the profit before tax of approximately Euro 6,023,834 (2012: Euro 5,279,018) and would have a positive impact in equity of approximately Euro 5,024,846 (2012: Euro 4,102,355) before tax.

2.1.3 Credit risk

The Group is exposed to credit risk in the credit it grants to its customers and, accordingly, it has adopted a policy of managing such risk within present limits, by serving insurance policies with a specialized independent company.

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 are within reasonable exposure limits and approved for each customer.

The Group renegotiates periodically the receivables in accordance with its own management risk policy.

As of 31 December 2013 and 31 December 2012, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances; before impairment charges:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total	
				31-12-2013	31-12-2012
Not overdue	162,812,316	31,813,314	3,264,393	197,890,023	189,229,417
1 to 90 days	28,107,516	13,694,452	1,096,256	42,898,224	43,140,656
91 to 180 days	498,059	1,770,623	1,556,843	3,825,525	9,903,732
181 to 360 days	195,107	1,935,088	4,171,567	6,301,762	3,508,245
361 to 540 days	128,423	1,879,751	31,965	2,040,139	2,608,153
541 to 720 days	53,884	1,540,448	53,073	1,647,405	1,749,542
more than 721 days	119,207	11,884,036	590,605	12,593,848	10,522,663
	191,914,512	64,517,712	10,764,702	267,196,926	260,662,408
Litigation - doubtful debts	1,429,926	12,372,351	-	13,802,277	10,457,503
Impairments (Note 22)	(999,140)	(25,408,002)	(613,462)	(27,020,604)	(23,492,162)
Net receivables balance (Note 24)	192,345,298	51,482,061	10,151,240	253,978,599	247,627,749

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 the available 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 customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the share not attributable 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 2013 and 2012, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	31-12-2013	31-12-2012
AA	67,629	-
AA-	44,004,478	80,116
A+	48,100,000	1,268,856
A	4,319,156	2,383,080
A-	142,092,332	59,177
BBB+	-	19,893
BBB	16,933,451	434,383
BBB-	51,009,260	527,905
BB+	-	92,668
BB	57,407,881	238,043,720
BB-	199,685,152	98,596,017
B+	-	15,475,625
B	30,669,404	-
Others	71,728,391	57,434,872
	665,949,505	414,416,312

The caption Others relates mainly to short-term investments with Angola's financial institutions, relatively to which it was not possible to obtain the ratings with reference to the presented dates.

The ageing analysis of receivables already overdue is as follows:

Amounts in Euro	31-12-2013		31-12-2012	
	Gross value	Credit insurance	Gross value	Credit insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	42,801,540	18,995,304	43,068,504	19,728,163
Overdue - more than 3 months	11,271,322	1,140,900	14,635,081	1,002,266
	54,072,862	20,136,205	57,703,585	20,730,429
Accounts receivable overdue and impaired				
Overdue - less than 3 months	96,684	-	152,443	-
Overdue - more than 3 months	26,923,920	-	23,149,989	482,600
	27,020,604	-	23,302,432	482,600

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for all accounts receivable from customers 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 is within acceptable levels.

The maximum exposure to the credit risk as at 31 December 2013 and 2012 is detailed in the following schedule:

Amounts in Euro	31-12-2013	31-12-2012
Non-Current		
Available-for-sale financial assets (Note 21)	346.257	226.921
Other non-current assets	6.111.194	3.113.802
Current		
Receivables and other current assets (Note 24)	269.025.965	276.048.188
Derivative financial instruments (Note 24)	809.343	1.096.619
Bank deposits and other short-term investments	665.949.505	413.319.694
	942.242.264	693.805.224
Credit risk exposure relating to off-balance sheet items		
Warranties (Note 40)	30.066.948	54.995.347
	30.066.948	54.995.347

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.

The liquidity of the agreed financial liabilities will generate the following not discounted cash flows, including interests till maturity at balance sheet date:

Amounts in Euro	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of 31 December 2013						
Liabilities						
Interest-bearing liabilities						
Bond loans	543.560	30.165.390	83.881.774	803.596.262	378.584.549	1.296.771.536
Commercial paper	190.003	1.464.189	7.920.927	290.701.075	64.387.615	364.663.809
Bank loans	12.597.098	10.076.379	258.356.672	387.722.919	259.931.255	928.684.322
Financial leases	63.916	48.434	789.897	2.193.397	719.522	3.815.167
Other loans	-	-	14.919.626	-	-	14.919.626
Derivative financial instruments	-	482.794	6.510.586	18.290.716	-	25.284.096
Accounts payable and other liabilities	100.087.807	76.701.761	104.599.708	17.167.156	-	298.556.432
Total Liabilities	113.482.383	118.938.946	476.979.191	1.519.671.525	703.622.941	2.932.694.987
As of 31 December 2012						
Liabilities						
Interest-bearing liabilities						
Bond loans	539.220	11.722.467	218.469.782	872.187.714	-	1.102.919.183
Commercial paper	294.593	546.693	128.812.856	261.531.748	-	391.185.890
Bank loans	9.622.433	14.179.062	131.205.425	405.699.147	88.916.681	649.622.748
Financial leases	85.189	171.097	1.059.191	4.028.987	150.712	5.495.176
Other loans	-	-	16.085.288	8.741.551	-	24.826.839
Derivative financial instruments	-	-	753.210	26.273.988	-	27.027.198
Accounts payable and other liabilities	134.948.218	13.018.943	139.986.072	13.863.060	-	301.816.293
Total Liabilities	145.489.653	39.638.262	636.371.824	1.592.326.195	89.067.393	2.502.893.327

As of 31 December 2013 and 2012, bank loans granted and not withdrawn amount to Euro 466,618,055 and Euro 318,903,646 respectively.

2.1.5 Price risk

The Group, as a result of his, although reduced, investment in Banco Espirito Santo, has been exposed to fluctuations in the price of these shares.

2.1.6 Capital risk

The objectives of Semapa when managing capital are to safeguard the Group's ability to continue as a going concern and value creation for shareholders, through a conservative dividend policy based on principles of financial strength. The aim has been to maintain a financial structure compatible with the Group's sustained growth and different business areas, whilst maintaining sound solvency and financial autonomy indicators. Accordingly, capital for the purposes of capital management corresponds to the shareholders equity and it is not considered any financial liability as an integral part thereof.

2.2 Operational risk factors

2.2.1 Risks relating to the Pulp and Paper segments

Risks relating to the forestry sector

Portucel Group carries out the management of woodlands covering an area of some 120 thousand acres of land, from north to south of the country and autonomous regions, according to the principles laid down in its Forestry Policy. Eucalyptus trees occupy 71% of this area, namely the Eucalyptus globulus, the species that is universally acknowledged as the tree with the ideal fibre for producing high quality paper.

The main risk factor threatening the eucalyptus forests lies in the low productivity of Portuguese forests and in the worldwide demand for certified products, considering that only a small proportion of the forests is certified. It is expected that this competitive pressure will remain in the future. As an example, the forestry area managed by the Group represents near 4% of Portugal's total forested area, 52% of all certified Portuguese forests according with PECF standards (Programme for the Endorsement of Forest Certification schemes) and 36% of all certified Portuguese forests according with FSC standards (Forest Stewardship Council).

The main risks associated with the sector are the risk attached to the productive capacity of the plantations and the risk of wildfires. In order to maximize the productive capacity of the areas it manages, the Group has developed and employs Forestry Management models which contribute to the maintenance and on-going improvement of the economic, ecological and social functions of the forestry areas, not only regarding the population but also from the forestry landscape perspective, namely:

- Increase the productivity of its woodlands through the use of the best agro-forestry practices adapted to local conditions and compatible with the environment in order to ensure biodiversity levels.
- Establish and improve the network of forestry infrastructures to enable the required accessibility for management, whilst making them compatible with the forestry protection measures against wildfires.
- Ensure compliance with the water-cycle functions, promoting, whenever possible, the rehabilitation and qualitative protection of water resources.

The Group also has a research institute, Raíz, whose activity is focused in 3 main areas: Applied Research, Consulting and Training. In the forestry research area, Raíz seeks:

- To improve the productivity of the eucalyptus forests
- To enhance the quality of the fibre produced
- To implement a sustained forestry management program from an economic, environmental and social perspectives
- To lower the cost of wood

The activity of Portucel Group is exposed to risks related to forest fires, including:

- The destruction of current and future wood, stocks of owned by the Group and by third parties;
- Increase exploration costs and subsequent preparation for planting costs.

The manner in which the Group manages its woodlands constitutes the front line for mitigating this risk. Most of the Group's forestry resources are certified by the FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification Schemes), a certification programmers which guarantee that the Company's forests are managed in a responsible manner from an environmental, economic and social standpoint, complying with stringent and internationally-recognised criteria.

Amongst the various management measures to which the Group has committed under this program, the strict compliance for the biodiversity rules and the construction and maintenance of access roads and routes to each of the operational areas assume particular importance in mitigating the risk of wild fires.

Moreover, the Group has a stake in the Afocelca grouping – a complementary corporate grouping (CCG) between the Portucel Group and the ALTRI Group, whose mission is to provide assistance to the fight against forest fires at the grouped companies' land holdings, in close coordination and collaboration with the National Civil Protection Authority (Autoridade Nacional de Protecção Civil – ANPC). This grouping manages an annual budget of some 2,2 million euro, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimizing the losses by forest fires for the members of the grouping, which own and manage more than 228 thousand acres of forests in Portugal.

Risks relating to the production and trading of BEKP (Bleached Eucalyptus Kraft Pulp) and UWF paper (Uncoated fine papers for printing and writing)

Supply of raw materials

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 forested areas, or the substitution of some of the currently used areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed of the responsible authorities in approving the new projects. 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.

Regarding the importation of wood, there is a risk related to its shipment from the place of origin to the harbours and to the Group's mills. This transportation risk is reduced by the agreed purchasing conditions, where the ownership of raw materials is transferred at the port of arrival, and complemented by insurance coverage of potential supplying losses caused by any transportation accident that may affect the supplying of wood.

The Portucel Group power plants seeks to maximize the added value of their products, particularly through increased integration of certified wood in these products.

The low expression of this wood outside the forests directly managed by the Group, has meant a shortage of supply to which the Group has responded with an increase in the price offered when comparing to wood originating from forests that are not certified, through a price bonus for certified wood, a new initiative from the Group.

Furthermore, and considering the unparalleled contribution of the eucalyptus industry to the National Value Added in the Portuguese Economy, direct and indirect, as well as the significance of such industries for exports, the level of employment they provide and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group has been making the Government and the public opinion aware that it is necessary to guarantee that, whilst the internal production of this type of wood does not increase significantly on an economically viable basis, its use as bio fuels for energy production should not be put ahead of its use as a raw material, to be used to produce trade able goods.

In the year ended 31 December 2013, an increase of Euro 5 on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had an impact in Group's earnings of some Euro 20,700,000 (31 December 2012: Euro 20,000,000).

The production process depends on the constant supply of steam and electric energy. For this, the Group owns several cogeneration units that ensure this constant supply. A contingent plan with redundancies between the different power generation units is in place in order to reduce the risk of failure of the power supply to the pulp and paper mills.

Market price for UWF paper and BEKP

The increase of competition, caused by imbalance of supply or demand, on BEKP or UWF markets may have a significant impact on prices and, as consequence, in Group's performance. The market prices of BEKP and UWF paper are defined 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 of the international market players (producers, traders, distributors, clients, etc.), creating successive changes in equilibrium prices and raising the global markets volatility.

The BEKP and UWF paper markets are highly competitive. Significant variations in existing production capacities could have a strong influence on world market prices. These factors have encouraged the Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditure to increase productivity and the quality of the products it sells.

In the year ended 31 December 2013, a 10% drop in the price per ton of BEKP and of 5% in the price per ton of UWF paper sold by the Group in the period, would have represented an impact on its earnings of Euro 13,700,000 and Euro 57,300,000, respectively (31 December 2012: Euros 12,000,000 and 60,000,000, respectively).

Demand for Group products

Notwithstanding what refers to the concentration of the portfolios of the Group's customers, any reduction in demand for BEKP and UWF in the markets of the European Union and the United States could have a significant impact on Group Portucel sales. The demand for BEKP produced by the Group also depends on the evolution of the capacity for paper production in the world, since the major Group's major customers are themselves paper producers.

The demand for printing and writing has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the economy, worldwide, can cause a slowdown or decline in demand for printing paper and writing the performance of the Group Portucel. Consumer preferences may have an impact on global paper demand or in certain particular types of paper, such as the demand for recycled products or products with certified virgin fiber.

Regarding this matter, and in the case of the UWF, the Group believes that the marketing strategy and branding that has been followed, combined with the significant investments made to improve productivity and produce high quality products, allow it to deliver its products in markets that are less sensitive to variations in demand, resulting a lower exposure to this risk.

Competition

Increased competition in paper and pulp markets may have a significant impact in price and as a consequence in Group's profitability. As paper and pulp markets are highly competitive, the start of production of new units with added productive capacity may have a relevant impact in prices worldwide.

Producers from southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers. These factors have forced the Group to make significant investments in order to keep production costs competitive and produce high quality products as it is likely that competitive pressure will remain strong in the future.

The Portucel Group sells more than 70% of its paper production in Europe, holding significant market shares in Southern European countries and relevant market shares in the other major European markets, as well as an important presence in the USA.

Concentration of customer portfolio

At 31 December 2013, the Group's 10 main BEKP customer groups accounted for 14% of the period's production of BEKP and 70% of external sales of BEKP. This asymmetry is a result of the strategy pursued by the Group, consisting of a growing integration of the BEKP produced into the UWF paper produced and commercialised. As such, the Group considers that there is little exposure to the risks of customer concentration regarding the sale of BEKP.

At 31 December 2013, the Group's 10 main customer groups for UWF paper represented 56% of this product's sales during the period, although the group's 10 main individual customers do not exceed 24% of total sales. Also regarding UWF paper, the Group follows a strategy of mitigating the risk of customer concentration. The Group sells UWF paper to more than 118 countries and 900 individual customers, thereby allowing a dispersion of the risk of sales concentration amongst a reduced number of markets and/or customers.

Risks associated with the production of energy

Energy is considered to be an activity of growing importance in the Group allowing the use of the biomass generated in the BEKP production, but also ensuring the supply - under the co-generation regime - of thermal and electric power at the BEKP and UWF paper industrial complexes.

Considering the increasing integration of the Group's mills dedicated to the production of BEKP and UWF paper and as a means of increasing the use of the biomass gathered in the woodlands, the Group built new biomass power-generating units. These units complement those already in use and, alongside natural gas. Co-generation units, allow the Group to create redundant units and thus mitigate the risk of an interruption in the power supply to its industrial sites.

In this sector, the main risk is linked to the supply of raw material, namely, biomass. The group has played a pioneering role and has been developing a market for the sale of biomass for supplying the power plants it owns.

The fostering of this market in a phase prior to the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network which it may utilize in the future. As previously mentioned, the Group has been making the Government and public opinion aware of the need to guarantee that biomass is

viewed in a sustainable manner, avoiding the use of eucalyptus wood for biomass, as an alternative of its use in the production of tradable goods. The incentives in place in Portugal only consider the use of residual forest biomass (BFR) rather than the use of wood to produce electrical power.

In addition, and despite the legal provisions of the Decree-Law 23/2010 and Act 140/2012 revised by Act 325-A/2012 and for Biomass Thermoelectric Centrals (CTB) of residual forest, dedicated to the production of electric power the legal framework is supported by Decree-Law 33 -A/2005 revised by Decree-Law 225/2007, which changes from 15 to 25 years the period of guaranteed remuneration in PRE – Production in Special Regime that allow the Group to predict the stability of tariffs in the near future, there is a risk that the change in tariffs for sale of energy produced from renewable resources will penalize those products. The constant search for the optimization of production costs and efficiency of the generating units is the way the Group seeks to mitigate this risk.

Other risks associated with the pulp and paper segment

The Group's manufacturing facilities are subject to risks inherent to any industrial activity, such as accidents, breakdowns or natural disasters that may cause losses in the Group's assets or temporary interruptions in the production process.

Likewise, these risks may also affect the Group's main customers and suppliers, which would have a significant impact on the levels of the Group's profitability, should it not be possible to find new customers to ensure sales levels and new suppliers that would enable the Group to maintain its current cost structure.

The Group exports over 95% of its production. As a consequence, transportation and logistic costs are materially relevant. A continuous rise in transport costs may have a significant impact in the Group's earnings.

2.2.2 Risks relating to the Cement and derivatives segment

Supply of raw materials

Regarding the segment of Cement and derivatives, 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 reserves that ensure the Group sustained operation in the coming years.

Sale Price

The cement and derivatives segment develops its activity in diverse geographically markets and therefore prices depend essentially on the economic situation of each country.

Demand for Group's products

The segment of Cement and derivative's turnover is dependent on the level of activity in the building 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 building, as well as on the level of investments in infrastructures.

The construction sector is sensitive to factors such as interest rates and therefore a downturn in economic activity in any specific economy may lead to a recession in this industry.

Despite the Group considering that its geographical diversification is the best means 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.

Competition

The companies of the segment of Cement and derivatives develop 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.

2.2.3 Risks relating to the Environment segment

Supply of raw materials

The supply of raw material for the segment of Environment, developed by the subgroup ETSA, is conditioned by the availability of animal carcasses and waste from the food industry, particularly in slaughterhouses. This market is relatively vulnerable to the deterioration of the economic situation, as well as changes in consumption habits and ease of substitution between food products, which could limit the activity of this subgroup.

Sale Price

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.

Demand of Group's products

A decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, pet food and biodiesel may have a significant impact on group ETSA's turnover.

Competition

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 produce substitutes for these products such as industries related to 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 Group.

2.2.4 Risks relating to the Group in general

Environmental legislation

In recent years, environmental legislation in the EU has become increasingly restrictive regarding the control of effluents. The companies of the Group comply with the prevailing legislation.

Although no significant changes in the legislation are expected in the near future, if that were to happen, the Group may need to incur in increased expenditure, in order to comply with any new environmental requirements that may come into force.

The Group has been following a strategy of carrying out a series of environmental related investments that, among other advantages, have resulted in a continued reduction of the CO2 emissions, despite the continuous increase in the production volume over the last years.

On the other hand, under the terms set in Decree-Law 147/2008, dated 29 June that transposed directive 2004/35/CE to the national law, the Group ensured the environmental insurances demanded by the referred law, guaranteeing regulatory compliance and reducing exposure to environmental risks.

Human Resources

The Group's ability to successfully implement outlined strategies depends on its capacity to recruit and retain key talents for each role. Although the Group's human resources policy seeks to achieve these goals, there might be some limitations to achieve them in the future.

Other risks

The Group's manufacturing facilities are subject to risks inherent to any industrial activity, such as accidents, breakdowns or natural disasters that may cause losses in the Group's assets or temporary interruptions in the production process.

Likewise, these risks may also affect the Group's main customers and suppliers, which would have a significant impact on the levels of the Group's profitability, should it not be possible to find new customers to ensure sales levels and new suppliers that would enable the Group to maintain its current cost structure.

2.2.5 Context risks

The lack of efficiency in the Portuguese economy continues to be accompanied by management, as it may have a negative effect on the Group's ability to be competitive. This is more so, but not exclusively, in the following areas:

- Ports and railroads;
- Roads particularly those providing access to the Group's producing units;
- Rules regarding territory management and forest fires;
- Low productivity of the country's forests;
- The lack of certification of the vast majority of the Portuguese forest

3. Important accounting estimates and judgments

The preparation of consolidated financial statements requires that Group's management make judgments and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at balance sheet date.

These estimates are influenced by Group's management's judgments, 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 Group considers it may have to take in the future. However, on the date on which the operations are realised, the outcome could be quite different from those estimates.

The estimates and assumptions which present a significant risk of generating a material adjustment to the book value of assets and liabilities in the following financial year are presented below:

3.1 Impairment of Goodwill

The Group tests the goodwill carried in the consolidated balance sheet for impairment losses annually, in accordance with the accounting policy described in Note 1.10. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use and fair value less cost to sell. These calculations require the use of estimates (Note 15).

3.2 Income tax

The Group recognises additional tax assessments resulting from audits carried out by the tax authorities. When the final outcome of the above reviews is different from the amounts initially recorded, the differences will have an impact on corporate income tax and deferred taxes in the periods where such differences are identified.

In Portugal, the annual tax returns are subject to review and potential adjustment by tax authorities for a period of up to 4 years. However, if tax losses are utilised, these may be subject to review by the tax authorities for a period of up to 6 years. In other countries where the Group operates, these periods are different and, in most cases, higher.

The Board of Directors believes that any reviews/ inspections by tax authorities will not have a material impact on the consolidated financial statements as of 31 December 2013. And the income tax returns of Semapa, Portucel and Secil up to 2011 have already been audited.

3.3 Actuarial assumptions

Liabilities relating to defined-benefit plans are calculated based on certain actuarial assumptions (Note 29). Changes to those assumptions can have a material impact on the aforesaid liabilities.

As of 31 December 2013, a decrease of 0.5% in the discount rate would increase the assumed liabilities in Euro 4.8 million.

3.4 Fair value of biological assets

In determining the fair value of biological assets the Group used the discounted cash flows method considering assumptions related to the nature of the assets being valued (Note 1.11). Changes in these assumptions may have an impact in the value of those assets.

As of 31 December 2013, an increase of 0.5% in the discount rate of 8% used to value those assets, would decrease their value by Euro 4.1 million.

3.5 Recognition of provisions and adjustments

The Group is involved in several lawsuits underway, for which, based in the opinion of its lawyers, a judgment is made in order to assess if a provision for these contingencies should be booked. Impairment in accounts receivable are calculated essentially based on accounts receivable's ageing, customers' risk profile and customers' financial situation.

4. Segment reporting

Segmental information is presented in relation to the business segments identified, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. The earnings, assets and liabilities for each segment correspond to those which are directly attributed to them, as well as those which can be imputed to them on a reasonable basis.

Business segments

Financial information by business segment for the year ended 31 December 2013 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	1,530,609,430	430,766,056	29,134,978	-	1,990,510,464
Operational results	218,294,579	11,852,403	3,690,620	4,762,676	238,600,278
Net financial results	(14,003,083)	(24,694,483)	(1,055,349)	(47,552,985)	(87,305,900)
Group share of (loss) / gains of associated companies	-	445,516	-	-	445,516
Income tax expense	1,772,509	6,272,391	(75,053)	31,433,327	39,403,174
Profit for the year	206,064,005	(6,124,173)	2,560,218	(11,356,982)	191,143,068
Profit for the year - Attributable to non-controlling interest	(39,164,136)	(5,789,195)	(64,265)	-	(45,017,596)
Profit for the year- Attributable to Semapa's shareholders	166,899,869	(11,913,368)	2,495,953	(11,356,982)	146,125,472
OTHER INFORMATION					
Segment assets	2,763,442,348	1,300,314,823	94,600,128	185,256,207	4,343,613,506
Deferred tax assets	30,726,594	13,467,944	1,015,684	39,488,109	84,698,331
Total assets for post-employment benefits	351,494	-	-	-	351,494
Investment in associates	-	3,439,994	-	-	3,439,994
Total segment liabilities	1,435,446,932	686,309,057	36,395,285	976,664,435	3,134,815,709
Depreciation, amortisation and impairment losses	118,092,342	48,464,768	2,513,079	338,448	169,408,637
Provisions	13,964,192	3,795,150	253,648	(3,900,000)	14,112,990
Capital expenditures	24,070,267	73,387,091	8,440,522	247,872	106,145,752

Financial information by business segment for the year ended 31 December 2012 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	1,501,615,139	415,342,689	35,630,090	-	1,952,587,918
Operational results	270,922,749	(181,810)	5,191,749	28,549,586	304,482,274
Net financial results	(16,298,360)	(12,802,951)	(1,602,969)	(33,321,184)	(64,025,464)
Group share of (loss) / gains of associated companies	605,926	396,766	-	-	1,002,692
Income tax expense	(63,371,778)	(7,220,960)	(486,513)	179,636	(70,899,615)
Profit for the year	191,858,537	(19,808,955)	3,102,267	(4,591,962)	170,559,887
Profit for the year - Attributable to non-controlling interest	(39,103,910)	(4,752,782)	(187,107)	-	(44,043,799)
Profit for the year- Attributable to Semapa's shareholders	152,754,627	(24,561,737)	2,915,160	(4,591,962)	126,516,088
OTHER INFORMATION					
Segment assets	2,688,368,444	1,321,339,890	97,652,792	120,599,016	4,227,960,142
Deferred tax assets	38,951,737	15,100,757	719,745	6,086,166	60,858,404
Investment in associates	1,790,832	3,707,565	-	-	5,498,397
Total segmental liabilities	1,351,832,626	686,362,597	41,985,910	1,016,639,093	3,096,820,226
Depreciation, amortisation and impairment losses	129,445,461	67,241,117	2,828,075	298,067	199,812,720
Provisions	(14,950,106)	(481,961)	963,518	4,960,000	(9,508,549)
Capital expenditures	36,651,846	53,128,883	5,048,983	107,793	94,937,505

Geographical segments

2013	Pulp and paper	Cement and Derivatives	Environment	Total Amount	Total %
Sales and services rendered:					
Portugal	315.561.357	152.488.594	21.482.795	489.532.746	24,59%
Rest of Europe	870.854.286	2.030.394	7.297.799	880.182.479	44,22%
America	180.951.461	39.620.960	-	220.572.421	11,08%
Africa	116.184.894	146.210.584	354.384	262.749.862	13,20%
Asia	46.675.217	90.415.524	-	137.090.741	6,89%
Overseas	382.215	-	-	382.215	0,02%
	1.530.609.430	430.766.056	29.134.978	1.990.510.464	100,00%

2012	Pulp and paper	Cement and Derivatives	Environment	Total Amount	Total %
Sales and services rendered:					
Portugal	252.681.959	166.523.281	25.355.619	444.560.859	22,77%
Rest of Europe	911.423.761	1.634.034	9.947.050	923.004.845	47,27%
America	171.427.593	23.061.145	-	194.488.738	9,96%
Africa	121.457.510	147.426.151	327.421	269.211.082	13,79%
Asia	44.445.577	76.698.079	-	121.143.656	6,20%
Overseas	178.738	-	-	178.738	0,01%
	1.501.615.138	415.342.690	35.630.090	1.952.587.918	100,00%

During 2012, the segment of Cement and Derivatives is consolidated by the proportional method (51%) from January to March, and is fully consolidated from April to December (2013: consolidated by the full consolidation method) (Note 1.2).

The revenue presented in different business and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group, not representing any of them, individually, 10% or more of the overall revenue of the Group.

5. Other income

As of 31 December 2013 and 2012, the caption other income comprises:

Amounts in Euro	31-12-2013	31-12-2012
Grants - CO2 emission allowances	8,213,315	21,927,146
Impairment reversal (Note 22)	2,700,692	5,737,059
Gains on disposals of emission allowances	978,774	8,989,412
Supplementary income	1,448,774	6,269,027
Gains on disposals of non-current assets	1,524,019	25,059,542
Gains on inventories	2,290,849	1,074,610
Gains on disposals of current assets	418,611	168,927
Government grants	478,043	607,175
Own work capitalised	162,595	4,435,109
Revenues from waste management	842,679	703,598
Insurance indemnity to cover damages	4,817,444	3,779,210
Negative goodwill	4,225,832	-
Other operating income	23,861,192	17,735,479
	51,962,819	96,486,293

The amount presented under the caption Grants – CO2 emissions allowances regards to the recognition of the grant, due to the allocation of free allowances (Note 1.6.1).

In 2012, the caption gains on disposals of non-current assets comprises: i) Euro 16,759,370 related to the measurement at fair value in accordance with IFRS 3 revised, of the interest held by Semapa in Secil equity (51%) at fair value on the date in which the control was obtained; and ii) Euro 6,000,000 regarding positive adjustments to the sale price of 49% of the interest held by Semapa on Secil, to the entity Beton Catalan (CRH Group), in 2004, only now paid by this entity to Semapa.

The caption Supplementary Income includes, in 2012, an amount of Euro 3,565,578 corresponding to the payment made by CRH to Semapa, in compliance with the arbitration award, which condemned the first to the reimbursement of certain expenses incurred by the second with arbitral proceedings.

During 2013, the caption negative goodwill comprises Euro 4,395,127 resulting from negative goodwill recognised upon the initial consolidation of Soporgen S.A. (Note 19).

6. Cost, expenses and losses

As of 31 December 2013 and 2012, Costs, expenses and losses were detailed as follows:

Amounts in Euro	31-12-2013	31-12-2012
Cost of sales and services rendered		
Cost of inventories sold and consumed	(808.189.137)	(759.614.259)
Cost of materials and services consumed		
Energy and fluids	(184.644.788)	(171.016.322)
Inventory transportation	(145.382.554)	(151.062.544)
Professional fees	(76.092.192)	(73.695.626)
Repair and maintenance	(53.434.966)	(47.763.677)
Subcontracts	(16.868.171)	(18.275.177)
Others	(105.291.810)	(93.688.722)
	(581.714.481)	(555.502.068)
Variation in production	2.548.100	(2.513.330)
Payroll costs		
Statutory bodies (Note 7)	(19.740.035)	(14.818.040)
Other remunerations	(136.037.608)	(136.856.315)
Pension costs (Note 29)	1.592.300	18.197.931
Other payroll costs	(47.795.915)	(59.260.967)
	(201.981.258)	(192.737.391)
Other costs and losses		
Membership fees	(657.032)	(1.193.631)
Donations	(2.402.211)	(1.035.460)
Research and development	(1.250)	-
Cost with emission allowances	(7.679.146)	(18.223.984)
Inventories and other receivables impairment (Note 22)	(5.085.450)	(3.286.490)
Losses on inventories	(4.270.535)	(5.697.697)
Indirect taxes	(7.808.957)	(7.983.004)
Losses on disposal of non-current assets	(82.200)	(1.286.917)
Other operating costs	(5.311.202)	(3.500.154)
	(33.297.983)	(42.207.337)
Provisions (Note 30)	(14.112.990)	9.508.549
Total of Costs, Expenses and Losses	(1.636.747.749)	(1.543.065.836)

The caption Other payroll costs, in 2013 and 2012, was detailed as follows:

Amounts in Euro	31-12-2013	31-12-2012
Other payroll costs		
Social security contributions	(30,399,884)	(29,768,909)
Insurance	(3,630,624)	(3,126,186)
Social welfare costs	(6,043,813)	(10,144,160)
Other personnel costs	(7,721,593)	(16,221,712)
	(47,795,915)	(59,260,967)

7. Remuneration of statutory bodies

As of 31 December 2013 and 2012, the caption Remuneration of statutory bodies was detailed as follows:

Amounts in Euro	2013	2012
Statutory bodies		
Members of semapa's board of directors	12,691,003	7,373,393
Corporate bodies from other group companies	7,049,032	7,444,647
	19,740,035	14,818,040

8. Depreciation, amortisation and impairment losses

As of 31 December 2013 and 2012, the caption Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	31-12-2013	31-12-2012
Depreciation of property, plant and equipment		
Land	(4,509,040)	(4,307,137)
Buildings	(21,286,139)	(20,791,866)
Other tangible assets	(140,990,303)	(148,376,677)
	(166,785,482)	(173,475,679)
Amortisation of intangible assets		
Industrial property and other rights	(2,209,822)	(2,401,266)
	(2,209,822)	(2,401,266)
Impairment losses in tangible assets		
Land	(770,000)	(5,682,490)
Buildings	407,497	(4,896,146)
Equipments and other tangibles	1,230,297	(4,603,039)
Assets under construction	(1,202,321)	-
	(334,527)	(15,181,675)
Impairment losses in assets held for sale	(60,016)	(8,735,308)
Impairment losses in investment properties		
Buildings	(18,790)	(18,792)
	(18,790)	(18,792)
	(169,408,637)	(199,812,720)

9. Group share of (loss)/gains of associated companies

In 2013 and 2012, the Group recorded its share of the net income/ (loss) of associated companies as follows:

Amounts in Euro	2013	2012
Sub-Group Portucel		
Soporgem, S.A.	-	605,926
Sub-Group Secil		
Chryso - Aditivos de Portugal, S.A.	-	6,423
Setefrete, SGPS, S.A.	341,641	170,897
J.M. Henriques, Lda.	(3,257)	(3,969)
Ave, S.A.	107,132	223,415
	445,516	1,002,692

The company does not recognise deferred taxes on these amounts, when positive, as it considers that the provisions of article 51 of the corporate income tax code (Portuguese initials IRC) apply.

10. Net Financial Results

As of 31 December 2013 and 2012, Net financial results comprise:

Amounts in Euro	31-12-2013	31-12-2012
Interest paid on loans from shareholders	(297.197)	(307.318)
Interest paid on borrowings	(87.871.049)	(70.416.819)
Interest paid on loans from associated companies	(33.025)	59.068
Other interest earned	5.234.308	9.647.699
Compensatory interest	8.713.178	478.429
Fair value in available-for-sale financial assets (Note 21)	119.336	(326.433)
Financial assets at fair value through profit and loss	1.527.083	(382.388)
Gains / (losses) on financial instruments - hedging (Note 34)	(11.639.751)	(4.960.714)
Gains / (losses) on financial instruments - trading (Note 34)	(112.635)	4.233.706
Foreign exchange gains / (losses)	8.883.498	7.687.571
Other financial expenses	(12.682.541)	(10.691.461)
Other financial income	852.895	953.196
	(87.305.900)	(64.025.464)

The caption Financial assets at fair value through profit and loss resulting from changes in fair value recorded in listed securities held by the Group as described in Note 20.

Gains / (losses) on trading and hedging financial instruments comprise the results from the instruments detailed in note 34.

In 2013, the Group entered into an extraordinary debt settlement program launched by the Portuguese tax authority, ("Programa de regularização extraordinária de dívidas ao Estado e à Segurança Social (RERD)"), and settled the amounts that were under discussion with Tax and Custom Authorities, recognising gains due to the annulment of compensatory and default interests recognised in previous years related with these processes. However, the Group continues defending its position in courts.

11. Income tax

Group Semapa is subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 90% and which meet the conditions laid down in articles 69 and following of the IRC Code, as in effect until 31 December 2013.

As of 1 January 2014, and in accordance with the legislative changes introduced by the reform of the IRC code , the relevant percentage to the appliance of the special regime governing business groups shall be 75%. Thus , as of 1 January 2014, the tax business group led by Semapa as the dominant society shall comprise Group Secil And Group Portucel.

Companies included within the consolidation scope of the group of companies subject to this regime calculate and recognize income tax (IRC) as though they were taxed on an individual basis.

Where there are gains on the use of this regime, these are recorded as a deduction for the parent company's tax.

Pursuant to prevailing legislation, the gains and losses relating to group and associated companies resulting from the application of the equity method are deducted from or added to, respectively, to the net income of the year for the purpose of calculating taxable income.

Dividends are considered when determining the taxable income in the year in which they are received, if the assets are held for less than one year or if investments represent less than 10% of the share capital (as publishing of the IRC code in force until 31 December 2013).

As of 31 December 2013 and 2012, income tax expense comprises:

Amounts in Euro	2013	2012
Current tax	49,192,160	52,915,320
Provision for current tax	46,907,732	3,513,366
Deferred tax (Note 28)	(135,503,066)	14,470,929
	(39,403,174)	70,899,615

The reconciliation of the effective tax rate in the years ended 31 December 2013 and 2012 is as follows:

Amounts in Euro	2013	2012
Profit before tax	151,739,894	241,459,502
Expected income tax	40,211,072	63,986,768
State Surcharge	8,106,668	11,457,805
Differences (a)	(29,620,991)	(31,868,067)
Prior year tax adjustments	(20,712,443)	426,695
Recoverable tax losses carried forward	(40,161,570)	(1,261,102)
Non recoverable tax losses	48,593,527	35,738,456
Impairment and reversal of provisions	(15,928,917)	-
Impact of the change in the income tax rate	(22,981,020)	1,046,145
Provision for current tax	(4,933,558)	3,513,366
Tax benefits	(4,760,630)	(12,132,741)
Other	2,784,688	(7,710)
	(39,403,174)	70,899,615
Effective tax rate	-25.97%	29.36%

(a) This amount is made up essentially of :

Impairment losses on assets-held-for-sale and goodwill	-	8,735,308
Impairment losses on tangible fixed assets	-	6,697,036
Effects arising from the application of the equity method	(445,516)	(396,766)
Capital gains / (losses) for tax purposes	(132,787,615)	6,409,092
Capital gains / (losses) for accounting purposes	(5,668,486)	(6,895,634)
Impairment of taxed provisions	3,725,183	14,672,077
Tax benefits	(3,061,898)	(2,853,876)
Dividends received from non EU companies	1,958,476	3,138,244
Reversal of taxed provisions	(6,929,511)	(124,742,304)
Intra-group earning's subject to taxation	(2,022,464)	-
Employees benefits	(2,296,573)	(4,020,885)
Deferred income taxes reversal	24,332,428	-
Others	11,418,650	(20,999,147)
	(111,777,326)	(120,256,855)
Tax effect (26,50%)	(29,620,991)	(31,868,067)

12. Earnings per share

There are no convertible financial instruments over Semapa's shares, so there is no dilution of earnings.

Amounts in Euro	31-12-2013	31-12-2012
Profit attributable to Semapa's shareholders	146,125,472	126,516,088
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	1.294	1.121
Diluted earnings per share	1.294	1.121

The weighted average number of shares is shown after deducting 5,447,975 treasury shares owned by Semapa, SGPS, S.A..

13. Non-controlling interests

As of 31 December 2013 and 2012, non-controlling interests shown in the Income statement are detailed as follows:

Amounts in Euro	Income	
	2013	2012
Portucel, S.A.	39,158,459	39,087,931
Raiz - Instituto de Investigação da Floresta e Papel	5,677	15,979
Secil Betões e Inertes group	(19,045)	(6,993)
Société des Ciments de Gabés	(10,231)	5,567
IRP - Indústria de Rebocos de Portugal, S.A.	62,040	4,073
Secil - Companhia de Cimento do Lobito, S.A.	(2,420,268)	37,086
Ciments de Sibline, S.A.L.	8,656,037	5,344,582
Cimentos Madeira Group	(142,679)	(125,827)
ETSA - Investimentos, SGPS, SA	64,265	187,107
Others	(336,659)	(505,706)
	45,017,596	44,043,799

As of 31 December 2013 and 2012, non-controlling interests in the Consolidated Balance sheet are detailed as follows:

Amounts in Euro	Equity	
	31-12-2013	31-12-2012
Portucel, S.A.	251,024,189	256,013,282
Raiz - Instituto de Investigação da Floresta e Papel	238,543	238,825
Secil Betões e Inertes Group	65,300	84,345
Société des Ciments de Gabés	1,274,671	1,419,066
IRP - Indústria de Rebocos de Portugal, S.A.	474,195	462,155
Secil - Companhia de Cimento do Lobito, S.A.	5,235,200	8,106,185
Ciments de Sibline, S.A.L.	64,590,037	61,033,030
Cimentos Madeira Group	5,316,422	5,460,657
ETSA - Investimentos, SGPS, SA	6,505	2,226,674
Others	(151,032)	184,426
	328,074,030	335,228,645

The movement in the non-controlling interests', by business segments, in the years ended 31 December 2013 and 2012 is as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
Balance as of 1 January 2012	296,520,869	34,656,452	2,039,568	333,216,889
Change in perimeter	-	41,884,098	-	41,884,098
Acquisitions / (Disposals)	(44,095,664)	-	-	(44,095,664)
Dividends	(36,074,319)	(4,125,064)	-	(40,199,383)
Currency translation reserve	255,820	(403,423)	-	(147,603)
Financial instruments	101,118	-	-	101,118
Actuarial gains and losses	440,370	20,899	-	461,269
Other movements in equity	2	(35,880)	-	(35,878)
Profit for the year	39,103,910	4,752,782	187,107	44,043,799
Balance as of 31 December 2012	256,252,106	76,749,864	2,226,675	335,228,645
Change in perimeter	(251,502)	-	-	(251,502)
Acquisitions / (Disposals)	(4,049,677)	-	(2,283,902)	(6,333,579)
Dividends	(38,360,699)	(2,352,881)	-	(40,713,580)
Currency translation reserve	(425,541)	(3,372,638)	-	(3,798,179)
Financial instruments	24,017	-	-	24,017
Actuarial gains and losses	(1,089,029)	(10,264)	-	(1,099,293)
Other movements in equity	(1,081)	1,522	(536)	(95)
Profit for the year	39,164,136	5,789,195	64,265	45,017,596
Balance as of 31 December 2013	251,262,730	76,804,798	6,502	328,074,030

In 2013, the reduction of Euro 4,044,778 (2012: Euros 44,095,664) in non-controlling interests in the Pulp and Paper segment, was driven by the acquisition of 2,242,252 own shares (2012: 25,280,113 own shares) by

subsidiary Portucel, SA.. This amount regards to the portion of company's equity attributable to these shares previously held by non-controlling interests.

The decrease verified on the environment segment, in 2013, corresponds to the acquisition of 1,789,542 shares of ETSA Investimentos SGPS S.A. to non-controlling interests, being Semapa the main shareholder controlling 99.99% of this entity share capital.

14. Application of previous year's profit

Amounts in Euro	Application of year's net profit	
	2012	2011
Dividends distribution	-	28,785,540
Other reserves	-	95,376,260
Retained earnings	126,516,088	-
Profit for the year	126,516,088	124,161,800
Dividends per share	-	0.254

The legal reserves are constituted by the maximum amount, to which is added the share premium reserve.

15. Goodwill

The following movements were registered in the caption Goodwill during 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Net amount at the beginning of the year	335,700,924	332,849,940
Disposals	-	(160,861,947)
Control acquired	-	124,692,243
Acquisitions	-	39,351,024
Foreign exchange differences	-	(330,336)
Net amount at the end of the year	335,700,924	335,700,924
<i>Note: Net of impairment losses (Note 22)</i>		

As of 31 December 2013 and 2012 Goodwill is made up as follows:

Entity	Acquisition Date	31-12-2013	31-12-2012
Secil - Companhia Geral de Cal e Cimento, S.A.	2012	124,692,243	124,692,243
Portucel, S.A.	2004	135,565,059	135,565,059
ETSA - Investimentos SGPS, S.A.	2008	36,422,934	36,422,934
Supremo Cimentos, S.A.	2012	39,020,688	39,020,688
		335,700,924	335,700,924

Goodwill is attributed to the Group's cash generating units (CGU's) that correspond to the business segment, as follows:

Amounts in Euro	31-12-2013	31-12-2012
Cement and derivatives	163,712,931	163,712,931
Pulp and paper	135,565,059	135,565,059
Environment	36,422,934	36,422,934
	335,700,924	335,700,924

In accordance with IAS 36, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described in Note 1.7.

For impairment testing purposes of the cement and derivatives and Environment CGU's, the recoverable amount was determined based on value-in-use calculations, in accordance with the discounted cash flows 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 following 4 years.

The principal assumptions for the impairment testing of these CGU's were as follows:

	Risk-free interest rate	WACC	Growth rate	Tax rate
Cement and derivatives				
Portugal				
Explicit planning period	1,70%	9,31%	2,25%	29,50%
Perpetuity	3,00%	9,06%	2,25%	24,50%
Madeira				
Explicit planning period	1,70%	9,38%	2,25%	28,00%
Perpetuity	3,00%	9,13%	2,25%	23,00%
Tunisia				
Explicit planning period	3,00%	9,63%	2,25%	30,00%
Perpetuity	3,00%	9,63%	2,25%	30,00%
Lebanon				
Explicit planning period	3,00%	11,08%	2,25%	15,00%
Perpetuity	3,00%	11,08%	2,25%	15,00%
Angola				
Explicit planning period	3,00%	9,89%	2,25%	30,00%
Perpetuity	3,00%	9,89%	2,25%	30,00%
Brazil				
Explicit planning period	2,87%	9,64%	2,25%	34,00%
Perpetuity	2,87%	9,64%	2,25%	34,00%
Environment				
Explicit planning period - ITS	1,70%	9,45%	2,25%	27,50%
Explicit planning period - Other companies	1,70%	9,62%	2,25%	24,50%
Perpetuity	3,00%	8,83%	2,25%	24,50%

Regarding CGU associated with the pulp and paper segment, this unit corresponding to the net assets held in Portucel, S.A. and this being an open company whose securities are admitted to trading on quoted market (Euronext Lisbon), the Group decided in 2013 to determine its recoverable amount, for the purpose of impairment testing, based on their fair value (this corresponds to the value of its stock market listing by reference to 31 December 2013) less costs to sell.

As a result of the impairment tests performed and respective sensitive analysis to its main assumptions, no impairment losses have been identified on the goodwill of the CGU's.

16. Other intangible assets

During 2013 and 2012, changes under the Other intangible assets heading were as follows:

	Brands	Expenditures on research and development	Industrial properties and other rights	CO2 emission allowances	Assets under construction	Total
Amounts in Euro						
Acquisition cost						
Amount as of 1 January 2012	151.488.000	-	2.000.782	15.088.633	13.236	168.590.651
Change of perimeter	126.400.000	5.751	119.461	16.635.720	41.548	143.202.480
Acquisition / attributions	-	-	-	18.129.071	23.518	18.152.589
Disposals	-	-	(2.451)	(9.454.153)	-	(9.456.604)
Adjustments, transfers and write-off's	-	-	(1.843.780)	(18.385.118)	(38.837)	(20.267.735)
Exchange rate adjustment	-	-	72.376	-	-	72.376
Amount as of 31 December 2012	277.888.000	5.751	346.388	22.014.153	39.465	300.293.757
Change of perimeter	-	-	-	272	-	272
Acquisition / attributions	-	-	-	13.350.723	181.600	13.532.323
Disposals	-	-	-	(1.791.891)	-	(1.791.891)
Adjustments, transfers and write-off's	-	5.986	(17.266)	(18.988.230)	(48.283)	(19.047.793)
Exchange rate adjustment	-	-	-	(2.002.776)	(17.719)	(2.020.495)
Amount as of 31 December 2013	277.888.000	11.737	329.122	12.582.251	155.063	290.966.173
Accumulated amortisation and impairment losses						
Amount as of 1 January 2012	-	-	(1.970.490)	(4.461.170)	-	(6.431.660)
Change of perimeter	-	(3.693)	(52.790)	-	(28.831)	(85.313)
Amortisation and impairment losses	-	(1.729)	(28.113)	(339.558)	-	(369.400)
Adjustments, transfers and write-off's	-	-	1.847.370	-	-	1.847.370
Exchange rate adjustment	-	-	1.186	-	-	1.186
Amount as of 31 December 2012	-	(5.422)	(202.837)	(4.800.728)	(28.831)	(5.037.817)
Change of perimeter	-	-	-	(25)	-	(25)
Amortisation and impairment losses	-	(1.833)	(47.372)	(2.160.617)	-	(2.209.822)
Adjustments, transfers and write-off's	-	(3.589)	37.483	6.529.191	28.831	6.591.916
Amount as of 31 December 2013	-	(10.844)	(212.726)	(432.179)	-	(655.749)
Net book value as of 1 January 2012	151.488.000	-	30.292	10.627.463	13.236	162.158.991
Net book value as of 31 December 2012	277.888.000	329	143.552	17.213.425	10.634	295.255.939
Net book value as of 31 December 2013	277.888.000	893	116.397	12.150.072	155.063	290.310.424

The amount shown under the caption Brands comprises:

Pulp and Paper segment

- Euro 151,488,000, regarding the initial valuation of Soporset and Navigator brands, determined by an external evaluation conducted by a specialised and independent entity, using the updated cash flow projections with an appropriate discount rate, following the allocation of fair value to the assets and liabilities of Portucel Group.

Cement and derivatives segment

- Euro 106,100,000, regarding the initial valuation of the brands Secil Portugal (Euro 71,700,00), Sibline (Lebanon- Euro 24,300,000) and Gabès (Tunisia- Euro 10,100,000), determined by an external evaluation conducted by a specialized and independent entity, using the cash flow projections with an appropriate discount rate, following the allocation of fair value to assets and liabilities after obtaining the control of this subsidiary in 2012.
- Euro 20,300,000, corresponding to the initial valuation of Supremo brand (Brazil), determined by an external evaluation conducted by a specialised and independent entity, using its cash flow projections with an appropriate discount rate, following the allocation of fair values to assets and liabilities through the acquisition of 50% of the Supremo Cimentos, S.A. in 2012.

The referred amounts are not subjected to amortisation as their useful life is undefined (Note 1.6). For valuation purposes, is considered that brand have an undefined useful life, because it is assumed that it is not possible to determine with an acceptable degree of reliability a time limit for their continuity in the market.

The Group tests annually the impairment of these intangible assets in accordance with IAS 36. In 2013, the impairment test was performed during the first semester and therefore the income tax rate in Portugal corresponds to the tax rate in force at that date.

The main assumptions used in the valuation of brands of Pulp and Paper segment, for the purposes of impairment testing, were as follows:

Brand	Markets	Risk-free interest rate	Discount rate*	Tax rate
Navigator	Europe	5.62%	8.69%	31.5%
	USA	5.62%	8.69%	31.5%
Soporset	Europe	5.62%	8.69%	31.5%
	USA	5.62%	8.69%	31.5%

* The discount rates presented include the level of robustness of each brand

The main assumptions used in the valuation of brands of Cement and derivatives, for the purposes of impairment testing, were as follows:

Brand	Markets	Risk-free interest rate	Discount rate*	Tax rate
Cement - Secil Portugal	Portugal	1,54%	9,15%	26,5%
Cement - Ciments de Sibline	Lebanum	3,02%	10,14%	15,0%
Cement - Société des Ciments de Gabés	Tunisia	3,02%	8,95%	30,0%
Supremo Cement	Brazil	3,02%	10,56%	34,0%

* The discount rates presented include the level of robustness of each brand

The Cement and derivatives segment brands were valued by an independent entity based on the discounted post-tax cash flow method denominated "income split method" associated to the influence of the brand (difference between the net margin of the brand less investments in marketing and the net margin of the associated brand), discounted to the evaluation period based on a specific discount rate.

As a result of these tests and respective sensitivity analysis to the main assumptions assumed in 2013, no impairment losses have been identified for the different brands owned by the Group.

17. Property, plant and equipment

The following movements were registered in the years ended 31 December 2013 and 2012 under the caption Property, plant and equipment, as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition Cost					
Amount as of 1 January 2012	206,569,601	783,553,323	4,185,040,983	48,099,238	5,223,263,145
Change of consolidation perimeter	189,217,573	193,864,753	631,079,995	25,412,856	1,039,575,177
Acquisition	1,053,534	6,446,435	9,748,240	77,689,296	94,937,505
Disposals	(35,308)	(77,509)	(9,485,597)	(60,126)	(9,658,540)
Adjustments, transfers and write-off's	18,208,552	7,985,124	(14,799,613)	(83,542,754)	(72,148,692)
Exchange rate adjustment	(9,590,214)	(2,406,931)	(8,854,735)	(2,185,472)	(23,037,352)
Amount as of 31 December 2012	405,423,738	989,365,196	4,792,729,273	65,413,037	6,252,931,243
Change of consolidation perimeter	-	-	927,798	-	927,798
Acquisition	445,249	2,801,465	18,744,875	84,154,163	106,145,752
Disposals	(37,668)	(155,220)	(14,742,083)	(357,629)	(15,292,600)
Adjustments, transfers and write-off's	2,303,023	13,539,005	56,939,049	(62,610,988)	10,170,089
Exchange rate adjustment	(12,672,373)	(6,079,483)	(23,969,090)	(8,731,066)	(51,452,012)
Amount as of 31 December 2013	395,461,969	999,470,963	4,830,629,821	77,867,517	6,303,430,270
Accumulated depreciations and impairment losses					
Amount as of 1 January 2012	(19,663,016)	(439,741,448)	(2,718,011,115)	(102,292)	(3,177,517,871)
Change of consolidation perimeter	(18,299,215)	(143,286,863)	(478,181,894)	-	(639,767,972)
Depreciation and impairment losses	(9,699,266)	(25,956,044)	(147,060,450)	-	(182,715,760)
Disposals	10,340	80,401	9,512,631	-	9,603,372
Adjustments, transfers and write-off's	24,919	(4,483,203)	32,195,571	-	27,737,287
Exchange rate adjustment	561,574	749,040	3,679,545	-	4,990,159
Assets held for sale	2,277,432	1,960,372	1,665,465	-	5,903,269
Amount as of 31 December 2012	(44,787,232)	(610,677,745)	(3,296,200,247)	(102,292)	(3,951,767,516)
Change of consolidation perimeter	-	-	(773,165)	-	(773,165)
Depreciation and impairment losses	(5,279,040)	(17,934,836)	(142,697,876)	(1,202,321)	(167,114,072)
Disposals	-	145,397	14,499,552	-	14,644,949
Adjustments, transfers and write-off's	(698,488)	(5,574,178)	(10,804,953)	(265,000)	(17,342,619)
Exchange rate adjustment	1,533,056	2,625,374	11,894,346	76,319	16,129,094
Assets held for sale	-	-	-	-	-
Amount as of 31 December 2013	(49,231,704)	(631,415,988)	(3,424,082,344)	(1,493,294)	(4,106,223,330)
Net book value as of 1 January 2012	186,906,585	343,811,875	1,467,029,868	47,996,946	2,045,745,274
Net book value as of 31 December 2012	360,636,506	378,687,451	1,496,529,026	65,310,745	2,301,163,727
Net book value as of 31 December 2013	346,230,265	368,054,976	1,406,547,477	76,374,223	2,197,206,941

During 2013, the Portucel Group acquired the remaining shares of Soporgen, S.A., representing 82% of its share capital, previously held by EDP. Before the acquisition, the Group accounted for the assets of that co-generation unit under "IFRIC 4 – Determining whether an arrangement contains a lease", given the conditions for the acquisition of thermal energy in place until that date.

In 2009, with the start of operations in the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setubal for the exclusive use of the new factory. This contract foresees the transfer of the ownership of the assets upon the end of the contract. Following the above-mentioned agreements, the Group applies "IFRIC 4 – Determining whether an arrangement contains a lease".

By following this interpretation, until 31 December 2012, Property, plant and equipment – equipment and other tangibles was increased by Euro 58.003.950, from which the respective accumulated depreciation of Euro 43,055,676 was deducted. As of 31 December 2013, the net book value of these equipment's was Euro 6,661,530 (31 December 2012: Euro 14,948,274).

As of 31 December 2013, assets under construction included Euro 4,186,211 (31 December 2012: Euro 13,347,075), related to advance payments and supplies of Property Plant and Equipment, related to investment projects being developed by the Group. These amounts are fully guaranteed by first demand bank guarantees, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policies for the mitigation of credit risk.

As of 31 December 2013, the caption Land included Euro 78,885,556 of forest land where the Group has installed part of its forestry assets, the remainder being installed on leased land.

Commitments related to Fixed Tangible Assets acquisitions, as well as those that are given as a guarantee are detailed in notes 40 and 41 respectively.

18. Biological assets

As of 31 December 2013 and 2012, changes in biological assets were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Amount at the beginning of the year	109.055.925	110.769.306
Changes in fair value		
Logging in the period	(21.464.033)	(8.844.085)
Growth	5.649.166	7.172.023
New plantations	4.715.403	5.122.059
Other changes in fair value	13.382.845	(5.163.378)
Total changes in fair value	2.283.381	(1.713.381)
Amount at the end of the year	111.339.306	109.055.925

The amounts shown as other changes in fair value mainly relates to the management costs for the forestry assets (silviculture, structure and income costs) and to changes in the estimates of the forestry valuation model (new areas under management, wood prices, weighted average cost of capital and others).

Biological assets as of 31 December 2013 and 2012 is as follows:

Amounts in Euro	31-12-2013	31-12-2012
Eucalyptus	104,551,003	101,252,393
Pine	5,033,860	5,899,662
Cork	1,547,972	1,661,760
Other species	206,471	242,110
	111,339,306	109,055,925

Additionally, there are no amounts of biological assets whose title is restricted and / or pledged as collateral for liabilities or non-reversible commitments for the development or acquisition of biological assets.

19. Investment in associates

The following movements were registered in this caption during the years ended 31 December 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Opening balance	5,498,397	3,924,419
Change in consolidation perimeter	(1,790,832)	2,014,122
Acquisition	649	-
Group share of (loss) / gains of associated companies	445,516	1,002,692
Dividends received	(713,506)	(826,575)
Exchange rate adjustments	(230)	(69)
Other movements	-	(616,192)
Closing balance	3,439,994	5,498,397

As of 31 December 2013 and 2012 the caption Investments in associates presented in the consolidated balance sheet, including goodwill, comprises:

Associated companies	% Held	Book value		% Held	31-12-2012
		31-12-2013			
Setefrete, SGPS, S.A.	25,00%	2.918.120	25,00%		3.063.979
MC - Materiaux de Construction	49,36%	2.211	49,36%		2.443
J.M.J. - Henriques, Lda.	50,00%	381.825	100,00%		385.082
Sociedade de Inertes, Lda.	49,00%	648	-		-
Ave, S.A.	35,00%	137.190	35,00%		256.061
Soporgen, S.A.	-	-	18,00%		1.790.832
		3.439.994			5.498.397

As of 31 December 2012, this caption included the 18% share in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A.. This company holds and operates a combined cycle gas power plant at the Figueira da Foz site that the Group considers to be a finance lease and recognises as such in the consolidated financial statements.

As already explained (Note 2), the Group, through Soporcel S.A, acquired the remaining share capital of Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen or Soporgen S.A.), on 22 January 2013, by triggering the call over EDP, S.A.

This transaction had the following outcome:

Amounts in Euro	82% JV Soporgen
Assets	
Other intangible assets	627,657
Deferred income taxes	237,285
	864,942
Inventories	902,000
Receivables and other current assets	5,534,185
Cash and cash equivalents	5,478,404
	11,914,589
Total Assets	12,779,531
Liabilities	
Deferred tax liabilities	363,073
	363,073
Current payables	2,981,329
State and other public entities	1,363,974
	4,345,303
Total Liabilities	4,708,376
Acquired net assets	A
	8,071,155
Acquisition value	B
	5,060,493
Accounting earnings	A-B
	3,010,662

As already mentioned above, according with the nature of the existing agreement related to co-generation plant held by Soporgen S.A., Group was applying “IFRIC 4 – Determining whether an arrangement contains a lease”, and recognized as Property, plant and equipment the net value of this plant, against a liability.

Through the mentioned acquisition, the liability resulting from time difference between economic depreciation and financial amortisation was released. This release and the management best estimate for maintenance inventory existing at the acquisition date, resulted in an accounting gain amounting Euro 3,010,661, recognised as follows:

Amounts in Euro	Gain
Other operating income (Note 5)	4,395,127
Income tax for the period	(1,384,465)
	3,010,662

At 31 December 2013, the financial information relating to associated companies was as follows:

31 December 2013						
Amounts in Euros		Total assets	Total liabilities	Equity	Net profit	Revenue
Ave-Gestão Ambiental e Valorização						
Energética, S.A.	b)	4,087,892	3,695,911	391,981	331,011	12,302,485
J.M.J. - Henriques, Lda.	b)	1,074,797	311,147	763,650	(6,514)	-
MC- Materiaux de Construction	b)	699,140	572,858	126,282	25,693	4,753,814
Setefrete, SGPS, S.A.	a)	4,731,052	1,969,573	2,761,479	1,347,994	102,813

a) 31 December 2012 figures, adjusted from dividend distribution during the year ended 31 December 2013

b) 31 December 2013 figures

At 31 December 2012, the financial information relating to associated companies was as follows:

31 December 2013						
Amounts in Euros		Total assets	Total liabilities	Equity	Net profit	Revenue
Ave-Gestão Ambiental e Valorização						
Energética, S.A.	b)	2,723,523	1,991,905	731,618	670,649	8,862,010
Chryso - Aditivos de Portugal, S.A.	d)	1,212,556	1,357,654	(145,098)	(201,130)	1,983,158
Inertogrande Central de Betão, Lda.	c)	1,916,082	1,983,828	(67,746)	(9,060)	-
J.M.J. - Henriques, Lda.	c)	1,072,906	302,742	770,164	(8,575)	-
MC- Materiaux de Construction	c)	673,045	575,446	97,599	38,593	10,434,070
Setefrete, SGPS, S.A.	a)	6,027,305	2,682,391	3,344,914	683,582	99,336
Viroc Portugal - Indústrias de						
Madeira e Cimento, S.A.	e)	6,450,884	22,869,191	(16,418,307)	(993,294)	3,211,870

a) 31 December 2011 figures, adjusted from dividend distribution during the year ended 31 December 2012

b) 30 November 2012 figures

b) 31 December 2012 figures

d) 31 October 2012 figures, associated company disposal date

d) 31 July 2012 figures, associated company disposal date

20. Financial assets at fair value through profit or loss

The following movements were registered in this caption during the years ended 31 December 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Fair value at the beginning of the year	9,026,930	9,657,695
Acquisitions	451,466	18,293
Disposals	(10,522,556)	(266,670)
Changes in fair value (Note 10)	1,527,083	(382,388)
Fair value at the end of the year	482,923	9,026,930

As of 31 December 2013 and 2012, Financial assets at fair value through profit or loss comprises:

Amounts in Euro	Fair value	
	31-12-2013	31-12-2012
Shares of EDP - Energias de Portugal, S.A.	-	8,979,672
Fundo de participação CEMG	435,665	-
Others	47,258	47,258
	482,923	9,026,930

In the second semester of 2013, the Group dispose the full amount of EDP shares (3,921,254) failing to hold any interest in this entity.

21. Available-for-sale financial assets

The following movements were registered in this caption during the years ended 31 December 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Fair value at the beginning of the year	226,921	553,764
Disposals	-	(410)
Changes in fair value	119,336	(326,433)
Fair value at the end of the year	346,257	226,921

As of 31 December 2013 and 2012 the fair value of available-for-sale financial assets comprises:

Amounts in Euro	Fair value	
	31-12-2013	31-12-2012
Banco Espírito Santo, S.A.	117,121	100,889
Liaison Technologie	229,136	126,032
	346,257	226,921

22. Impairment in non-current and current assets

In the years ended 31 December 2013 and 2012, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Goodwill*	Other non-current assets	Tangible assets	Investments in associates	Total
As of 1 January 2012	9,687,708	1,048,839	85,332	1,058	10,822,937
Change in perimeter	9,308,714	909,428	-	1,018	10,219,160
Exchange rate adjustment	(217,259)	-	-	-	(217,259)
Increases	-	-	-	-	-
Reversals	-	-	-	-	-
Direct utilisations	-	-	(85,332)	-	(85,332)
As of 31 December 2012	18,779,163	1,958,267	-	2,076	20,739,506
Exchange rate adjustment	-	-	-	-	-
Increases	-	-	-	-	-
Reversals	-	-	-	-	-
Direct utilisations	-	-	-	-	-
As of 31 December 2013	18,779,163	1,958,267	-	2,076	20,739,506

* Goodwill impairment due from affiliates and associated companies

In the years ended 31 December 2013 and 2012, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts receivable	Receivables from associates	Other receivables	Total
As of 1 January 2012	5,065,455	14,766,477	2,092,887	3,972,534	25,897,353
Change in perimeter	3,070,971	12,027,509	2,031,969	3,235,001	20,365,450
Exchange rate adjustment	(159,921)	(70,557)	-	(1,454)	(231,932)
Increases (Note 6)	562,170	2,702,789	(21,155)	42,687	3,286,491
Reversals (Note 5)	(105,319)	(5,070,073)	-	(561,667)	(5,737,059)
Direct utilisations	(1,535,522)	(948,527)	(4,103,702)	(359,727)	(6,947,478)
Transfers	-	84,545	-	-	84,545
As of 31 December 2012	6,897,834	23,492,163	(1)	6,327,374	36,717,370
Exchange rate adjustment	(479,394)	(239,811)	-	(10,750)	(729,955)
Increases (Note 6)	1,826,548	2,589,384	-	669,518	5,085,450
Reversals (Note 5)	(208,961)	(2,453,875)	-	(37,856)	(2,700,692)
Direct utilisations	(188,233)	(215,468)	-	(106,318)	(510,019)
Transfers	(1)	3,848,211	1	47,242	3,895,453
As of 31 December 2013	7,847,793	27,020,604	-	6,889,210	41,757,607

23. Inventories

As of 31 December 2013 and 2012 the caption Inventories comprised:

Amounts in Euro	31-12-2013	31-12-2012
Raw materials	186,954,515	203,851,631
Work in progress	14,356,422	10,103,543
Byproducts and waste	1,057,351	1,487,801
Finished and intermediate products	92,341,926	95,505,583
Goods for resale	4,818,888	4,843,015
Advances to inventories' suppliers	114,915	1,538,059
	299,644,017	317,329,632

Note: The presented figures are net of impairment losses (Note 22)

24. Receivables and other current assets

As of 31 December 2013 and 2012 the caption Receivables and other current assets comprised:

Amounts in Euro	31-12-2013	31-12-2012
Accounts receivable	251,299,615	247,596,655
Accounts receivable - related parties (Note 35)	2,678,984	31,094
Derivative financial instruments (Note 34)	809,343	1,096,619
Other receivables	9,176,497	28,420,439
Accrued income	5,870,869	2,527,891
Deferred costs	10,826,906	11,253,204
	280,662,214	290,925,902

Note: The presented figures are net of impairment losses

As of 31 December 2013 and 2012, Other receivables comprised:

Amounts in Euro	31-12-2013	31-12-2012
Other receivables		
Advance payments to suppliers	2,447,244	2,783,945
Financial incentives to be received	161,930	620,062
Others	6,567,323	25,016,432
	9,176,497	28,420,439

As of 31 December 2013 and 2012, captions Accrued income and Deferred costs comprised:

Amounts in Euro	31-12-2013	31-12-2012
Accrued income		
Interest receivable	815,153	712,667
Other	5,055,716	1,815,224
	5,870,869	2,527,891
Deferred costs		
Insurance	271,704	246,408
Rents and leases	311,908	330,553
Post-employment plans	351,494	-
Other	9,891,800	10,676,243
	10,826,906	11,253,204
	16,697,775	13,781,095

In 2013, the Portucel Group completed the steps necessary for the conversion of defined benefit plans in existing subsidiaries Soporcel, SA, PortucelSoporcel Forest, SA, Empremedia, SA, Raiz and PortucelSoporcel Lusa, SA, converting them into defined contribution plans for current employees of the Group and maintaining the rights acquired by former employees as defined benefit. The total liability for acquired rights to defined benefit was funded until 31 December, 2013.

On 31 December, 2013, the excess funding for some of the funds allocated to the defined benefit plans referred to above, totalling Euro 351,494, that were recognised as current assets by enabling secure a lower need for future contribution by the Group to finance those pension schemes.

25. State and other public entities

At 31 December 2013 and 2012, there were no arrears debts to the State and other public entities.

The balances relating to these entities were as follows:

Current assets

Amounts in Euro	31-12-2013	31-12-2012
Corporate Income Tax - IRC	5,560,418	10,350,933
Personnel Income Tax- withheld on salaries	92,547	116,753
Value added tax	10,525,313	22,211,480
Value added tax - refunds requested	48,205,017	47,079,100
Other	336,559	753,663
	64,719,854	80,511,929

Current liabilities

Amounts in Euro	31-12-2013	31-12-2012
Corporate Income Tax - IRC	13,866,638	3,610,306
Personnel Income Tax- withheld on salaries	21,333,310	22,494,138
Value added tax	35,617,762	46,731,291
Social Security	3,758,904	3,381,730
Additional tax payments	72,999,271	73,598,135
Other	1,422,821	746,822
	148,998,706	150,562,422

The amount of Euro 14,111,051 (2012: Euros 12,239,735) recorded under the caption Personnel income tax-withheld on salaries is due to the withholding made on the amounts paid to Semapa Board members regarding the last payment of the revoked pension plan deliberated on December 2012 .

As of 31 December 2013 and 2012, the caption Corporate Income tax - IRC comprise:

Amounts in Euro	31-12-2013	31-12-2012
Year income tax	55,399,273	63,199,183
Exchange rate differences	(126,872)	(56,960)
Payments on account	(35,914,664)	(47,296,108)
Withholding tax	(5,710,695)	(9,437,865)
Prior years income tax	219,596	(2,797,944)
	13,866,638	3,610,306

The movement of provisions for additional tax liabilities , in the year ended 31 December 2013 and 2012 is as follows:

Amounts in Euro	31-12-2013	31-12-2012
Opening Balance	73.598.135	59.510.770
Increases	60.847.834	20.551.702
Decreases	(61.446.698)	(6.464.337)
	72.999.271	73.598.135

As of 31 December 2013 the additional tax liabilities are detailed as follows:

Amounts in Euro	31-12-2013
Pulp and paper segment	
Corporate Income Tax (RETGS) 2012	48,734,015
RFAI 2009 and 2010	9,520,985
Corporate Income Tax (Result of Liquidation) 2010	4,448,387
Others	923,590
Cement and derivatives segment	
Corporate Income Tax (RETGS) 2005	3,371,025
Corporate Income Tax (RETGS) 2013	4,100,000
Others	1,901,269
	72,999,271

26. Share capital and treasury share

As of 31 December 2013, Semapa share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of 1 Euro.

At 31 December 2013 and 2012 the following entities had substantial holdings in the company's capital:

Name	Number of shares	%	
		31-12-2013	31-12-2012
Longapar, SGPS, S.A.	21,505,400	18.17	18.17
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69	13.69
Sodim, SGPS, S.A.	15,657,505	13.23	13.23
Banco BPI, S.A.	12,009,004	10.15	10.15
Bestinver Gestión, SGIIC, S.A.	11,865,210	10.03	10.03
Norges Bank (The Central Bank of Norway)	5,649,215	4.77	4.77
Cimigest, SGPS, SA	3,185,019	2.69	2.69
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53	0.53
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45	0.45
Treasury Shares	5,447,975	4.60	4.60
Other shareholders with less than 2% participation	25,653,887	21.68	21.68
	118,332,445	100.00	100.00

As at 31 December 2013 Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. holds 5,447,975 treasury shares (2012: 5,447,975).

27. Reserves and retained earnings

As of 31 December 2013 and 2012 the captions Fair value reserves, Translation reserves and Other reserves comprised:

Amounts in Euro	31-12-2013	31-12-2012
Fair value of financial instruments	(12,961,836)	(18,931,308)
Other fair value reserves	(1,281,742)	(1,281,742)
Total amount of fair value reserves	(14,243,578)	(20,213,050)
Translation reserve	(49,274,921)	(25,322,950)
Legal reserves	23,666,489	23,666,489
Others reserves	901,147,950	929,933,490
Total amount of other reserves	924,814,439	953,599,979
Total	861,295,940	908,063,979

Fair value of financial instruments

The negative amount of Euro 12,961,863, net of deferred tax, shown under the caption Fair value of financial instruments, relates to the appropriation of the financial instruments fair value changes classified as hedging, described in Note 34, and accounted in accordance with the policy described in Note 1.13.

Translation reserve

The negative figure refers to the exchange differences appropriated by the Group, resulting from the financial statements translation of the companies operating outside the Euro zone, essentially Tunisia, Lebanon, Angola, USA (including net investment), United Kingdom, and Brazil.

Legal Reserve

Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve until this is equal to at least 20% of the issued capital, which is verified as of 31 December 2013. This reserve cannot be distributed unless in the event of the company's winding up; however, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

Other reserves

This caption corresponds to available reserves for distribution to shareholders constituted through the appropriation of prior years earnings. Following the purchase of 5,447,975 treasury shares in prior years, a reserve with the same amount has been made unavailable, in accordance with the applicable trade law. This book should be kept until the disposal of those shares.

Following the resolution of the General Assembly Meeting held on May 31, 2013, Semapa has distributed reserves to its shareholders amounting to Euros 28,785,540 in June 2013.

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.

As of 31 December 2013, the accumulated negative amount of these differences, regarding additional stake acquisition in subsidiaries, amounts to Euro 415,434,936.

Actuarial gains or losses

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption (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 2013, the group recorded actuarial losses, net of deferred taxes, amounting to Euro 6,518,979.

28. Deferred taxes

The following movement took place in the caption Deferred tax assets and liabilities during the year ended 31 December 2013:

Amounts in Euro	As of 1 January 2013	Exchange adjustment	Income Statement		Retained earnings	Transfers	Assets held for sale	Changes in perimeter	As of 31 December 2013
			Increases	Decreases					
Temporary differences originating deferred tax assets									
Tax losses carried forward	30.311.858	(66.812)	172.752.431	(29.400.432)	-	-	-	-	173.597.045
Taxed provisions	35.035.471	(527.609)	4.465.059	(4.917.452)	-	-	-	704.228	34.759.697
Fixed assets adjustments	78.961.709	-	16.379.437	(28.955.260)	-	-	-	141.506	66.527.392
Underfunding of pension funds	3.296.740	(9.331)	-	(3.229.386)	36.158	-	-	-	94.181
Financial Instruments	3.356.237	-	-	-	(1.532.731)	-	-	-	1.823.506
Deferred accounting gains on inter-group transactions	16.906.398	-	4.026.169	(269.410)	-	-	-	-	20.663.157
Valuation of biological assets	(4.804.893)	-	-	(2.649.273)	-	-	-	-	(7.454.166)
Depreciation of assets recognised under IFRIC 4	139.499	-	-	-	-	-	-	-	139.499
Fiscal investment incentives	15.143.501	-	-	(1.458.782)	-	-	-	-	13.684.719
Liabilities with retirement benefits	484.567	(33.517)	1.397	-	(2.909)	-	-	-	449.538
Liabilities with long service award	551.205	-	-	(16.541)	-	-	-	-	534.664
Retirement benefits not covered by an autonomus fund	6.739.721	-	-	(653.011)	(123.814)	-	-	-	5.962.896
Derecognition of government grants- Accounting policy harmonization	4.129.090	-	568.529	-	-	-	-	-	4.697.619
Liabilities for healthcare benefits	803.892	-	-	(399.862)	(69.279)	-	-	-	334.751
Other temporary differences	12.864.691	(84.140)	481.389	(162.671)	-	-	-	-	13.099.269
	203.919.686	(721.409)	198.674.411	(72.112.080)	(1.692.575)	-	-	845.734	328.913.767
Temporary differences originating deferred tax liabilities									
Fixed tangible asset revaluation	(43.331.149)	6.374.863	-	4.677.713	-	-	(8.727)	-	(32.287.300)
Retirements benefits	(1.511.448)	-	(686)	(64.282)	65.958	-	-	-	(1.510.458)
Derivative Financial Instruments	(106.308)	-	-	(169.999)	(196.321)	-	-	(293.140)	(765.768)
Fair Value of fixed assets	(392.105.347)	-	(1.583.281)	15.271.550	-	-	-	-	(378.417.078)
Tax Benefits	(101.219.133)	-	-	80.063.106	-	-	-	-	(21.156.027)
Extension of the useful life of the tangible fixed assets	(72.623.692)	387.029	(31.392.133)	16.349.174	-	-	-	(517.913)	(87.797.535)
Deferred accounting losses on inter-group transactions	(220.857.945)	450.248	(2.491.744)	210.761.116	-	-	-	-	(12.138.325)
Deferred tax gains	(904.480)	-	-	114.924	-	-	(55.294)	-	(844.850)
Harmonisation of depreciation criteria	(166.929.669)	1.981.946	(5.409.724)	-	-	-	-	-	(170.357.447)
Fair Value of intangible assets	(151.488.000)	-	-	-	-	-	-	-	(151.488.000)
Fair value of subsidiaries	(125.066.365)	9.196.111	-	5.808.622	-	-	(27.562)	-	(110.089.194)
Other temporary differences	(3.326.044)	-	-	100.676	-	15.509	-	-	(3.209.859)
	(1.279.469.579)	18.390.197	(40.877.568)	332.912.600	(130.363)	15.509	(91.583)	(811.053)	(970.061.840)
Deferred tax assets	60.858.404	(187.692)	46.127.599	(19.047.625)	(427.159)	-	-	266.405	87.589.932
Effect of change in tax rate	-	-	(2.838.976)	-	(52.625)	-	-	-	(2.891.601)
	60.858.404	(187.692)	43.288.623	(19.047.625)	(479.784)	-	-	266.405	84.698.331
Deferred tax liabilities	(455.206.346)	5.457.091	(17.109.137)	109.164.505	290.069	4.107	(32.390)	(255.480)	(357.687.581)
Effect of change in tax rate	-	-	19.206.700	-	(22.266)	-	-	213.352	19.397.786
	(455.206.346)	5.457.091	2.097.563	109.164.505	267.803	4.107	(32.390)	(42.128)	(338.289.795)

In the measurement of deferred taxes as at 31 December 2013, the corporate income tax rate used was 29.50%. This tax rate comprises the reduction of the nominal tax rate defined in the State Budget for 2014. As at 31 December 2012 the tax rate applied was 31.5%.

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended 31 December 2012:

Amounts in Euro	As of 1 January 2012	Exchange adjustment	Income Statement		Retained earnings	Transfers	Assets held for sale	Changes in perimeter	As of 31 December 2012
			Increases	Decreases					
Temporary differences originating deferred tax assets									
Tax losses carried forward	25.672.642	(24.929)	4.752.322	(6.830.820)	-	(12.235)	2.584.680	4.170.198	30.311.858
Taxed provisions	22.047.015	(177.501)	7.687.499	(5.643.040)	-	-	1.386.958	9.734.540	35.035.471
Fixed assets adjustments	103.087.110	-	763.860	(24.889.261)	-	-	-	-	78.961.709
Underfunding of pension funds	3.290.146	(3.304)	-	(100.013)	53.174	19.901	-	36.836	3.296.740
Financial Instruments	2.869.071	-	(35.835)	106.309	416.692	-	-	-	3.356.237
Deferred accounting gains on inter-group transactions	19.740.576	-	2.380.166	(6.015.808)	-	-	-	801.464	16.906.398
Valuation of biological assets	(6.757.352)	-	5.828.712	(3.876.253)	-	-	-	-	(4.804.893)
Depreciation of assets recognised under IFRIC 4	139.499	-	724.350	(724.350)	-	-	-	-	139.499
Fiscal investment incentives	16.602.389	-	-	(1.458.888)	-	-	-	-	15.143.501
Liabilities with retirement benefits	238.738	(6.027)	62.280	-	(34.669)	-	-	224.245	484.567
Liabilities with long service award	472.538	-	(591)	(375.340)	-	-	-	454.598	551.205
Retirement benefits not covered by an autonomous fund	4.093.269	-	-	(655.743)	(475.427)	(95.037)	-	3.872.659	6.739.721
Derecognition of government grants- Accounting policy harmonization	2.484.317	-	-	(499.228)	-	-	-	2.144.001	4.129.090
Liabilities for healthcare benefits	6.222.648	-	13.305	(10.702.952)	(888.444)	-	-	6.159.335	803.892
Other temporary differences	4.344.490	(2.997)	4.985.192	(544.607)	-	-	3.715	4.078.898	12.864.691
	204.547.096	(214.758)	27.161.260	(62.209.994)	(928.674)	(87.371)	3.975.353	31.676.774	203.919.686
Temporary differences originating deferred tax liabilities									
Fixed tangible asset revaluation	(8.556.186)	7.277.123	-	6.431.477	-	-	(10.444)	(48.473.119)	(43.331.149)
Retirements benefits	(905.515)	-	(12.270)	-	(593.663)	-	-	-	(1.511.448)
Derivative Financial Instruments	(802.996)	-	(106.309)	-	1.578.313	-	-	(775.316)	(106.308)
Fair Value of fixed assets	(407.376.897)	-	-	15.271.550	-	-	-	-	(392.105.347)
Tax Benefits	(97.102.975)	-	(37.305.883)	33.189.725	-	-	-	-	(101.219.133)
Extension of the useful life of the tangible fixed assets	(46.650.817)	148.302	(24.253.336)	-	-	-	-	(1.867.841)	(72.623.692)
Deferred accounting losses on inter-group transactions	(221.190.211)	42.723	(49.360.562)	54.684.752	-	-	-	(5.034.647)	(220.857.945)
Deferred tax gains	(502.626)	-	-	72.083	-	-	(2.128)	(471.809)	(904.480)
Harmonisation of depreciation criteria	(89.374.110)	706.656	(5.396.448)	-	-	-	-	(72.865.767)	(166.929.669)
Fair Value of intangible assets	(151.488.000)	-	-	-	-	-	-	-	(151.488.000)
Fair value of subsidiaries	(74.538.809)	2.707.307	-	8.798.023	-	-	(2.801.413)	(59.231.473)	(125.066.365)
Other temporary differences	(22.581.438)	(1)	-	19.537.901	-	(40.660)	-	(241.846)	(3.326.044)
	(1.121.070.579)	10.882.110	(116.434.808)	137.985.511	984.650	(40.660)	(2.813.985)	(188.961.818)	(1.279.469.579)
Deferred tax assets	61.643.040	(64.794)	1.385.516	(12.200.771)	(344.390)	(18.784)	1.013.253	9.445.334	60.858.404
Deferred tax liabilities	(339.427.148)	2.269.414	(35.700.684)	32.045.010	395.677	8.061	(655.099)	(114.141.577)	(455.206.346)

Deferred tax assets on tax losses carried forward

Deferred income tax assets resulting from tax losses are recognised to the extent that the realisation of the relevant tax benefit is probable by means of the existence of future taxable profits.

Deferred tax assets on tax losses carried forward by the Group, established until 2012, which can be offset against future taxable profits, as follows:

Amounts in Euro	31-12-2013	31-12-2012	Expiry date
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	171,687,431	-	2017
Interholding Investment B.V.	-	24,332,428	2013
Secil - Companhia Geral de Cal e Cimento, S.A.	-	5,112,968	2017
Cimentos Madeira, Lda.	337,146	228,917	2017
Margem - Companhia de Mineração	305,044	442,428	Undefined
Others	1,267,424	195,117	
	173,597,045	30,311,858	

29. Pensions and other post-employment benefits

As referred to in Note 1.22, the Group grants various post-employment benefits to its employees and their families.

The following is a breakdown of the obligations assumed and reflected in the Consolidated Balance sheet at 31 December 2013 and 2012:

31 December 2013	Pulp and paper	Cement and derivatives	Holdings	Total
Group liability for past services	69,207,041	27,361,654	1,355,943	97,924,638
Market value of the pension funds	(69,558,535)	(25,499,746)	-	(95,058,281)
Insurance policies	-	92,594	-	92,594
Reserve account (overfunding due to the change to a defined contribution plan)	-	(887,173)	-	(887,173)
Under / (overfunding) of pension funds liabilities	(351,494)	1,067,329	1,355,943	2,071,778
Other unfunded liabilities				
Healthcare assistance	-	514,795	-	514,795
Retirement and death liabilities	-	449,539	-	449,539
Long-service award liabilities	-	534,666	-	534,666
Total unfunded liabilities	(351,494)	2,566,329	1,355,943	3,570,778

31 December 2012	Pulp and paper	Cement and derivatives	Holdings	Total
Group liability for past services	119,168,773	29,203,237	1,374,716	149,746,726
Pension funds	(117,050,324)	(27,491,958)	-	(144,542,282)
Insurance policies	-	94,868	-	94,868
Reserve account (overfunding due to the change to a defined contribution plan)	-	(1,012,191)	-	(1,012,191)
Under / (overfunding) of pension funds liabilities	2,118,449	793,956	1,374,716	4,287,121
Other unfunded liabilities				
Healthcare assistance	-	983,936	-	983,936
Retirement and death liabilities	3,196,228	484,567	-	3,680,795
Long-service award liabilities	-	551,207	-	551,207
Total unfunded liabilities	5,314,677	2,813,666	1,374,716	9,503,059

As of 31 December 2013 the Pulp and Paper segment presents an overfunding allocated to its liabilities, amounting to Euro 351,494 (Note 24).

Semapa

As at 31 December 2013, the amount of liabilities presented in the statement of financial position under the caption Pension and other post-employment benefits, regarding the segment Holdings, amounts to Euro 1,374,716 and corresponds to the liability of Semapa to one beneficiary who chose not to join the deliberation held in 27 December 2012.

Sub-group Portucel

This complement is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Soporcel, PortucelSoporcel Florestal, Empremédia, PortucelSoporcel Lusa and Raíz), including a survivor pension to the spouse and direct descendants.

To cover this liability, externally managed pension funds were set up, and the funds' assets are apportioned between each of the companies.

In 2013, the Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries Soporcel, PortucelSoporcel Florestal, Empremédia, PortucelSoporcel Lusa and Raiz, to defined contribution plans for the current employees, keeping the acquired benefits of former employees as defined benefit plans.

Given the conversion, in 31 December 2013 the Group recognized a decrease in the liabilities related to defined benefit plans, together with a decrease in the corresponding plan funds that will be partially allocated to the initial constitution of the defined contribution plans.

After this change, the Group's liabilities related to post-employment defined benefit plans only regard the 13 Portucel employees that chose not to accept the conversion to defined contribution plan, together with former employees, retirees or, when applicable, with granted rights. This possibility of choice arise from the Company Agreement in force in Portucel.

Furthermore, Portucel, S.A. had been assuming a liability for a retirement bonus, equal to 6 months of salary, in case the employee retired on the regular retirement age (65 years). In 2013, with the renegotiation of Portucel's

Company Agreement together with the Social Benefit Regulation, signed by the Workers Committee and by all the Labour Unions, and considering the new effective retirement age (66 years), this benefit was extinguished.

As of 31 December 2013, the liability related with post-employment benefit plans for members of Portucel's Board of Directors was Euro 2,532,130 (31 December 2012: Euro 2,439,412).

Secil sub-group

In September 2010, the constitutive contract of Secil's Pension Fund was amended, which is now designated by Pension Fund Group Secil, fully replacing the previous contract and in force as at 1 January 2010.

The Pension Fund Group Secil comprises Secil and the subsidiaries:

- (i) CMP – Cimentos Maceira e Pataias, S.A. and Unibetão – Industrias de Betão Preparado, S.A. whose funds were incorporated (and simultaneously extinguished) into Secil Pension Fund;
- (ii) Cimentos Madeira, Lda. , which integrated (and extinguished simultaneously) their insurance policy in the pension fund Secil
- (iii) Britobetão – Central de Betão, Lda., Secil Britas, S.A., Quimipetra – Secil Britas, Calcários e Derivados, Lda., Beto Madeira, S.A., Brimade, S.A. e Eurobetão – Betão Pronto, S.A. .

Cimentos Madeira amended with effect to 1 January 2012 the post-employment benefits, namely the supplement to retirement, early retirement and survivor pensions, to a defined benefit contributions plan.

The defined contribution pension plan include all employees who in 1 January 2012, had a permanent contract (and who are covered by the defined benefit pension scheme in force at the company) and all new permanent employees since that date. This is also applicable to members of the board of directors.

In the constitution for the defined-contribution plan of Cimentos Madeira an allocation was made for the respective fund net assets for those entities with funds in place. A surplus was computed after the allocation of obligations for past services as at 31 December 2011 covered by the defined benefit pension schemes and defined contribution schemes and transferred to a reserve account allocated to the pension fund. The reserve account may be used to fund contributions, to cover pension plan management charges or to improve benefits.

Regarding Brimade, all permanent employees as at 1 July 2012 and all future hired employees will be entitled to the plan.

Defined-benefit plans

(i) Defined-benefit plans with funds managed by independent entities

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

Secil and its subsidiaries CMP - Cimentos Maceira e Pataias, S.A., Unibetão- Industrias de Betão Preparado, S.A., Cimentos Madeira, Lda., Betomadeira, S.A. and Société des Ciments de Gabes have assumed the commitment to pay their employees amounts by way of complementary old age, disability, early retirement and survivors' pensions and a retirement subsidy.

The liabilities arising from these plans are guaranteed by independent funds, administered by third parties, or covered by insurance policies.

These plans are valued every six months, at the dates of closing of the interim and annual financial statements, by specialised and independent entities, using the projected unit credit method.

(ii) Defined-benefit plans managed by the Group

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

The responsibilities of Secil's retirees in 31 December 1987 (date of incorporation of Pension Fund) are guaranteed directly by Secil. However, since 26 June 2012 the responsibilities of Cimentos Madeira, Lda,

Betomadeira - Betões and Britas da Madeira, S.A. related to all retirees and pensioners that were receiving a pension in 1 July 2012, were transferred to Cimentos Madeira defined benefit pension plan incorporated in Secil's Pension fund.

These plans are also valued every six months by specialized and independent entities using the method for calculating capital coverage corresponding to single premiums of the immediate life annuities in the valuation of the liabilities to current pensioners and the projected unit credit method for valuing liabilities relating to current employees.

LIABILITIES FOR HEALTHCARE

Secil and its subsidiaries CMP – Cimentos Maceira e Pataias, S.A. and Cimentos Madeira, Lda., provide to their employees a healthcare scheme which supplements the official health services and which is available to their families, pre-retired and retired staff and widows, through an insurance contract.

LIABILITIES FOR RETIREMENT AND DEATH BENEFITS

Secil and its subsidiaries, hereafter identified, assumed the commitment to its employees to pay an old-age retirement and disability subsidy and a death subsidy, with the following attribution criteria:

- at Secil Angola, S.A.R.L. and Secil Lobito, S.A., (Angola) on retirement date and in terms of the General Labour Law no. 2/2000, a retirement subsidy equivalent to one quarter of the last salary multiplied by the number of years' service within the company;
- at Société des Ciments de Gabes (Tunisia), on retirement date and in terms of the General Labour Agreement, article no. 52, a retirement subsidy representing: (i) 2 months of the last salary if the worker has less than 30 years' service to the company, and (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

Secil and CMP – Cimentos Maceira e Pataias, S.A. assumed the commitment to its employees to pay a subsidy on death of current employee, equal to one month's last salary earned.

LIABILITIES FOR LONG-SERVICE AWARDS

Secil and its subsidiaries CMP – Cimentos Maceira e Pataias, S.A. have assumed the commitment to pay their employees bonuses to those who attain 25 years of service, which are paid in the year that employee reaches the number of years of service within the company.

Assumptions used in the valuation of liabilities

The actuarial studies conducted by independent entities with reference to 31 December 2013 and 2012 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	31-12-2013	31-12-2012
Social Benefits formula	Decree-Law n ^o 187/2007 of May 10	Decree-Law n ^o 187/2007 of May 10
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate - Group Secil	1,00%	1,50%
Wage growth rate - other companies	2,00%	2,00%
Technical interest rate	4,50%	5,00%
assets rate of return	4,50%	5,00%
Pensions growth rate - Group Secil	0,45%	0,90%
Pensions growth rate - other companies	1,75%	1,75%
Semapa pensions reversability rate	50,00%	50,00%
Number of Semapa complement annual payments	12	12
Healthcare costs growth rate	4,60%	4,60%
Cost to the health insurance	300,00	300,00

As at 31 December 2013, the Group revised the technical interest rate used in calculating the post-employment liabilities from 5% to 4.5%.

Healthcare costs growth rate of 4,60% was calculated based on the following assumptions:

- Inflation rate: 2%
- Historical difference between general consumers' price index (initials in Portuguese IPC) and the index for health: 0,10%
- Cost to health insurance (related to actual cost to health insurance increase, showing insurance companies' margin): 2,50%

The rate of the expected return on assets was determined based on the historical monthly returns (over the last 20 years) for the different types of assets integrating the strategic allocation of the pension's fund.

The following table presents five-year historical information on the present value of liabilities, funds' market value, non-financed liabilities and net actuarial gains/ (losses).

Information related to the last five years were as follows:

Amounts in Euro	2009	2010	2011	2012	2013
Present value of liabilities	272,313,818	246,197,433	247,545,062	155,057,532	99,516,232
Fair value of plan assets and reserve account	151,828,873	119,815,373	120,542,657	145,554,473	95,945,454
Surplus / (deficit)	(120,484,945)	(126,382,060)	(127,002,405)	(9,503,059)	(3,570,778)
Net actuarial gains / (losses)	10,244,403	(4,990,550)	1,060,676	11,654,475	(6,786,377)

FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During 2013 and 2012, fund's assets/insurance policies registered the following movements:

Amounts in Euro	31-12-2013		31-12-2012	
	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	144,542,282	176,799	119,097,467	1,179,025
Change in consolidation perimeter	-	-	13,816,620	1,132,788
Curtailment and/or settlement	-	-	(3,943,060)	-
Conversion to defined contribution plans	(54,863,112)	-	-	-
Exchange rate adjustment	-	(17,366)	90,669	(10,421)
Endowments made in the year	4,883,979	41,114	10,868,537	50,011
Differences between actual and expected returns	6,349,031	9,904	4,987,311	-
Expected return	789,969	-	4,325,557	-
Pensions paid	(6,643,868)	-	(6,796,103)	-
Retirement charged	-	(27,939)	-	(79,320)
Transfer of liabilities to the pension fund	-	-	2,095,284	(2,095,284)
Closing balance	95,058,281	182,512	144,542,282	176,799

As at 31 December 2013 and 2012, fund's assets were made up as follows:

Amounts in Euro	31-12-2013	%	31-12-2012	%
Shares	9,976,519	10.5%	28,264,660	19.6%
Bonds	70,220,121	73.9%	69,639,065	48.2%
Government bonds	7,266,399	7.6%	7,422,829	5.1%
Real estate	328,789	0.3%	217,020	0.2%
Liquidity	6,836,363	7.2%	38,498,894	26.6%
Others	430,090	0.5%	499,814	0.3%
	95,058,281	100.0%	144,542,282	100.0%

Obligations for pension plans and other post-employment benefits

Movements occurred in net liabilities assumed by the Group, shown in the consolidated balance sheet as of 31 December 2013, are as follows:

Amounts in Euros	Opening balance	Exchange adjustment	Curtailments and settlements	Profit and losses	Actuarial gains and losses	Payments	Conversion to defined contribution plans	Closing balance
Post-employment benefits								
Assumed by the group	8.114.434	-	-	377.055	(86.041)	(1.086.611)	-	7.318.837
Autonomous fund	141.632.292	-	(1.809.848)	6.455.843	6.193.889	(6.643.867)	(55.222.508)	90.605.801
Insurance policy	94.868	(9.330)	-	13.510	35.323	(41.777)	-	92.594
Retirement and death	3.680.795	(33.518)	(3.144.296)	419.416	(377.191)	(95.667)	-	449.539
Healthcare assistance	983.936	-	-	36.302	(69.279)	(436.164)	-	514.795
Long service award	551.207	-	-	73.255	(89.796)	-	-	534.666
	155.057.532	(42.848)	(4.954.144)	7.375.381	5.606.905	(8.304.086)	(55.222.508)	99.516.232

Costs incurred in pensions and other post-employment benefits

As of 31 December 2013 costs incurred in pensions and other post-employment benefits, were detailed as follows:

Amounts in Euro	31-12-2013				
	Current services	Interest cost	Expected return on the plan assets	Curtailments and settlements	Impact in the profit for the year
Post-employment benefits					
Assumed by the Group	-	377,055	-	-	377,055
Autonomous Fund	2,369,086	7,212,740	(12,441,914)	1,339,117	(1,520,971)
Retirement and Death	32,440	44,775	(5,432)	(1,736)	70,047
Healthcare assistance	13,401	22,901	-	-	36,302
Long-service award	725,954	26,676	28,994	(3,153,926)	(2,372,302)
Contributions to defined contribution plans	1,804,059	-	-	-	1,804,059
	4,953,050	7,698,788	(12,427,593)	(1,816,545)	(1,592,300)

Amounts in Euro	31-12-2012				
	Current services	Interest cost	Expected return on the plan assets	Curtailments and settlements	Impact in the profit for the year
Post-employment benefits					
Assumed by the Group	867,625	5,216,622	-	(19,097,434)	(13,013,187)
Autonomous Fund	2,602,348	7,890,403	(9,374,355)	2,778,139	3,896,535
Retirement and Death	30,834	44,653	-	(9,351)	66,136
Healthcare assistance	165,367	517,417	-	(10,796,311)	(10,113,527)
Long-service award	26,672	31,195	-	(108,091)	(50,224)
Contributions to defined contribution plans	1,016,336	-	-	-	1,016,336
	4,709,182	13,700,290	(9,374,355)	(27,233,048)	(18,197,931)

Actuarial Gains/ (losses) in the Statement of comprehensive consolidated income

Actuarial gains and losses recognised in the year 2013 and 2012, in the statement of comprehensive consolidated income, are detailed as follows:

Amounts in Euro	Assumptions change	Other gains and losses	Gross value	Deferred taxes	Impact on equity
Post-employment benefits					
Assumed by the Group	(37.773)	123.814	86.041	(39.051)	46.990
Autonomous Fund	(4.061.185)	(2.883.420)	(6.944.605)	333.643	(6.610.962)
Retirement and Death	-	2.908	2.908	(6.126)	(3.218)
Healthcare assistance	-	69.279	69.279	(21.068)	48.211
	(4.098.958)	(2.687.419)	(6.786.377)	267.398	(6.518.979)

30. Provisions

During the course of the years ended 31 December 2013 and 2012, the following movements took place in the caption Provisions:

Amounts in Euro	Legal claims	Tax claims	Environmental restauration	Others	Total
As of 1 January 2012	1,354,226	5,433,036	3,438,901	25,679,117	35,905,280
Change in consolidation perimeter	-	-	3,324,421	7,765,245	11,089,666
Increases (Note 6)	18,533	-	15,327	13,261,509	13,295,369
Reversals (Note 6)	(109,635)	(5,433,036)	(103,220)	(17,158,027)	(22,803,918)
Direct utilisations	-	-	(13,087)	(3,180,473)	(3,193,560)
Exchange adjustments	-	-	(289)	(51,053)	(51,342)
Financial discounts	-	-	295,234	(18,488)	276,746
As of 31 December 2012	1,263,124	-	6,957,287	26,297,830	34,518,241
Change in consolidation perimeter	-	-	-	891,362	891,362
Increases (Note 6)	131,396	-	-	20,903,422	21,034,818
Reversals (Note 6)	(86,511)	-	(119,981)	(6,715,336)	(6,921,828)
Direct utilisations	-	-	(51,528)	(3,303,819)	(3,355,347)
Exchange adjustments	-	-	(630)	(209,482)	(210,112)
Financial discounts	-	-	356,093	-	356,093
Transfers and adjustments	-	30,700,077	-	(829,285)	29,870,792
As of 31 December 2013	1,308,009	30,700,077	7,141,241	37,034,692	76,184,019

The amount shown as Others related to provisions for multiple risks, which may originate cash outflows in the future.

The amount stated as Tax claims results from the Group's judgement at the date, about the potential disagreement with the fiscal authorities, considering most recent updates about this events.

31. Interest-bearing liabilities

As of 31 December 2013 and 2012, Group's net debt was as follows:

Amounts in Euro	31-12-2013	31-12-2012
Interest-bearing liabilities		
Non-current	1.929.394.235	1.681.677.079
Current	250.603.409	333.104.559
	2.179.997.644	2.014.781.638
Cash and cash equivalents		
Cash	395.801	356.386
Short term bank deposits	147.207.492	30.389.153
Other	518.742.013	382.930.541
	666.345.306	413.676.080
Market Value of shares held by the Group	188.865.104	148.106.042
Interest bearing net debt	1.324.787.234	1.452.999.516

Non-current interest-bearing liabilities

As of 31 December 2013 and 2012, non-current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Non-current		
Bond loans	1,254,323,428	873,695,261
Commercial paper	211,400,000	199,450,000
Bank loans	470,564,637	606,622,825
Expenses with loans issuing	(18,234,186)	(10,651,043)
Interest-bearing bank debt	1,918,053,879	1,669,117,043
Financial leases	4,231,839	3,818,485
Other loans - QREN	7,108,517	8,741,551
Other interest-bearing debts	11,340,356	12,560,036
Non current interest-bearing liabilities	1,929,394,235	1,681,677,079

Bond loans

As of 31 December 2013 and 2012, current and non-current bond loans were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Bond Loans		
Portucel 2010 / 2015	100,000,000	100,000,000
Portucel 2010 / 2015 - 2nd emission	100,000,000	100,000,000
Portucel Senior Notes 2020	350,000,000	-
Portucel 2005 / 2013	-	200,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
SBI 2007 / 2017	40,000,000	40,000,000
Semapa 2012 / 2015	300,000,000	300,000,000
Secil 2012 / 2017	60,000,000	60,000,000
Secil 2013 / 2016	40,000,000	-
Secil 2013 / 2018	40,000,000	-
NSOSPE	39,323,428	48,695,261
	1,294,323,428	1,073,695,261

In May 2013, Portucel performed an international bond issue amounting to Euro 350,000,000, which matures in 7 years. This issue is designated "Portucel Senior Notes due 2020".

In May 2013, Secil performed two bond loans amounting to Euro 40,000,000 each, designated by "Secil - 2013 /2016" and "Secil - 2013 /2018", with the first one maturing in a single reimbursement in 2016 and the other with 3 reimbursements starting in 2016.

In 2012, Semapa issued a bond loan amounting to Euro 300,000,000 with a maturity of three years (2015), listed on Euronext Lisbon under the heading "Obrigações Semapa 2012/2015".

Also, during 2012, the subsidiary NSOSPE (Brazil) issued debenture loans amounting to Real 128,100,000 with a maturity of 5 years (2017).

Semapa SGPS, S.A. has two bond loans amounting Euro 50,000,000 and Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016".

In February 2010, Portucel contracted an additional bond loan designated "Obrigações Portucel - 2010 /2015 - 2ª Emissão" with an amount of Euro 100,000,000, with a single reimbursement upon maturity on February 2015.

Commercial paper

In 2013, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 100,000,000 with 7 years maturity which amounts Euro 60,000,000 as at 31 December 2013.

In 2006, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 151,400,000 as at 31 December 2013.

Semapa and ETSA – Investimentos SGPS S.A. contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years. As at 31 December 2013, no issues were in place.

In December 2012, Portucel contracted a new commercial paper program amounting to EUR 50,000,000, maturing in three and a half years from the date of the contract, and that is underwritten by the bank. As at 31 December 2013, no issues were in place.

Additionally, also in December 2012, Portucel contracted another commercial paper program amounting to Euros 125,000,000, maturing in three years and that is underwritten by the bank. As at 31 December 2013, the amount of Euros 125,000,000 was fully utilised.

Maturity of bond loans and other loans

The reimbursement terms relating to the balance recorded on bond, commercial paper, bank and other medium and long-term loans is shown as follows:

Amounts in Euro	31-12-2013	31-12-2012
1 to 2 years	686,837,207	184,464,261
2 to 3 years	521,202,430	719,786,602
3 to 4 years	203,513,020	494,181,811
4 to 5 years	42,848,633	175,709,873
More than 5 years	488,995,292	114,367,090
	1,943,396,582	1,688,509,637

Current interest-bearing liabilities

As of 31 December 2013 and 2012, current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Current		
Bond loans	40,000,000	200,000,000
Bank loans	184,417,618	110,881,672
Interest-bearing bank debt	224,417,618	310,881,672
Shareholders short-term loans	11,789,356	5,074,358
Financial leases	986,498	1,063,241
Other loans - QREN	1,811,398	1,143,146
Other debts	11,598,539	14,942,142
Other interest-bearing debts	26,185,791	22,222,887
Current interest-bearing liabilities	250,603,409	333,104,559

As of 31 December 2013 and 2012, current and non-current bank loans were as follows:

Amount in Euro	31-12-2013	31-12-2012	Reference rate
Non-current			
Holdings			
NCG Bank	-	8.000.000	Euribor 3m
Caixa Geral de Depósitos	50.000.000	100.000.000	Euribor 6m
Banco BIC	14.285.715	-	Euribor 3m
Cement and derivatives segment			
Amen Bank	4.246.069	5.525.117	TMM
Banco Espírito Santo	714.287	31.428.572	Euribor 6m
Banco Santander Totta	63.274.190	65.133.739	Several
Banco Caixa de Crédito Agrícola	-	25.000.000	Several
Banque Mediterranee	7.880.347	4.907.924	Several
UBCI Credit	4.677.205	6.561.462	TMM
Banco BRDE	952.247	196.774	Several
Banco Volkswagen	433.612	81.626	-
Banco Itaú	3.283.105	-	Several
Other	43.677.701	77.212.282	Several
Paper and pulp segment			
BEI	129.642.856	149.345.238	Euribor 6m
Banco Santander Totta	125.000.000	125.000.000	Euribor 6m
Banco do Brasil	15.000.000	-	Euribor 6m
Environment segment			
Banco BPI	4.000.000	3.250.000	Euribor 3m
Banco Espírito Santo	1.000.000	1.800.000	Euribor 3m
Banco Santander Totta	-	750.000	Euribor 3m
Caixa Económica Montepio Geral	125.000	375.000	Euribor 6m
Other	2.372.303	2.055.091	-
	470.564.637	606.622.825	
Current			
Holdings			
Banco BPI	2.500.000	600.000	Euribor 1m
NCG Banco	8.000.000	4.000.000	Euribor 6m
Caixa Geral de Depósitos	50.000.000	333.469	Euribor 6m
Caixa Económica Montepio Geral	935.000	5.000.000	Euribor 3m
Fortis Bank	-	15.000.000	Euribor 3m
Banco BIC	5.714.285	-	Euribor 3m
Cement and derivatives segment			
Banco Espírito Santo	3.214.286	714.286	Euribor 6m
Banco Santander Totta	40.555.182	516.194	Euribor 6m
Banco Itaú	9.285.340	2.353.158	-
Banco Bradesco	97.443	11.301.453	-
Banco Safra	849.075	2.282.967	-
Other loans	33.317.284	33.351.221	Several
Paper and pulp segment			
Caja Duero	19.702.381	19.744.522	Euribor 6m
Environment segment			
Banco BBVA	1.417.593	147.315	Euribor 3m
Banco BPI	6.000.000	3.750.000	Euribor 3m
Banco Espírito Santo	800.000	6.450.000	Euribor 3m
Banco Santander Totta	1.750.000	2.000.000	Euribor 3m
Caixa Geral de Depósitos	-	1.547.420	Euribor 3m
Caixa Económica Montepio Geral	250.000	750.000	Euribor 3m
Other	29.750	1.039.667	Euribor 3m
	184.417.618	110.881.672	
	654.982.255	717.504.497	

Market values of shares held by the Group

As of 31 December 2013 and 2012, the market value of shares held by the Group used in the above calculation of interest bearing net debt, was detailed as follow:

Amounts in Euro	31-12-2013	31-12-2012
Treasury shares held by Semapa	44,346,517	30,998,978
Treasury shares held by Portucel	142,143,848	108,026,503
BES shares	117,121	100,889
EDP shares	-	8,979,672
	186,607,486	148,106,042

Liabilities related to financial leasing

As of 31 December 2013 and 2012, the Group's debt-repayment terms relating to finance leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), are shown as follow:

Amounts in Euro	31-12-2013	31-12-2012
Less than 1 year	1,138,520	1,241,135
1 to 2 years	1,036,943	1,081,794
2 to 3 years	1,001,755	838,169
3 to 4 years	965,984	776,877
4 to 5 years	1,011,603	702,887
More than 5 years	525,104	834,659
	5,679,909	5,475,521
Future interest	(461,572)	(593,795)
Liabilities present value	5,218,337	4,881,726

As at 31 December 2013, Group's assets acquired under financial lease , was as follows:

Amounts in Euro	31-12-2013		
	Acquisition Value	Accumulated Depreciation	Net Book Value
Machinery and equipment	4,365,548	(1,679,936)	2,685,612
Machinery and equipment - IFRIC 4 (Note 17)	14,000,000	(6,432,433)	7,567,567
Transport equipment	1,048,032	(745,816)	302,216
	19,413,580	(8,858,185)	10,555,395

As at 31 December 2012, Group's assets acquired under financial lease , was as follows:

Amounts in Euro	31-12-2012		
	Acquisition Value	Accumulated Depreciation	Net Book Value
Machinery and equipment	4,641,114	(1,299,133)	3,341,981
Machinery and equipment - IFRIC 4 (Note 17)	58,003,950	(41,209,465)	16,794,485
Transport equipment	1,680,575	(1,056,351)	624,224
	64,325,639	(44,643,986)	19,681,653

In 2010, with the launch of the new paper mill, the Group recognised as a finance lease contract (IFRIC 4) the cost of the precipitated calcium carbonate production unit, installed by Omya, S.A. at the industry site in Setubal for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About The Future, S.A., upon its termination, at 2016.

Bank credit facilities granted and not drawn

At 31 December 2013 and 2012, bank credit facilities granted and not drawn amounted to Euro 466,618,055 and Euro 318,903,646 respectively.

Financial Covenants

For certain types of financing operations, there are commitments to maintain certain financial ratios within previously negotiated limits. The existing covenants are clauses of Cross default, *Pari Passu*, Negative pledge, Ownership-clause, clauses related to group's activities maintenance, financial ratios, mainly Net debt/ EBITDA, interest coverage, indebtedness and financial autonomy and fulfilment of regular financial contracts' obligations (operational, legal and tax obligations), common in loan agreements and fully known in the market.

Additionally, the group was complying with the financial ratios limits imposed under its financing contracts, as of 31 December 2013 and 2012.

32. Payables and other current liabilities

As of 31 December 2013 and 2012, the caption Payables and other current liabilities comprised:

Amounts in Euro	31-12-2013	31-12-2012
Accounts payable to suppliers	203,371,083	180,026,986
Accounts payable to suppliers of fixed assets	8,636,198	11,801,711
Accounts payable to suppliers of fixed assets - Soporgen	1,468,551	3,827,166
Instituto do Ambiente	10,823,446	14,957,880
Derivative financial instruments (Note 34)	27,439,147	27,027,199
Other creditors	8,816,218	64,654,985
Related parties (Note 35)	2,844,476	2,642,398
Accrued costs	65,912,929	59,057,141
Deferred income	9,989,388	51,402,254
	339,301,436	415,397,720

At 31 December 2013 and 2012, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	31-12-2013	31-12-2012
Accrued costs		
Insurance costs	37,230	105,299
Payroll expenses	26,253,883	32,645,933
Interests payable	20,868,029	10,933,003
Accrued - energy costs	6,625,787	6,231,426
Transport services	802,295	1,259,434
Bank services	925,162	1,115,049
Audit fees	178,431	225,023
Consulting fees	2,291,568	-
IT Services	179,027	140,057
Other	7,751,517	6,401,917
	65,912,929	59,057,141
Deferred Income		
Government grants	5,382,301	49,338,748
Grants - CO2 emission allowances	3,814,584	1,531,321
Others	792,503	532,185
	9,989,388	51,402,254

In 2006 the Group Portucel and API- Agência Portuguesa para o Investimento (currently designated AICEP- Agência Portuguesa para o investimento e comércio externo) entered into four investment contracts (approved by Brussels in 2007) due to the construction of the new paper factory which began to operate in 2009. These contracts comprised financial and tax incentives amounting to Euro 74 million and Euro 102 million, respectively.

Therefore the caption government grants comprises Euro 5,355,737 classified as current liabilities in respect of such financial incentive contracts, being the remaining share amounting to Euro 37,840,641 recognised in non-current liabilities.

33. Assets and liabilities held for sale

Assets and liabilities held for sale are related with the acquisition of Uniconcreto – Betão Pronto, S.A. by the subsidiary Secil. The decision to dispose these assets and liabilities follows the imposition placed by the competition authority as well as the subsequent internal assessment carried out by the Group.

34. Financial assets and liabilities

As its activities are exposed to a variety of financial and operational risk factors, the Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with, these risks, namely the risk arising from the price of pulp, foreign exchange risk and interest rate risk.

In order to minimize the effects of exchange rate variations on Group's sales of pulp and paper's exports to non-European countries, financial instruments were contracted to hedge almost all items denominated in foreign currency in the consolidated balance sheet, as well as for a part of projected sales subject to currency risks.

In addition and in order to hedge interest rate risk, interest rate swaps and collars associated with bond loans have been contracted.

As of 31 December of 2013 and 2012, the reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities included therein is detailed as follows:

31 December 2013	Financial Instruments - trading	Financial instruments- hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interest- bearing liabilities	Non financial Assets/Liabilities
Amounts in Euro	Note 24	Note 24 / 32	Note 24	Note 20	Note 21	Note 32	
Assets							
Financial assets at fair value through profit or loss	-	-	-	482,923	-	-	-
Financial assets held-for-sale	-	-	-	-	346,257	-	-
Other non - current assets	-	-	6,111,194	-	-	-	-
Current assets	549,601	259,742	269,025,965	-	-	-	10,826,906
Cash and cash equivalents	-	-	666,345,306	-	-	-	-
Total assets	549,601	259,742	941,482,465	482,923	346,257	-	10,826,906
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,929,394,235	-
Other liabilities	-	-	-	-	-	-	48,021,571
Current interest-bearing liabilities	-	-	-	-	-	250,603,409	-
Current liabilities	-	27,439,147	-	-	-	289,580,904	22,281,385
Total liabilities	-	27,439,147	-	-	-	2,469,578,548	70,302,956

31 December 2012	Financial Instruments - trading	Financial instruments- hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interest- bearing liabilities	Non financial Assets/Liabilities
Amounts in Euro	Note 24	Note 24 / 32	Note 24	Note 20	Note 21	Note 32	
Assets							
Financial assets at fair value through profit or loss	-	-	-	9,026,930	-	-	-
Financial assets held-for-sale	-	-	-	-	226,921	-	-
Other non - current assets	-	-	3,113,802	-	-	-	-
Current assets	662,236	434,383	276,760,855	-	-	-	13,068,428
Cash and cash equivalents	-	-	413,676,080	-	-	-	-
Total assets	662,236	434,383	693,550,737	9,026,930	226,921	-	13,068,428
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,681,677,079	-
Other liabilities	-	-	-	-	-	-	15,616,661
Current interest-bearing liabilities	-	-	-	-	-	333,104,559	-
Current liabilities	-	27,027,199	-	-	-	285,431,989	102,938,532
Total liabilities	-	27,027,199	-	-	-	2,300,213,627	118,555,193

As of 31 December 2013 and 2012 the fair value of these assets and liabilities is similar to its book value.

The following table presents the Group's assets and liabilities measure at fair value as of 31 December 2013 and 2012 according to the following IFRS 7 hierarchic levels :

- Level 1: Fair value of financial instruments is based on prices ruling on active, liquid markets at the date of the balance sheet;
- Level 2: Fair value of financial instruments is not determined on the basis of active market prices, but rather resorting to valuation models. The main inputs of the models used are observable in the market, and

- Level 3: Fair value of financial instruments is not determined on the basis of active market prices, but rather resorting to valuation models, the main inputs of which are not observable in the market

Assets measured at fair value

Amounts in Euro	31-12-2013	Level 1	Level 2
Financial assets at fair value recognised in earnings			
Hedging (Note 24)	259.742	-	259.742
Financial assets at fair value through profit or loss			
Trading (Note 24)	549.601	-	549.601
Financial assets at fair value through profit or loss			
Shares (Note 20)	482.923	482.923	-
Financial assets held-for-sale			
Shares (Note 21)	346.257	346.257	-

Liabilities measured at fair value

Amounts in Euro	31-12-2013	Level 1	Level 2
Financial liabilities at fair value recognised in earnings			
Hedging (Note 32)	(27.439.147)	-	(27.439.147)
Financial liabilities at fair value through profit or loss			
Trading	-	-	-

Derivative financial instruments

As of 31 December 2013, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Changes in fair value (Trading)	Changes in fair value (Hedging)	Total
As of 1 January 2013	662,236	(26,592,816)	(25,930,580)
Maturity/settlement	-	4,169,315	4,169,315
Changes in fair value through profit and loss	(112,635)	(11,639,751)	(11,752,386)
Changes in fair value recognised in shareholders equity	-	6,883,847	6,883,847
As of 31 December 2013	549,601	(27,179,405)	(26,629,804)

Movement occurred in Derivative Financial Instruments caption

The fair value of derivative financial instruments is included under the caption Current payables (Note 32), if negative, and in the caption Current receivables (Note 24), if positive.

The movement in the balances presented in the years ended 31 December 2013 and 2012, relating to financial instruments were as follows:

Amounts in Euro	Amount	Maturity	31-12-2012			31-12-2011
			Positive	Negative	Net	Net
Hedging						
Interest rate collar (SWAP's)	225,000,000	2015	-	(11,075,860)	(11,075,860)	(15,981,137)
Coverage of net investment USD	25,050,000	2014	259,742	-	259,742	434,383
Hedging price of pulp and paper	12,181,858	2014	-	(38,316)	(38,316)	(456,221)
Interest rate swaps (SWAP'S)	165,000,000	2017	-	(5,571,693)	(5,571,693)	(6,122,614)
Interest and exchange rate swaps (BRL)	128,100,000	2017	-	(10,753,278)	(10,753,278)	(4,467,227)
			259,742	(27,439,147)	(27,179,405)	(26,592,816)
Trading						
Exchange rate forwards (EUR)	61,928,702	2014	549,601	-	549,601	662,236
			549,601	-	549,601	662,236
			809,343	(27,439,147)	(26,629,804)	(25,930,580)

Exchange rate coverage

The Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and sterling pounds (GBP). 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 which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the balance sheet items denominated in foreign currencies against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to other currencies 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. These instruments were not considered as hedging.

The nature of the risk hedged is the change in the carrying amount of sales and purchases expressed in foreign currencies. 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 change of the forwards negotiated.

As of 31 December 2013 the Company has in place financial foreign exchange instruments classified as trading with a notional amount of Euro 61,928,702 (31 December 2012: Euro 52,650,933). The fair value of these instruments as of 31 December 2013 was Euro 549,601 (31 December 2012: 662,236).

Coverage of Investment in foreign operations

The Group hedges the economic risk associated with the USD exchange rate exposure in its investment held on Portucel North America. For that purpose, the Group entered into a forward foreign exchange contract. In 31 December 2013, the Group had contracted an outstanding notional of USD 25,050,000.

This instrument is designated as a hedge of the net investment in the Group's US subsidiary, with fair value changes being recognised in other comprehensive income. As at 31 December 2013, the amount reflected in the Revaluation Reserve amounts to Euro 213,354.

Interest Rate – Coverage of cash flows

The Group hedges a portion of future interest payments on loans, commercial paper and bond loans, by engaging in an interest rate swap, in which pays a fixed rate and receives a variable rate and in interest rate collars limiting the net financial charges to a defined range. The instrument is designated as a cash flow hedge of the interest rate risk associated with the issued debt. Credit risk is not part of the hedging relationship.

These interest rate risk hedging is associated with interest payments at a variable rate due to interest-bearing liabilities recognised. The hedged risk is the variable rate index with which debt interest is associated. As at 31 December 2013, the total amount of loans with associated interest rate hedges (excluding the interest rate and exchange rate hedging described below) were Euro 390 million (2012: Euro 390 million).

This hedge is designated until the maturity of the hedging instruments.

Pulp Price – Coverage of cash flows

The Group hedges the price risk associated with future sales of pulp, through the use of collars on the price of pulp, which limits the sale price to a predetermined range. The instruments are designated as cash flow hedges of the price risk associated with future sales.

As at 31 December 2013, the total amount of future sales with price risk hedge is Euro 12,1 million. This hedge is designated until the maturity of the hedging instruments.

Currency Interest Rate Swaps

On 12 April 2012, Semapa Group, through its Brazilian subsidiary NSOSPE Empreendimentos e Participações S.A., issued a non-convertible bond issue with a variable interest rate in the amount of Real 128,1 million with maturity on 26 March 2017 (see Note 31 – Interest Bearing liabilities).

In order to manage currency interest rate risk inherent to the bond issued, three currency interest rate swaps with a notional amount of 128,1 million Reals, where Semapa pays a fixed flow in Euros and receives a variable flow in Real. The instrument is designated as hedge accounting of cash flows of foreign exchange and interest rate risks associated with the non-convertible bond issued. The credit risk is not hedge.

Available-for-sale financial assets

These amounts are recognised at fair value which corresponds to their market value, deducted from impairment losses, if any (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 2.1.3, 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).

35. Balances and transactions with related parties

As of 31 December 2013 and 2012, related parties receivables and payables comprised:

Amounts in Euro	31-12-2013			31-12-2012		
	Other receivables (Note 24)	Other payables (Note 32)	Interest-bearing liabilities (Note 31)	Other receivables (Note 24)	Other payables (Note 32)	Interest-bearing liabilities (Note 31)
Shareholders						
Cimo SGPS, S.A.	-	-	231,148	-	-	203,445
Longapar, SGPS, S.A.	-	1,160	7,192,833	-	-	4,870,913
OEM SGPS, S.A.	-	-	1,486,152	-	-	-
Cimigest, SGPS, S.A.	-	-	2,879,223	-	-	-
Other related entities						
Ave-Gestão Ambiental, S.A.	102,995	342,586	-	7,160	471,104	-
Cotif Sicar	-	19,560	-	-	21,612	-
Inertogrande	204,678	-	-	-	-	-
J.M.J. Henriques, Lda.	114,683	-	-	-	-	-
Secil Prebetão, S.A.	105,235	11,024	-	23,934	13,482	-
Secil Unicon - S.G.P.S., Lda.	22,164	185,707	-	-	-	-
Seribo, S.A.	-	305,476	-	-	229,275	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	479,084	-	-	12,638	-
Supremo Cimentos, S.A.	739,303	-	-	-	-	-
Margem - Companhia de Mineração, S.A.	663,581	-	-	-	-	-
Other related entities	2,312	18,180	-	-	14,528	-
Other subsidiaries shareholders	724,033	1,481,699	-	-	1,879,759	-
Total	2,678,984	2,844,476	11,789,356	31,094	2,642,398	5,074,358

As of 31 December 2013 and 2012, transactions between shareholders comprised:

Amounts in Euro	31-12-2013		31-12-2012	
	Service purchase	Financial costs (Note 10)	Service purchase	Financial costs (Note 10)
Shareholders				
Cimigest SGPS, S.A.	1,607,740	8,297	107,740	-
Cimo SGPS, S.A.	-	30,669	-	64,352
Longapar, SGPS, S.A.	-	228,694	-	242,966
OEM SGPS, S.A.	-	29,537	-	-
	1,607,740	297,197	107,740	307,318

As of 31 December 2013 and 2012, transactions between other related parties comprised:

Amounts in Euro	31-12-2013				
	Service purchase	Sales of goods	Services rendered	Operating income	Financial (losses)/gains
Other related entities					
Ave-Gestão Ambiental, S.A.	3,409,317	108,678	19,075	565,011	-
Secil Prebetão, S.A.	45,610	353,480	11,904	1,058	-
Secil Unicon - SGPS, Lda.	-	-	-	-	1,246
Setefrete, S.A.	2,197,148	-	-	29,574	-
Supremo Cimentos, S.A.	-	3,638,608	2,196,045	5,817	-
Margem - Comp. ^a Mineração, S.A.	-	-	-	661,971	-
Others	-	-	-	-	1,123
	5,652,075	4,100,766	2,227,024	1,263,431	2,369

Amounts in Euro	31-12-2012				
	Service purchase	Sales of goods	Services rendered	Operating income	Financial (losses)/gains
Other related entities					
Ave - Gestão Ambiental, S.A.	2,929,015	-	18,489	155,237	-
Secil Prebetão, S.A.	52,789	496,192	1,508	1,773	-
Setefrete, S.A.	3,178,984	-	-	15,692	-
Supremo Cimentos, S.A.	-	3,748,887	2,161,085	-	20,541
Others	-	-	-	-	16,489
	6,160,788	4,245,079	2,181,082	172,702	37,030

36. Joint Ventures

The Group owns 50% of Supremo Cimentos, S.A. (Brazil) and Secil Unicom, SGPS, Lda., which are incorporated in the consolidated financial statements using the proportional method.

Financial information of these entities, as at 31 December 2013, are as follows:

Amount in Euro	Supremo	Secil Unicom	Total 100%	Total 50%
Assets				
Non-current assets	191,605,779	136,113	191,741,892	95,870,946
Current assets	45,599,036	3,266,599	48,865,635	24,432,818
	237,204,815	3,402,712	240,607,527	120,303,764
Liabilities				
Non-current liabilities	89,590,455	1,273,690	90,864,145	45,432,073
Current liabilities	53,809,460	10,843,700	64,653,160	32,326,580
	143,399,915	12,117,390	155,517,305	77,758,653
Net equity	93,804,900	(8,714,678)	85,090,222	42,545,111

Amount in Euro	Supremo	Secil Unicom	Total 100%	Total 50%
Revenue	51,486,109	5,334,722	56,820,831	28,410,416
Operating profit	2,246,107	(2,364,562)	(118,455)	(59,228)
Profit before income tax	(1,193,707)	(3,032,282)	(4,225,989)	(2,112,995)
Profit for the year	(1,088,680)	(3,049,247)	(4,137,927)	(2,068,964)

37. Environmental related expenditures

As part of its business operations, the Group incurs in several environmental expenditure which, depending on their nature, are capitalised or recognised as costs in the operating results for the year.

Environmental expenses incurred by the Group in order to preserve resources or to avoid or reduce future damage, are capitalised when they are expected to extend the useful life or to increase the capacity, safety or efficiency of other assets held by the Group.

Expenditures capitalised and recognised as costs in the year ended 31 December 2013 and 2012, were as follows:

Amounts in Euro	2013			2012		
	Expenses of the period	Capitalisation of the period	Total	Expenses of the period	Capitalisation of the period	Total
Atmospheric emissions	967,130	2,643,482	3,610,612	906,449	3,994,031	4,900,480
Management of residual waters	58,329	496	58,825	38,157	-	38,157
Residual managements	1,562,626	6,690,176	8,252,802	1,521,267	1,905,358	3,426,625
Protection of soils and underground waters	1,332,535	65,227	1,397,762	1,420,818	40,592	1,461,410
Protection of Nature	510,009	37,201	547,210	786,641	156,582	943,223
Generator of the oil boiler	-	677,911	677,911	-	11,106	11,106
Liquid effluent treatment	10,997,849	-	10,997,849	4,560,405	93,312	4,653,717
Materials recycling	1,934,516	-	1,934,516	3,240,014	-	3,240,014
Expenses with electrofilters	592,635	-	592,635	256,828	-	256,828
Sewerage	41,309	-	41,309	22,068	-	22,068
Solid waste landfill	527,971	-	527,971	192,158	-	192,158
Other environmental protection activities	1,429,063	1,034,542	2,463,605	548,070	304,176	852,246
	19,953,972	11,149,035	31,103,007	13,492,875	6,505,157	19,998,032

CO2 emission allowances

As part of the Kyoto Protocol, the European Union has committed itself to reduce the greenhouse gases emissions. Within this context, a EU Directive was issued that foresees the trade of CO2 emission rights .This directive has been transposed to the Portuguese legislation with effect from 1 January 2005, and impacts amongst other industries , the cement and pulp and paper industries.

38. Audit fees

In the years ended 31 December 2013 and 2012, expenses with statutory audit and audit services, comprised:

Amounts in Euro	31-12-2013	31-12-2012
Statutory audit services		
Statutory auditors services	987.232	742.282
Auditor services in foreign subsidiaries	309.928	417.826
Tax consultancy services	106.638	197.855
Other reliability assurance services	260.892	120.266
	1.664.690	1.478.229

The services described as tax consultancy, mainly comprise 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 performed by the auditors.

39. Number of employees

At 31 December 2013 and 2012, the number of employees in service of the Group's various companies, was as follows:

Segment	31-12-2013	31-12-2012	Var. 13/12
Pulp and paper	2,258	2,275	(17)
Cement and derivatives	2,617	2,659	(42)
Environment	286	254	32
Holdings and others	22	20	2
	5,183	5,208	(25)

40. Commitments

As of 31 December 2013 and 2012, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Warranties		
IAPMEI (in the perimeter of QREN)	2,299,046	4,274,321
IVA - Refunds request	1,673,096	3,389,609
AT - Portuguese Tax Authorities	15,715,687	38,163,306
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,547,495	2,547,495
Direcção Geral de Alfândegas	854,414	800,000
APDL - Administração do Porto de Leixões	676,920	680,529
Simria	327,775	327,775
Instituto de Conservação da Natureza - Arrábida	454,958	280,639
Secretaria Regional do Ambiente e Recursos Naturais	274,595	199,055
IAPMEI (in the perimeter of PEDIP)	99,760	99,760
Comissão de Coordenação e Desenv. Regional Norte	236,421	236,403
Comissão de Coordenação e Desenv. Regional Centro	845,173	845,173
Comissão de Coordenação e Desenv. Regional LVT	994,338	994,338
Comissão de Coordenação e Desenv. Regional Algarve	480,804	480,804
Others	2,586,466	1,676,140
	30,066,948	54,995,347
Other commitments		
Of purchase		
Tangible fixed assets	35,869,718	97,499,402
Others	7,891,899	22,352,473
Forestry land rents	43,365,670	48,581,527
Mortgage loan guarantee	1,634,452	1,820,391
	88,761,738	170,253,793
	118,828,686	225,249,140

Semapa SGPS concluded a promise of a credits granting contract with a financial institution, in order to finance the acquisition of listed shares on the Euronext Lisbon 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 1.25.

This credit line was used up, on 31 December 2013 by the amount of Euro 100,000,000, having been given as security 50,917,005 Portucel shares.

Liabilities assumed due to operating leases

As of 31 December 2013 and 2012 debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	31-12-2013	31-12-2012
No more than one year	2.249.157	2.265.081
More than one year, less than five years	3.312.203	2.706.581
	5.561.360	4.971.662
Expenses in the period	3.510.046	2.584.663

41. Other commitments of the Group

Promissory liens

In 2010, Secil Martingança contracted an bank loan amounting to Euro 2,500,000 for the construction of the new plant located in Montijo having mortgaged, as of the same date, the plant land. As of 31 December 2013 the bank loan outstanding amounted to Euro 1,428,571.

Supremo Cimentos S.A. has mortgage regarding finance liabilities with BRDE amounting to Real 6,505,179 and Margem Companhia de Mineração owns a mortgage granted in the EKF above loan.

Investment in a new plant in Angola

In terms of the Memorandum of Understanding signed between the Angolan Government and the subsidiary Secil in April 2004, Secil – Companhia de Cimentos do Lobito, S.A. – approximately 51% held by the SECIL Group and, indirectly, 49% by the Angolan State - was incorporated on 29 November 2005 and commenced operations on 1 January 2006. Accordingly, the contract for the operation of the Encime do Lobito plant, between the Angolan State and Tecnosecil (now called Secil Angola) and which has been in force since September 2000, has now terminated.

Secil Lobito's share capital of USD 21,274,285 was paid up through the transfer of the tangible and intangible assets of Secil Angola and Encime U.E.E. respectively by the SECIL Group and by the Angolan Government at the amount resulting from the valuation carried out in October 2003 by an independent international audit firm.

In this Memorandum of Agreement, it was estimated that within a time horizon of 36 months commencing from the date the respective share capital was paid up, Secil Lobito would erect cement and clinker factory in Lobito.

On 26 October 2007, the Angolan Cabinet approved the Private Investment Project called the "Lobito New Cement Factory" involving an amount of USD 91,539,000, contracted on 14 December 2007, by Secil Lobito and by "ANIP – Agência Nacional para o Investimento Privado", the latter representing the Angolan state.

Furthermore, in 2008, an electric-power generating plant costing USD 18,000,000 was added to the investment.

However, at this time it has not yet been possible to commence the construction of the new plant by Secil Lobito.

Deposit Bail

The subsidiary Ciminpart sold, in 2012, his participation in VIROC to a Recovery Fund. In this process, Secil constituted a pledge over a bank deposit amounting to of Euro 1,250,000.

Issuance of Debentures (Brazil)

NSOSPE (Brazilian subsidiary owned by Semapa) issued a bond loan (in the form of debentures), amounting to Real 128,100,000, having Semapa assumed as commitments and guarantees related to that issue, as a pledge of shares representing the total share capital of NSOSPE, equity support agreement and a promissory note. Within the scope of this emission, NSOSPSE celebrated a derivative contract in order to hedge the currency risk and interest rate. Regarding this contract, Semapa committed to an Equity support agreement and a promissory note.

Fiduciary alienation

In November 2013 the Company Margem- Companhia de Mineração, fully owned by Supremo renewed two loans denominated "Cédulas de crédito bancário" amounting to Real 50 million each, to address the financial treasury needs, due to the construction of the new power plant in Adrianopolis. As security for this funding:

- Ciminpart S.G.P.S., S.A. and N.S.O.SP.E. as shareholders, proceeded to the fiduciary alienation of shares held in Supremo Cimentos, S.A.;
- Supremo Cimentos, S.A. proceed to the fiduciary alienation of the entire Margem- Companhia de Mineração shares.
- Secil rendered a promissory note and Semapa, a comfort letter as collateral up to a maximum amount equivalent to 50 % of the amount of the two loans mentioned above;

It should be noted that in case of default of the Borrower, Secil may, within the limits established by contract and without the chattel mortgage being executed, solve the default and repay the loans.

Additionally, the Supremo Group has funding for the purchase of industrial and transportation equipment amounting to Real 14 million, which is given as collateral liens on the equipment itself.

Guarantees

Supremo has granted guarantees as collateral for Credit Notes referred to above and as security for the EKF funding in the amount of Real 200,500,000 for the construction of the new plant.

As of 31 December 2013, Supremo contracted guarantees amounting to approximately Real 31 million, as collateral for funding contracted according with “*capital de giro*”

Duplicates

The company Supremo contracted loans according with “*capital de giro*”, secured by duplicates (duplicate invoice) , amounting to Real 4.4 million.

42. Contingent assets

Non-tax matters

Acquisition of 82% of Soporgen

As mentioned , Portucel acquired the remaining 82% shares in Soporgen, by exercising the call option included in the shareholder’s agreement that regulated the relationships between the two shareholders and defined the price and terms under which the call option could be activated.

The Group understands that EDP violated the terms of the shareholder’s agreement before the transfer of the shares, by unilaterally approving a distribution of reserves that were undue to be distributed as per the said agreement. Therefore, it is the Group understanding that the equity to be transmitted should also include these amounts. The mentioned shareholder’s agreement defines that an arbitral court should be set up in order to intermediate any question arising from it.

The Group already promoted its constitution so that the arguments of both shareholders can be judged. If the Group’s action is deemed valid, the amount of the negative goodwill arising from the initial consolidation os Soporgen will be increased by Euro 5,348,706. A decision is expected in 2015.

Infrastructure enhancement and maintenance rate

Under the licensing process nº 408/04 related to the new paper mill project, the Setubal city Council issued a settlement note to Portucel regarding an infrastructure increase and maintenance fee (“TMUE ”) amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setubal. Portucel disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal in Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November an appeal to the STA was performed.

In the appeal, Portucel claims the cancelation of the settlement act, on the following grounds: (i) disproportionality of the fee applied; (ii) it has the nature of a tax, that cannot be imposed by the City Council and (iii) the absence of any consideration paid on their behalf by the Setubal City Council since it was Portucel that supported all costs regarding the urban infrastructure and maintenance, thus proving that the TMUE configures a true tax.

Public Debt Settlement Fund

In addition to the tax matters described below, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totalling Euro 136,243,939. These amounts related to adjustments in the financial statements of the group after its privatisation, that had not been considered in formulating the price of such privatization as they were not included in the documentation made available for consultation by the bidders.

Tax matters

Public Debt Settlement Fund

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (in the case of Portucel, 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 by the State of the tax debts raised by the tax authorities for periods before that date. On 13 December 2010, Portucel presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003. This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses. In this context, the aforementioned Fund is liable for Euro 31,036,734, detailed as follows:

Amounts in Euro	Period	Amounts requested	1st refund	Reduction due to payments under RERD	Outstanding
Portucel					
Value added tax - Germany	1998-2004	5,850,000	(5,850,000)	-	-
Corporate Income Tax	2002	625,033	(625,033)	-	-
Value added tax	2002	2,697	(2,697)	-	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-	-
Corporate Income Tax	2003	182,230	(157,915)	-	24,315
Corporate Income Tax (RF)	2004	3,324	-	-	3,324
Corporate Income Tax	2004	766,395	-	-	766,395
Corporate Income Tax (RF)	2005	1,736	(1,736)	-	-
Corporate Income Tax	2005	11,754,680	-	(1,360,294)	10,394,386
Corporate Income Tax	2006	11,890,071	-	(1,108,178)	10,781,893
Expenses		314,957	-	-	314,957
		32,964,287	(8,210,545)	(2,468,472)	22,285,270
Soporcel					
Corporate Income Tax	2002	18,923	-	-	18,923
Corporate Income Tax (Replacement)	2003	5,725,771	-	-	5,725,771
Value added tax	2003	2,509,101	-	-	2,509,101
Stamp Tax	2004	497,669	-	-	497,669
		8,751,464	-	-	8,751,464
		41,715,751	(8,210,545)	(2,468,472)	31,036,734

These amounts may yet be reduced, due to judicial claims presented by the Group amounting to Euro 27,081,102 from which Portucel already had favourable decisions amounting to Euro 2,644,959, having the Portuguese tax authorities applied for the entire amount.

State surcharge 2010/2012 - Euro 4,999,101

Since 2010, the corporate income tax forms presented by Portucel included a state surcharge regarding About The Future – Empresa Produtora de Papel, S.A., amounting to Euro 1,783,417, which is not considered due by the Group as it should have been deducted to tax benefits granted by AICEP to the company. AICEP seconds the company's views on this matter.

Due to this, Portucel presented a gracious claim in order to collect the income tax paid in excess in 2010 and 2011. Following the rejection of that claim, Portucel presented the corresponding hierarchical appeal, on 11 November 2011 (regarding 2010) and 25 October 2012 (regarding 2011). Following its implied rejection,

Portucel filed the legal proceedings on 17 May 2012 (regarding 2010) and 9 November 2012 (regarding 2011). Regarding 2012, legal proceedings were filed against the implied rejection of the gracious claim on 16 January 2014, amounting to Euro 2,085,556.

Investment contract - AICEP

Regarding the contracts signed by Portucel with AICEP and up to 31 December 2013, a total amount of Euro 4,218,813 (31 December 2012: Euro 7,621,204) of tax incentives is yet to be recognised.

43. 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 2013.

The income statement transactions were translated at the average rate for the year. 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 as of 31 December 2013 and 2012, against the Euro, were as follows:

	31-12-2013	31-12-2012	Valuation/ (depreciation)		31-12-2013	31-12-2012	Valuation/ (depreciation)
TND (tunisian dinar)				DKK (danish krone)			
Average exchange rate for the year	2,1576	2,0065	(7,53%)	Average exchange rate for the year	7,4579	7,4442	(0,18%)
Exchange rate at the end of the year	2,2615	2,0468	(10,49%)	Exchange rate at the end of the year	7,4593	7,4610	0,02%
LBN (libanese pound)				HUF (hungarian florim)			
Average exchange rate for the year	2,002,10	1,936,80	(3,37%)	Average exchange rate for the year	296,8869	289,2687	(2,63%)
Exchange rate at the end of the year	2,079,00	1,989,00	(4,52%)	Exchange rate at the end of the year	297,4000	292,3000	(1,74%)
USD (american dollar)				AUD (australian dollar)			
Average exchange rate for the year	1,3281	1,2848	(3,37%)	Average exchange rate for the year	1,3783	1,2408	(11,08%)
Exchange rate at the end of the year	1,3791	1,3194	(4,52%)	Exchange rate at the end of the year	1,5423	1,2712	(21,33%)
GBP (sterling pound)				MZM (mozambican metical)			
Average exchange rate for the year	0,8493	0,8108	(4,75%)	Average exchange rate for the year	39,8081	36,2033	(9,96%)
Exchange rate at the end of the year	0,8337	0,8161	(2,16%)	Exchange rate at the end of the year	41,5600	39,3700	(5,56%)
PLN (polish zloty)				BRL (brazilian real)			
Average exchange rate for the year	4,1981	4,1852	(0,31%)	Average exchange rate for the year	2,8685	2,5077	(14,39%)
Exchange rate at the end of the year	4,1543	4,0740	(1,97%)	Exchange rate at the end of the year	3,2526	2,7036	(20,31%)
SEK (swedish krone)				MAD (moroccan dirame)			
Average exchange rate for the year	8,6505	8,7056	0,63%	Average exchange rate for the year	11,1559	11,1015	(0,49%)
Exchange rate at the end of the year	8,8591	8,5820	(3,23%)	Exchange rate at the end of the year	11,2276	11,1113	(1,05%)
CZK (czech krone)				NOK (norwegian krone)			
Average exchange rate for the year	25,9792	25,1460	(3,31%)	Average exchange rate for the year	7,8060	7,3821	(5,74%)
Exchange rate at the end of the year	27,4270	25,1510	(9,05%)	Exchange rate at the end of the year	8,3630	7,4350	(12,48%)
CHF (swiss franc)				AOA (angolan kwanza)			
Average exchange rate for the year	1,2312	1,2053	(2,15%)	Average exchange rate for the year	128,1283	-	-
Exchange rate at the end of the year	1,2276	1,2072	(1,69%)	Exchange rate at the end of the year	136,8127	126,7482	(7,94%)
TRY (turkish lira)							
Average exchange rate for the year	-	-	-				
Exchange rate at the end of the year	2,8546	-	-				

44. Companies included in the consolidation

Instrumental companies included in consolidation

Name	Head Office	Direct and indirect % of equity held by		
		Direct	Semapa Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon			
Subsidiaries				
Seminv, SGPS, S.A.	Lisbon	100,00	-	100,00
Seinpart, SGPS, S.A.	Lisbon	49,00	51,00	100,00
Seinpar Investments, B.V.	Amsterdam	100,00	-	100,00
Interholding Investments B.V. (former Semapa Investments B.V.)	Amsterdam	100,00	-	100,00
Semapa Inversiones S.L.	Madrid	100,00	-	100,00
Celcimo SL	Madrid	-	100,00	100,00
Great Earth Projectos S.A.	Lisbon	100,00	-	100,00
NSOSPE - Empreendimentos e Participações, S.A.	Rio de Janeiro	54,42	45,58	100,00
Aboutbalance, SGPS, S.A.	Lisbon	100,00	-	100,00
Inspiredplace, S.A.	Lisbon	100,00	-	100,00

Subsidiary companies of sub-group ETSA – under full consolidation

Name	Head Office	Direct and indirect % of equity held by			% shares held by Semapa
		ETSA			
		Direct	Indirect	Total	
Parent - company:					
ETSA - Investimentos, SGPS, S.A.	Loures	99,99	-	99,99	99,99
Subsidiaries:					
ETSA LOG,S.A.	Loures	100,00	-	100,00	99,99
ABAPOR – Comércio e Industria de Carnes, S.A	Coruche	100,00	-	100,00	99,99
SEBOL – Comércio e Industria de Sebo, S.A.	Loures	100,00	-	100,00	99,99
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100,00	-	100,00	99,99
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Loures	100,00	-	100,00	99,99
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100,00	-	100,00	99,99

Subsidiary companies of sub-group Portucel – under full consolidation

Name	Head Office	% direct and indirect equity held by Portucel			% of shares held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Portucel, S.A.	Setubal	47,44	33,65	81,09	81,09
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100,00	-	100,00	81,09
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	100,00	-	100,00	81,09
Portucel Finance, Zoo	Poland	25,00	75,00	100,00	81,09
CELCACIA - Celulose de Cacia, S.A.	Aveiro	-	100,00	100,00	81,09
CountryTarget SGPS S.A.	Setubal	100,00	-	100,00	81,09
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setubal	-	100,00	100,00	81,09
PortucelSoporcel Florestal - Sociedade para o Desenvolvimento Agro-Florestal, S.A.	Setubal	-	100,00	100,00	81,09
Afocelca - Agrupamento Complementar de Empresas para Proteção Contra Incêndios, ACE	Portugal	-	64,80	64,80	52,55
Enerforest - Empresa de Biomassa para Energia, S.A.	Setubal	-	100,00	100,00	81,09
Atlantic Forests, S.A.	Setubal	-	100,00	100,00	81,09
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100,00	100,00	81,09
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94,00	94,00	76,23
Bosques do Atlantico, SL	Spain	-	100,00	100,00	81,09
PortucelSoporcel Pulp SGPS, S.A.	Setubal	100,00	-	100,00	81,09
Soporcel Pulp - Sociedade Portuguesa de Celulose, S.A.	Figueira da Foz	-	100,00	100,00	81,09
CELSET - Celulose de Setúbal, S.A.	Setubal	-	100,00	100,00	81,09
Portucel International GmbH	Germany	-	100,00	100,00	81,09
PortucelSoporcel Papel, SGPS S.A.	Setubal	100,00	-	100,00	81,09
Portucel Soporcel North America Inc.	USA	-	100,00	100,00	81,09
About the Future - Empresa Produtora de Papel, S.A.	Setubal	-	100,00	100,00	81,09
Portucel Papel Setúbal, S.A.	Setubal	-	100,00	100,00	81,09
PortucelSoporcel Sales & Marketing NV	Belgium	25,00	75,00	100,00	81,09
PortucelSoporcel Fine Paper , S.A.	Setubal	-	100,00	100,00	81,09
PortucelSoporcel España, S.A.	Spain	-	100,00	100,00	81,09
PortucelSoporcel International, B.V.	Netherlands	-	100,00	100,00	81,09
PortucelSoporcel France, EURL	France	-	100,00	100,00	81,09
PortucelSoporcel United Kingdom, Ltd	UK	-	100,00	100,00	81,09
PortucelSoporcel Italia, SRL	Italy	-	100,00	100,00	81,09
PortucelSoporcel Lusa, Lda	Figueira da Foz	-	100,00	100,00	81,09
PortucelSoporcel Deutschland, GmbH	Germany	-	100,00	100,00	81,09
PortucelSoporcel Handels, GmbH	Austria	-	100,00	100,00	81,09
PortucelSoporcel Afrique du Nord	Morocco	-	100,00	100,00	81,09
PortucelSoporcel Poland SP Z O	Poland	-	100,00	100,00	81,09
PortucelSoporcel Switzerland, Ltd	Switzerland	25,00	75,00	100,00	81,09
PortucelSoporcel International	Switzerland	-	100,00	100,00	81,09
PortucelSoporcel Energia, SGPS S.A.	Setubal	100,00	-	100,00	81,09
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setubal	-	100,00	100,00	81,09
Enerpulp – Cogeração Energética de Pasta, S.A.	Setubal	-	100,00	100,00	81,09
PortucelSoporcel Cogeração de Energia, S.A.	Setubal	-	100,00	100,00	81,09
Soporgen - Soc. Portuguesa de Geração de Electricidade e Calor, S.A.	Figueira da Foz	-	100,00	100,00	81,09
PortucelSoporcel Participações, SGPS S.A.	Setubal	25,14	74,86	100,00	81,09
EucaliptusLand, S.A.	Setubal	-	100,00	100,00	81,09
Arboser – Serviços Agro-Industriais, S.A.	Setubal	-	100,00	100,00	81,09
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100,00	100,00	81,09
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setubal	-	100,00	100,00	81,09
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91,15	91,15	73,92
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setubal	-	92,56	92,56	75,06
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91,47	91,47	74,18
Headbox - Operação e Controlo Industrial, S.A.	Setubal	-	100,00	100,00	81,09
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50,00	50,00	40,55
PortucelSoporcel Serviços Partilhados, S.A.	Figueira da Foz	-	100,00	100,00	81,09
PortucelSoporcel International Finance, BV	Netherlands	-	100,00	100,00	81,09
Colombo Energy Inc.	USA	-	100,00	100,00	81,09
PortucelSoporcel Internacional SGPS S.A.	Setubal	100,00	-	100,00	81,09
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial , Lda	Mozambique	25,00	75,00	100,00	81,09
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25,00	75,00	100,00	81,09
PortucelSoporcel Abastecimento de Madeira, ACE	Setubal	60,00	40,00	100,00	81,09

Subsidiary companies of sub-group Secil – under full consolidation

Name	Head Office	% direct and indirect equity held by Secil			% of shares held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setubal	-	99.998	99.998	99.998
Subsidiaries:					
Secilpar, SL	Madrid	100.00	-	100.00	99.998
Somera Trading Inc.	Panama	-	100.00	100.00	99.998
Hewbol, S.G.P.S., Lda.	Funchal	-	100.00	100.00	99.998
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	99.998
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	62.499
Florimar- Gestão e Participações, S.G.P.S., Lda.	Funchal	100.00	-	100.00	99.998
Seciment Investments, B.V.	Amsterdam	100.00	-	100.00	99.998
I3 Participações e Serviços, Ltda.	Rio de Janeiro	-	99.97	99.97	99.968
Serife - Soc. de Estudos e Realizações Industriais e de Fornecimento de Equip., Lda.	Lisbon	100.00	-	100.00	99.998
Silonor, S.A.	Dunkerque	100.00	-	100.00	99.998
Société des Ciments de Gabés	Tunis	98.72	-	98.72	98.716
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	98.716
Zarzis Béton	Tunis	-	98.52	98.52	98.519
Secil Angola, SARL	Luanda	100.00	-	100.00	99.998
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51.00	51.00	50.999
Secil, Betões e Inertes, S.G.P.S., S.A.	Setubal	100.00	-	100.00	99.998
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100.00	100.00	99.998
Britobetão - Central de Betão, Lda.	Evora	-	91.00	91.00	90.998
Eurobetão - Betão Pronto, S.A.	Lisbon	-	100.00	100.00	99.998
Secil Britas, S.A.	Lisbon	-	100.00	100.00	99.998
Lusoinertes, S.A.	Lisbon	-	100.00	100.00	99.998
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Leiria	51.19	48.81	100.00	99.998
IRP - Industria de Rebocos de Portugal, S.A.	Santarem	-	75.00	75.00	74.998
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Lisbon	100.00	-	100.00	99.998
ALLMA - Microalgas, Lda.	Leiria	-	70.00	70.00	69.999
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.87	90.87	90.868
Cimentos Costa Verde - Comércio de Cimentos, S.A.	Lisbon	-	100.00	100.00	99.998
Solenreco-Produção e Comercialização de Combustíveis, Lda.	Porto	-	98.00	98.00	97.998
Prescor Produção de Escórias Moidas, Lda.	Lisbon	-	100.00	100.00	99.998
CMP - Cimentos Maceira e Pataias, S.A.	Leiria	100.00	-	100.00	99.998
Ciments de Sibline, S.A.L.	Beirute	28.64	22.41	51.05	51.049
Soime, S.A.L.	Beirute	-	51.05	51.05	51.049
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	57.142
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57.14	57.14	57.142
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57.14	57.14	57.142
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57.14	57.14	57.142
Madebritas - Sociedade de Britas da Madeira, Lda. (a)	Funchal	-	29.14	29.14	29.142
Pedra Regional - Industria Transformadora de Rochas Ornamentais, S.A. (a)	Funchal	-	29.14	29.14	29.142
Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos, S.A	Setubal	100.00	-	100.00	99.998
Uniconcreto - Betão Pronto, S.A.	Lisbon	100.00	-	100.00	99.998

(a) Companies owned by 51% by Brimade, S.A. and therefore controlled by the Group

Companies included under proportional method

Name	Head Office	% direct and indirect equity held			% of shares held by Semapa
		Direct	Indirect	Total	
Supremo Cimentos, S.A.	Santa Catarina	-	50.00	50.00	50.00
Margem - Companhia de Mineração	Paraná	-	50.00	50.00	50.00
OP Beton Concreto e Engenharia, Ltda	Santa Catarina	-	50.00	50.00	50.00
Secil Unicon - S.G.P.S., Lda.	Lisbon	-	50.00	50.00	50.00
Secil Prébetão, S.A.	Montijo	-	39.80	39.80	39.80

45. Note added for translation

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

BOARD OF DIRECTORS**Chairman:**

Pedro Mendonça de Queiroz Pereira

Members:

Francisco José Melo e Castro Guedes

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

António da Nóbrega de Sousa da Câmara

Joaquim Martins Ferreira do Amaral

António Pedro de Carvalho Viana Baptista

Vitor Manuel Galvão Rocha Novais Gonçalves

PART 4

STATUTORY AUDITOR CERTIFICATE AND REPORT OF THE AUDIT BOARD ON THE CONSOLIDATED ACCOUNTS



Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., comprising the consolidated statement of financial position as at 31 December 2013 (which shows total assets of Euro 4,343,613,506 and total shareholder's equity of Euro 1,208,797,798 including non-controlling interests of Euro 328,074,030 and a net profit of Euro 146,125,472), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness 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

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.com/pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
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completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451^o of the Companies Code.

6 We believe that our audit 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, S.A. as at 31 December 2013, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245^o-A of the Portuguese Securities Market Code.

17 April 2014

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

António Alberto Henriques Assis, R.O.C.

(This is a translation, not to be signed)

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A

Report and Opinion of the Audit Board Consolidated Accounts

Financial year of 2013

Shareholders,

1. In accordance with the law, the articles of association and the terms of our mandate, we are pleased to submit the report on our supervisory activities in 2013 and to issue our opinion on the Management Report and Consolidated Financial Statements presented by the Board of Directors of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year ended 31 December 2013.
2. Over the course of the year we monitored the affairs of the company and its most significant affiliates and associates, with the regularity and to the extent we deemed appropriate, through periodic meetings with the company's directors and senior management. We checked that the accounts were kept correctly and duly documented, and verified the effectiveness of the risk management, internal control and internal audit systems. We also monitored compliance with the law and the articles of association. We encountered no constraints in the course of our supervisory activities.
3. We met several times with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., monitoring its auditing activities and checking its independence. We assessed the Legal Accounts Certificate and the Audit Report, and are in agreement with the Legal Accounts Certificate presented.
4. In the course of our work we found that:
 - a) the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Recognized Income and Expense, the Statement of Changes in Consolidated Equity and the Consolidated Statement of Cash Flows and the corresponding Notes provide an adequate picture of the state of the company's affairs and its profits;
 - b) the accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and suitably assure that such criteria lead to a correct valuation of the company's assets and profits, taking due account of the analysis and recommendations of the external auditor;
 - c) the Management Report provides a sufficient description of the business affairs of the company and its affiliates included in the consolidated accounts, offering a clear account of the most significant developments during the year;
 - d) the Corporate Governance Report includes the information required by Article 245-A of the Securities Code.
5. Accordingly, taking into consideration the information received from the Board of Directors and the company departments, and also the conclusions of the Legal Accounts Certificate and the Audit Report, we recommend that:
 - a) the Management Report be approved;

b) the Consolidated Financial Statements be approved.

6. Finally, the members of the Audit Board wish to acknowledge and express their thanks for the assistance received from the Board of Directors, the senior managers of the company and other staff.

Lisbon, 22 April 2014

The Chairman of the Audit Board

Miguel Camargo de Sousa Eiró

Member

Duarte Nuno d'Orey da Cunha

Member

Gonçalo Nuno Palha Gaio Picão Caldeira

PART 5

SEPARATE FINANCIAL STATEMENTS

INCOME STATEMENT BY NATURE

AS OF 31 DECEMBER 2013 AND 2012

Amounts in Euro	Note	2013	2012
REVENUES AND COSTS			
Sales and services rendered	4	9,488,889	5,493,750
Gains / (losses) of subsidiaries, associates and joint ventures	5	115,768,091	56,377,910
Cost of materials and services consumed	6	(4,963,755)	(573,297)
Payroll costs	7	(9,716,612)	11,647,002
Provisions [increase / (decrease)]	8	(19,112)	(78,626,521)
Impairment of non-depreciable/amortisable investments [(losses) /reversals]	11	-	(81,296,931)
Fair value [increase / (decrease)]	9	(47,987)	1,945,053
Other operating income	10	7,577,474	32,373
Other costs and losses	10	(1,283,235)	(916,761)
Profit before depreciation, net finance costs and taxes		116,803,753	(85,917,422)
(Expenses) / reversals of depreciation and amortisation	11	(338,449)	(298,068)
Operating profit (before net finance costs and taxes)		116,465,304	(86,215,490)
Interest and similar income	12	28,904,121	20,447,346
Interest and similar expense	12	(48,123,272)	(44,413,269)
Profit before tax		97,246,153	(110,181,413)
Income tax expense	13	37,734,936	526,091
Profit for the year		134,981,089	(109,655,322)
Earnings per share			
Basic earnings per share, EUR	14	1.20	(0.97)
Diluted earnings per share, EUR	14	1.20	(0.97)

BALANCE SHEET

AS OF 31 DECEMBER 2013 AND 2012

Amounts in Euro	Note	31-12-2013	31-12-2012
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,206,653	1,297,230
Goodwill	16	55,935,308	55,935,308
Financial investments - equity method	5	1,365,690,197	1,535,924,975
Other financial assets	21	432,643,043	380,865,011
Deferred tax assets	13	39,488,109	-
		1,894,963,310	1,974,022,524
Current assets			
State and other public entities	17	479,067	1,166,717
Receivables and other current assets	18	24,698,853	25,393,709
Deferred assets	19	249,363	167,547
Financial assets held for trading	20	552,786	100,889
Other financial assets	21	5,709,974	8,387,959
Cash and cash equivalents	24	389,907	53,461
		32,079,950	35,270,282
Total Assets		1,927,043,260	2,009,292,806
EQUITY AND LIABILITIES			
Equity			
Share capital	22	118,332,445	118,332,445
Treasury shares	22	(47,164,986)	(47,164,986)
Share premiums	23	3,923,459	3,923,459
Legal reserves	23	23,666,489	23,666,489
Other reserves	23	902,720,151	931,505,690
Retained earnings	23	(77,969,159)	31,723,936
Adjustments on financial assets	23	(38,718,974)	(5,482,780)
Other changes in equity	23	(25,080,226)	(23,011,771)
		859,709,199	1,033,492,482
Profit for the year		134,981,089	(109,655,322)
Total Equity		994,690,288	923,837,160
Liabilities			
Non-current liabilities			
Provisions	8	4,719,112	82,266,521
Interest-bearing liabilities	24	794,053,167	822,884,321
Pensions and other post-employment benefits	25	1,355,943	1,374,716
		800,128,222	906,525,558
Current liabilities			
Payables and other current liabilities		57,564	109,924
State and other public entities	17	18,030,013	12,291,189
Interest-bearing liabilities	24	78,952,925	81,596,676
Other current liabilities	26	35,178,062	84,926,127
Deferred liabilities	19	6,186	6,172
		132,224,750	178,930,088
Total liabilities		932,352,972	1,085,455,646
Total equity and liabilities		1,927,043,260	2,009,292,806

STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY 2012 TO 31 DECEMBER 2013

Amounts in Euro	Note	Share Capital	Treasury shares	Share premiums	Legal reserves	Other reserves	Retained earnings	Adjustments on financial assets	Other changes in equity	Profit for the year	Total
Equity as of 1 January 2012	1	118.332.445	(47.164.986)	3.923.459	23.666.489	836.129.430	28.993.596	5.535.173	(9.371.378)	124.161.800	1.084.206.028
Changes in the period											
Currency translation differences		-	-	-	-	-	-	-	(5.530.150)	-	(5.530.150)
Income and expenses recognised directly in equity											
Share of other comprehensive income of subsidiaries		-	-	-	-	-	-	(10.770.897)	-	-	(10.770.897)
Fair value changes on derivatives financial instruments		-	-	-	-	-	-	-	(8.110.243)	-	(8.110.243)
Actuarial gains / (losses)		-	-	-	-	-	2.483.284	-	-	-	2.483.284
Transfer to reserves and retained earnings		-	-	-	-	95.376.260	-	-	-	(95.376.260)	-
Profit for the year	2	-	-	-	-	95.376.260	2.730.340	(11.017.953)	(13.640.393)	(95.376.260)	(21.928.006)
Comprehensive income	3									(109.655.322)	(109.655.322)
	4=2+3									(205.031.582)	(131.583.328)
Operations with shareholders in the period											
Dividends paid		-	-	-	-	-	-	-	-	(28.785.540)	(28.785.540)
	5	-	-	-	-	-	-	-	-	(28.785.540)	(28.785.540)
Equity as of 31 December 2012	6=1+2+3+5	118.332.445	(47.164.986)	3.923.459	23.666.489	931.505.690	31.723.936	(5.482.780)	(23.011.771)	(109.655.322)	923.837.160
Equity as of 1 January 2013	6	118.332.445	(47.164.986)	3.923.459	23.666.489	931.505.690	31.723.936	(5.482.780)	(23.011.771)	(109.655.322)	923.837.160
Changes in the period											
Currency translation differences		-	-	-	-	-	-	-	(2.657.492)	-	(2.657.492)
Income and expenses recognised directly in equity											
Share of other comprehensive income of subsidiaries	23	-	-	-	-	-	-	(33.236.194)	-	-	(33.236.194)
Fair value changes on derivatives financial instruments	27	-	-	-	-	-	-	-	589.038	-	589.038
Actuarial gains / (losses)	25	-	-	-	-	-	(37.773)	-	-	-	(37.773)
Transfer to reserves and retained earnings	23	-	-	-	-	-	(109.655.322)	-	-	109.655.322	-
Profit for the year	7	-	-	-	-	-	(109.693.095)	(33.236.194)	(2.068.454)	109.655.322	(35.342.421)
Comprehensive income	8									134.981.089	134.981.089
	9=7+8									244.636.411	99.638.668
Operations with shareholders in the period											
Reserves paid	23	-	-	-	-	(28.785.540)	-	-	-	-	(28.785.540)
	10	-	-	-	-	(28.785.540)	-	-	-	-	(28.785.540)
Equity as of 31 December 2013	6+7+8+10 22 and 23	118.332.445	(47.164.986)	3.923.459	23.666.489	902.720.150	(77.969.159)	(38.718.974)	(25.080.225)	134.981.089	994.690.288

CASH FLOW STATEMENT

AS OF 31 DECEMBER 2013 AND 2012

Amounts in Euro	Note	2013	2012
OPERATING ACTIVITIES - Direct Method			
Payments to suppliers		(5.848.649)	(4.437.549)
Payments to personnel		(52.812.345)	(27.400.711)
Cash flow from operations		(58.660.994)	(31.838.260)
Income tax received / (paid)		781.851	(2.244.972)
Other receipts / (payments) relating to operating activities		15.149.796	3.375.252
Cash flow from operating activities (1)		(42.729.347)	(30.707.980)
INVESTING ACTIVITIES			
Outflows			
Property, plant and equipment		(52.269)	(43.767)
Financial investments		(2.320.466)	(228.115.292)
Inflows			
Financial investments		67.579.457	86.690.248
Interest and similar income		622.406	5.392.306
Dividends	5	106.939.990	309.738.277
Cash flow from investing activities (2)		172.769.118	173.661.772
FINANCING ACTIVITIES			
Inflows			
Proceeds from borrowings		2.252.335.000	591.546.167
Other financing transactions		119.619	81.628
Outflows			
Repayments of borrowings		(2.286.983.583)	(392.132.681)
Interest and similar expense		(45.341.070)	(44.524.464)
Dividends / reserves paid	23	(28.785.540)	(28.785.540)
Other financing transactions		(21.047.751)	(380.954.250)
Cash flow from financing activities (3)		(129.703.325)	(254.769.140)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		336.446	(111.815.348)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	24	53.461	111.868.809
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24	389.907	53.461

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Translation of a report originally issued in Portuguese)

(In these notes, unless indicated otherwise, all amounts are expressed in euro)

1. Company identification

Entity: Semapa — Sociedade de Investimento e Gestão, SGPS, S.A.
Head office: Av. Fontes Pereira de Melo, 14, 10th floor Lisbon
Share capital: Euro 118,332,445
Corporate body no.: 502 593 130

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. ("The Company") was incorporated on 21 June 1991 and has as its main business object the management of financial investments in other companies as an indirect form of carrying out economic activity, namely in the production of cement and derivatives, pulp and paper and environment through its subsidiaries, Secil – Companhia Geral de Cal e Cimento, S.A., Supremo Cimentos, S.A., Portucel, S.A. and ETSA Investimentos, SGPS, S.A..

These financial statements were approved by the Board of Directors on 11 March 2014.

2. Applicable accounting standards in the preparation of the financial statements

The accompanying financial statements have been prepared in accordance to all standards present in the Accounting Normalization System (SNC). These standards include the Basis for the Presentation of the Financial Statements, the Financial Statements' Template, the Code of Accounts, the Accounting and Financial Reporting Standards (NCRF) and the Interpretations Standards (NI).

Whenever SNC does not address to particular transactions or situations, the Company applies the following standards by the presented order, International Accounting Standards, as adopted under regulation (EU) n.1606/2002 from the European Parliament and European Council as at July 19, the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by IASB and the corresponding interpretations SIC-IFRIC.

The accounting policies and measurement criteria adopted at 31 December 2013 are comparable to those used on the financial statements as of 31 December 2012.

These financial statements reflect only the Company's individual financial statements. The Company has also prepared a set of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which as at 31 December 2013 and 2012 present the following differences between these two sets of financial statements:

Amounts in Euro	31-12-2013	31-12-2012
Total assets	2,416,570,246	2,218,667,336
Total liabilities	2,202,462,736	2,011,364,580
Total equity (before non-controlling interests)	(113,966,520)	(127,925,889)
Total revenues	1,981,021,575	1,947,094,168

3. Summary of the principal accounting policies

The principal accounting policies applied in the preparation of these individual financial statements are described below.

3.1 Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost less depreciation and accumulated impairment losses (Note 15).

Depreciation is calculated over the acquisition cost, using the straight-line method since the asset is available for use and using the rates that best reflect their estimated useful life, as follows:

	Average useful life
Buildings and other constructions	7 – 10
Equipment:	
Transportation equipment	4
Tools and utensils	4
Administrative equipment	3 - 8
Other property, plant and equipment	4 - 10

The residual values of the assets and respective useful lives are reviewed and adjusted where necessary, at the balance sheet date. When the carrying amount of the asset exceed the realisable value the asset is written down to the estimated recoverable amount, and an impairment charged is booked (Note 3.5).

Gains or losses arising on the write off or disposal represent the difference between the proceeds received on disposal less cost to sell and the asset's carrying amount, and are recognized in the income statement as other operating income or expenses (operational).

3.2 Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the acquisition date (Note 16).

Goodwill is not amortised and is subject to impairment tests at least once a year. Impairment losses relating to Goodwill cannot be reversed. Gains or losses arising from the sale of an entity include the amount of the corresponding Goodwill.

3.3 Financial investments – equity method

The caption “Financial Investments – equity method” comprises investments in other entities where the Company has control (when the Company has directly or indirectly more than 50% of the voting rights on General Assembly meetings or has the right to determine their financial and operating policies) or has significant influence (when the company participates on the financial or operating decisions, generally applied in the case of investments representing between 20% and 50% of the share capital of the investments).

Financial investments are accounted for using the equity method less accumulated impairment losses (Note 5).

3.3.1 Subsidiaries

Subsidiaries are all the entities over which the Group has the right to determine their financial and operating policies, generally where the Group's interest is represented by more than half of the voting rights. The existence and the effect of the potential voting rights which are currently exercisable or convertible are taken into account when the Group assesses whether it has control over another entity. Investments in subsidiaries are accounted for using the equity accounting method.

In conformity with the equity accounting method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the subsidiaries' shareholders' equity (including net income/loss) and by dividends received.

The difference between the acquisition cost and the fair value of the subsidiaries' identifiable assets, liabilities and contingent liabilities on the acquisition date, if positive, are recognised as Goodwill. If these differences are negative, they are recorded as income for the period under the caption "Gains / (losses) of subsidiaries, associates and joint ventures".

An evaluation of investments in subsidiaries occurs when there are signs that the asset could be impaired, and any identified impairment losses are recorded under the same caption. With the exception of goodwill, when the impairment losses recognised in prior years no longer exist, they are reversed.

When the Company's share in the subsidiaries' losses is equal to or exceeds its investment in the subsidiary, the Company ceases to recognise additional losses, except where it has assumed liability or made payments in the subsidiaries' name. Unrealised gains on transactions with subsidiaries are eliminated to the extent of the Company's share in the subsidiary. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

Subsidiaries' accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Company. Investments in subsidiaries are disclosed in Note 5.

3.3.2 Joint Ventures

A jointly-controlled entity is a joint venture which involves the establishment of a company, a partnership or another entity in which the Company has an interest.

Jointly-controlled entities are included in the individual financial statements under the equity accounting method, previously detailed.

3.4 Foreign currency translation

3.4.1 Functional and reporting currency

The items included in the financial statements of each one of the Company's entities are measured using the currency of the economic environment in which the entity operates (functional currency). The individual financial statements are presented in Euros, which is the Company's functional and reporting currency.

3.4.2 Balances and transactions expressed in foreign currencies

All the Company's assets and liabilities denominated in foreign currencies were converted into Euro using the exchange rates ruling at the balance sheet date.

The currency differences, favourable and unfavourable, arising from the differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or balance sheet dates, were recorded as income and costs in the income statement for the year.

3.4.3 Subsidiaries

The results and the balance sheet of the Company's entities which have a different functional currency from the Company's reporting currency are converted into the reporting currency as follows:

- (i) The assets and liabilities of each balance sheet are translated at the exchange rates ruling at the date of the financial statements;

The resulting exchange rate differences are recognised as a separate component of Equity, under the caption "Other changes in equity"; and
- (ii) The income and costs of each income statement are translated using the average exchange rate of the reporting period, except where the average exchange rate is not a reasonable approximation of the cumulative effect of the rates ruling on the transaction dates, in which case the income and costs are converted at the exchange rate ruling on the transaction dates.

3.5 Impairment of non-current assets

Non-current assets which do not have a defined useful life are not subject to depreciation, but are subject to annual impairment tests. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses are recognised as the amount of the excess of the asset's carrying value over its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell amount and the value in use.

For the purpose of conducting impairment tests, the assets are grouped at the lowest level for which cash flows can be identified separately (cash generating units that the assets belong to), when it is not possible to do so individually for each asset.

The reversal of impairment losses recognised in previous periods is recorded when it can be concluded that the recognized impairment losses no longer exist or have decreased (with the exception of impairment losses relating to Goodwill – see Note 3.2).

The reversal of impairment losses is recognised in the income statement as operating income. However, the reversal of the impairment loss is reversed only up to the limit of the amount that would have been recognised (net of amortisation or depreciation) had the impairment loss not been recorded in previous years.

3.6 Financial assets

The Company classifies its financial assets in the following categories: financial assets at amortized cost and financial assets at fair value through profit and loss. The classification depends on the intention motivating the investment's acquisition. Management determines the classification at the moment of initial recognition of the investments and reappraises this classification on each reporting date.

All acquisitions and disposals of these investments are recognised at the date of the respective purchase and sale contracts, irrespective of the financial settlement date.

Financial assets are initially recorded at the acquisition cost, being the fair value equal to the price paid, including transaction expenses. The subsequent measurement depends on the category the investment falls under, as follows:

Financial assets at amortized cost

Loans granted and accounts receivable are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They are originated when the Group advances money, goods or services directly to a debtor without any intention of negotiating the debt.

These investments are included in current assets, except when their maturity exceeds 12 months after the balance sheet date, in which case they are classified as non-current assets.

Loans granted and accounts receivable are reported in the balance sheet under the captions "Other financial assets" and "Receivables and other current assets".

Financial assets held for trading

A financial asset is classified under this category if primarily acquired for the purpose of being sold in the short term or if so designated by management, and whose fair value can be reliably measured. These investments are measured at fair value through the income statement.

At each reporting date the Company 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 financial assets held for trading, measured as the difference between acquisition cost and current fair value, takes place, the loss is recognised in the income statement.

3.7 Derivative financial instruments

The Company uses derivative financial instruments to manage the financial risks to which it is exposed.

Although the derivative financial instruments contracted represent effective economic hedging instruments, not all of them qualify as hedging instruments. Derivative financial instruments are stated on the balance sheet at its fair value, and variations are recognised in equity or in gains and losses in financial instruments, whether are effective or not in its coverage.

Whenever possible, the fair value of derivatives is estimated based on quoted instruments. In the absence of market prices, the fair value of derivatives is estimated based on the discounted cash flow method and option valuation models, in accordance with the assumptions generally used in the market. The fair value of derivative financial instruments is mainly included in the captions receivables and other-current assets and payables and other-current liabilities.

The derivative financial instruments used for hedge purposes may be classified as hedge instruments whether they fulfil all of the following conditions:

- i) At acquisition date, there is formal designation and documentation of the hedging relationship, namely regarding the hedged item, the hedging instrument and the company's evaluation of the hedging effectiveness;
- ii) There is an expectation that the hedge will be highly effective, at the inception of the hedging relation and along its duration;
- iii) The effectiveness of the hedge may be measured at the beginning of the operation and while it is running;
- iv) For cash flow hedges, the realization of the cash flows must be highly probable.

3.8 Corporate income tax

Since 1 January 2006, the Company is subject to the special regime governing business groups ("RETGS") comprising companies in which the shareholding is equal to or more than 90% (as in effect until 31 December 2013) and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code (IRC).

The gains and losses relating to subsidiaries and joint-ventures resulting from the application of the equity method are deducted from or added to, respectively, to the net income of the year for the purpose of calculating taxable income.

Corporate income tax includes current and deferred tax. Current income tax is calculated based on net income, adjusted in conformity with tax legislation in force at the balance sheet date (Note 13).

Deferred tax is calculated using the liability method, based on the temporary differences between the book values of the assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax.

Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased whenever it is likely that tax losses will not be utilised.

Deferred taxes are recorded as a cost or income for the year, except when they result from amounts recorded directly in equity, situation in which deferred tax is also recorded under the same caption.

3.9 Receivables and other current assets

Debtors' balances and other current assets are recorded at fair value, being subsequently recognised at their amortised cost, net of impairment losses, so as to state them at their expected net realisable value (Note 18).

Impairment losses are recorded when there is objective evidence that the Company will not receive the full amount outstanding in accordance with the original conditions of the accounts receivable.

3.10 Cash and cash equivalents

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months which can be mobilised immediately without any significant risk in value fluctuations (Note 24).

3.11 Share capital and treasury shares

Ordinary shares are classified in shareholders' equity (Note 22).

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, at the amount receivable resulting from the issue.

Costs directly attributable to the issue of new shares or options towards the acquisition of a new business are included in the acquisition cost as part of the purchase consideration.

Treasury shares are recorded at their acquisition amount, as a decrease in shareholders' equity, in the caption Treasury shares, while the gains or losses inherent in their disposal are recorded under Other reserves. Pursuant to applicable corporate legislation, as long as treasury shares remain in the company's possession, it is mandatory to set aside a reserve equal to their acquisition cost.

When any subsidiary company acquires shares of the parent company (treasury shares), the payment, which includes directly-attributable incremental costs, is deducted from the shareholders' equity attributable to the holders of the parent company's capital until such time the shares are cancelled, redeemed or sold.

When such shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under other reserves.

3.12 Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value, net of the transaction costs incurred, and are subsequently stated at their amortised cost. Any difference between the amounts received (net of transaction costs) and the repayment amount is recognised in the income statement over the term of the debt, using the effective interest rate method.

Interest-bearing debt is classified as a current liability, except when the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date (Note 24).

3.13 Borrowing costs

Borrowing costs relating to loans are generally recognised as financial costs, in accordance with the accrual accounting principle (Note 12).

Borrowing costs directly related to the acquisition, construction or production of fixed assets are capitalised when their construction period exceeds one year, and form part of the asset's cost.

Capitalisation of these charges commences after the start of the asset's preparation or development activities and ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed or when the relevant project is suspended or substantially concluded.

Any financial income directly related to a specific investment is deducted from the borrowing costs of the referred asset.

3.14 Provisions

Provisions are recognised whenever the Company has a legal or constructive obligation, as a result of past events, in which 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 so as to reflect the best estimate at that date (Note 8).

3.15 Pensions and other post-employment benefits

3.15.1 Pension obligations – defined benefit plans

The responsibilities for the payment of retirement benefits are recorded in accordance with NCRF 28.

In accordance with NCRF 28, companies with pension plans recognise the costs with the granting of these benefits as and when the services are rendered by the beneficiary employees. In this manner, the Company's total liability is estimated at least every six months at the date of the interim and annual financial statements for each plan separately by an independent and specialised entity in conformity with the projected unit credit method.

Thus the liability determined is recognised in the balance sheet and pension costs are recognised under the caption Payroll cost. Actuarial gains and losses resulting from differences between the assumptions used for purposes of calculating the liabilities and what effectively occurred, as well as the impacts resulting from changes in assumptions, are recognised directly in equity, under the caption "Retained Earnings" (Note 23).

The costs relating to past liabilities, which result from the implementation of a new plan or additional benefits granted, are recognised immediately in situations in which the benefits are being paid or are overdue.

The calculated liability is presented in the Balance sheet under the caption "Pensions and post-employment benefits" included in non-current liabilities.

Actuarial gains and losses resulting from differences between the assumptions used for purposes of calculating the liabilities and what effectively occurred (as well as from changes made thereto and from the difference between the expected amount of the return on the funds' assets and the actual return) are recognized, when incurred, directly in equity (Note 25).

The gains and losses generated by a curtailment or a settlement of a defined-benefit plan are recognised in the income statement when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees or the plan is altered in such a way that the benefits awarded are reduced with a material impact.

3.15.2 Holiday pay, allowance and bonuses

Under the terms of the prevailing legislation, employees are entitled annually to 22 working days leave, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment. According to the current Performance Management System ("Sistema de Gestão de Desempenho"), employees have the right to a bonus based on annually-defined objectives.

Accordingly, these liabilities are recorded in the period in which the employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the balance sheet is shown under the caption "Payables and other current liabilities".

3.16 Payables and other current liabilities

Trade creditors and current accounts payable are recorded at its nominal value, namely its cost.

3.17 Leases

Leases, under which a significant part of the risks and benefits of the property is assumed by the lessor, with the Company being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received by the lessee, are recorded in the income statement during the period of the lease.

3.18 Dividends distribution

The distribution of dividends to shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders and up until the time of their payment.

3.19 Revenue recognition and accrual basis

The income derived from the services rendered is recognized in the income statement with reference to the stage of completion of the services rendered at the balance sheet date, at the fair value of the amount received or receivable.

Interest received is recognised in accordance with the principle of accrual accounting, taking into consideration the amount of debt and the effective rate of interest during the period to maturity.

The Company record their costs and income in accordance with the accrual accounting principle, in terms of which costs and income are recognised as and when generated, irrespective of the moment in which they are received or paid

The differences between the amounts received and paid and the respective costs and income are recognised in the Receivables and other current assets and Payables and other current liabilities headings (Notes 18 and 26, respectively).

3.20 Contingent assets and liabilities

Contingent assets are possible assets resulting from past events and which occurrence is dependent on future uncertain events not totally subject to the company's control.

Contingent assets are not recognised in the financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them.

Contingent liabilities are defined as: (i) possible liabilities resulting from past events and which occurrence is dependent on future uncertain events not totally subject to the company's control; or (ii) current liabilities from past events where the future outflow that influences future benefits is not likely to take place or the amount cannot be reliably calculated.

Contingent liabilities are not recognised in the financial statements, and are disclosed in the notes, unless the probability of the outflow of funds affecting future economic benefits is remote, in which case they are not disclosed.

3.21 Subsequent events

Events after balance sheet date which provide additional information about the conditions prevailing at the date of the balance sheet are reflected in the individual financial statements.

Subsequent events which provide information about conditions which occur after the balance sheet date are disclosed in the notes to the individual financial statements, if material.

3.22 Risk Management

3.22.1 Financial risk factors

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries. Thus, the

company depends on the eventual dividends distribution by subsidiaries, interests' payment, loans reimbursement and other cash-flows generated by those companies.

The ability of Semapa subsidiaries 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 in order to mitigate the potential adverse effects on the Semapa financial performance. Risk management is undertaken by the 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.

Currency risk

Variations in the euro's exchange rate against other currencies can affect the Company's revenue, mainly through its subsidiaries.

Interest rate risk

Whenever expectations of changes in interest rates justify it, the Company seeks to hedge against adverse movements through derivative instruments namely interest rate collars. In the selection of derivative financial instruments, it is their economic aspects that are the main focus of assessment. The management also evaluates the impact of each additional derivative financial instruments to its portfolio, namely in earnings' volatility.

In order to manage the risk of interest rates, the Company only enters into cash flow hedge. Those transactions are recorded in the balance sheets at their fair value and, to the extent that they are considered effective hedging's, changes in fair value are initially recorded in shareholder's equity and recycled to financial results under the caption gains / (losses) in derivative financial instruments at the settlement date.

If the hedge instruments present ineffectiveness, that inefficiency is immediately recognised in profit and loss. As so, net expenses associated to the hedged interest-bearing liabilities are deferred in accordance with the hired hedging instrument inherent rate.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement when the hedge instrument is also recognised in the income statement.

A significant share of the Company's financial liabilities cost are 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). 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 and collars to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters.

During 2009 Semapa SGPS, S.A. contracted three interest rate collar structures over two bond loans maturing in 2016 in order to fix the interest costs within a certain limit of payments.

Semapa uses the sensibility analysis technique to measure impacts on earnings and equity of increase or decrease on interest rates maintaining the other variables constant. This analysis is only for theoretical reasons since changes in interest rates rarely occur in isolation from changes in other market factors. The sensitivity analysis is based on the following assumptions:

1. Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;
2. Changes in market interest rates only lead to interest income and expenses regarding fixed rate financial instruments if those are measured at their fair value;
3. Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;

4. Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured using the discounted cash flows method, with market interest rates at year end;

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 Company 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 are within reasonable exposure limits and approved for each customer.

Liquidity risk

The Company manages liquidity risk in two ways: (i) 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 (ii) having access to credit facilities available at any moment, for an amount that ensures an adequate liquidity.

3.22.2 Operational risk factors

Operational risk factors mainly exist at subsidiaries and jointly controlled entities' level and are as follows:

- Supply of raw materials
- Market price
- Demand for Company's products
- Competition
- Environmental legislation
- Energy costs
- Context costs

3.23 Important accounting estimates and judgments

The preparation of financial statements requires that Company's management make judgments and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at balance sheet date. All estimates and assumptions made by the management were based on the best information and knowledge as of the date of the financial statements' approval, of events and transactions in progress.

The most relevant accounting estimates used on the financial statements include: i) estimated useful life of tangible and intangible assets; ii) impairment analysis, namely Goodwill and receivables; and iii) provisions.

Estimates were determined on the best available information at the financial statements' date based on the best knowledge and experience of past and current events. However, events may take place in subsequent periods which are not predictable at this time and therefore not included in the current estimates. Changes to current estimates on subsequent periods will be corrected on the income statement.

The estimates and assumptions which present a significant risk of generating a material adjustment to the book value of assets and liabilities in the following financial period are presented below:

3.23.1 Impairment of goodwill

The Company tests the goodwill carried in the balance sheet for impairment losses annually, in accordance with the accounting policy described in Note 3.2. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use and fair value less cost to sell. These calculations require the use of estimates.

3.23.2 Actuarial assumptions

Liabilities relating to defined-benefit plans are calculated based on certain actuarial assumptions. Changes to those assumptions can have a material impact on the aforesaid liabilities.

4. Sales and services rendered

The amount of Euro 9,488,889 and Euro 5,493,750 recognized in Services rendered for the periods ended 31 December 2013 and 2012 respectively, refer to management services provided by Semapa to its subsidiaries in financial, accounting, tax and IT areas, among others, that were provided in the domestic market (Note 28).

The increase in the amount of services rendered for the year ended 31 December 2013 was due to the change of the methodology for determining the value of the transaction.

5. Financial investments – equity method

As of 31 December 2013 and 2012, financial investments accounted for using the equity accounting method were as follows:

Amounts in Euro	31-12-2013				31-12-2012			
	% held	Investments	Additional paid in capital	Total	% held	Investments	Additional paid in capital	Total
Cimentospar - Participações Sociais, SGPS, S.A.	-	-	-	-	45,56%	267.713.894	-	267.713.894
ETSA Investimentos, SGPS, S.A.	99,99%	58.224.899	-	58.224.899	96,00%	53.455.286	-	53.455.286
Great Earth - Projectos, S.A.	100,00%	114.511.652	-	114.511.652	-	-	-	-
Interholding Investments, B.V.	100,00%	-	-	-	100,00%	5.937.808	-	5.937.808
NS.O.S.P.E. - Empreendimentos e Participações, S.A.	54,42%	6.953.096	-	6.953.096	100,00%	11.100.673	-	11.100.673
Portucel, S.A.	47,29%	644.354.473	-	644.354.473	47,29%	647.963.113	-	647.963.113
Seinpar Investimentos, B.V.	100,00%	154.655.485	384.661.500	539.316.985	100,00%	89.606.009	452.233.500	541.839.509
Seinpart - Participações, SGPS, S.A.	49,00%	27.985	-	27.985	49,00%	29.175	-	29.175
Semapa Inversões, S.L.	100,00%	204.267	-	204.267	100,00%	5.748.633	-	5.748.633
Seminv - Investimentos, SGPS, S.A.	100,00%	2.002.862	-	2.002.862	100,00%	2.036.154	-	2.036.154
Aboutbalance, SGPS, S.A.	100,00%	46.990	-	46.990	100,00%	50.366	-	50.366
Inspiredplace, S.A.	100,00%	46.988	-	46.988	100,00%	50.364	-	50.364
		981.028.697	384.661.500	1.365.690.197		1.083.691.475	452.233.500	1.535.924.975

The movement in the financial investments – equity method, in the years ended 31 December 2013 and 2012 is as follows:

Amounts in Euro	31-12-2013	31-12-2012
Opening balance	1,535,924,975	1,744,935,841
Incorporation and additional paid in capital	-	203,701,941
Share capital reductions	-	(8,940,000)
Acquisitions	1,862,599	24,413,353
Badwill	422,317	-
Currency translation differences	(2,657,492)	(5,530,150)
Disposals	-	(79,810,247)
Gains / (losses) of subsidiaries, associates and joint ventures	115,344,718	30,969,411
Dividends received	(106,939,990)	(309,738,277)
Share premiums	107,785	-
Reimbursement of:		
Share premiums	(67,572,000)	(53,306,000)
Adjustments on financial assets	(33,236,194)	(10,770,897)
Reversal of provision for negative equity (Note 8)	(77,566,521)	-
Closing balance	1,365,690,197	1,535,924,975

The caption “Acquisitions”, in 2013, corresponds to the acquisition of 1,789,542 shares of ETSA Investimentos SGPS S.A. to non-controlling interests, being Semapa the main shareholder controlling 99.99% of this entity share capital.

The caption “Acquisitions” in 2012 regards to the purchase of 15% share capital of Supremo Cimentos, S.A., in January 2012. This transaction occurred in the context of the acquisition of 50% of this Brazilian cement group

together with it's the Brazilian subsidiary, NSOSPE, S.A. which acquired the remaining 35%. In August 2012, the share held by Semapa was sold to the subsidiary Secil, S.A..

The Gains / (losses) of financial investments accounted for using the equity method, in the years ended 31 December 2013 and 2012 were as follows:

Amounts in Euro	2013	2012
Appropriated results		
Cimentospar - Participações Sociais, SGPS, S.A.	(12,497,419)	(83,546,849)
ETSA Investimentos, SGPS, S.A.	2,495,952	2,915,160
Great Earth - Projectos, S.A.	(42,557,841)	(39,213,538)
Interholding Investments, B.V.	(6,045,593)	(59,130)
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	1,089,901	3,500,272
Portucel, S.A.	97,639,259	89,364,053
Seinpar Investments, B.V.	69,226,043	63,359,772
Seinpart - Participações, SGPS, S.A.	(1,191)	(849)
Semapa Inversiones, S.L.	6,035,634	(6,794,684)
Seminv - Investimentos, SGPS, S.A.	(33,275)	1,734,464
Aboutbalance, SGPS, S.A.	(3,376)	366
Inspiredplace, S.A.	(3,376)	364
Secil - Companhia Geral de Cal e Cimento, S.A.	-	(289,990)
	115,344,718	30,969,411
Gains / (losses) on disposal of financial investments		
ETSA Investimentos, SGPS, S.A.	1,056	-
Secil - Companhia Geral de Cal e Cimento, S.A.	-	25,408,499
	1,056	25,408,499
Badwill on acquisition of financial investments		
ETSA Investimentos, SGPS, S.A.	422,317	-
	422,317	-
	115,768,091	56,377,910

As of 31 December 2013, financial investments information, after adjustments related to the harmonisation of accounting principles, was as follows:

Amounts in Euro	31 December de 2013				
	Total assets	Total liabilities	Equity	Profit for the year	Revenue
ETSA Investimentos, SGPS, S.A.	94,600,128	36,368,721	58,231,407	2,560,217	29,134,978
Great Earth - Projectos, S.A.	565,481,963	450,970,312	114,511,652	(45,513,835)	346,077
Interholding Investments, B.V.	3,561	22,673	(19,112)	(6,064,705)	-
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	70,216,235	57,438,441	12,777,794	2,002,926	-
Portucel, S.A.	2,765,772,714	1,407,562,393	1,358,210,321	206,058,325	1,530,609,430
Seinpar Investments, B.V.	539,327,451	10,466	539,316,986	69,226,043	69,260,034
Seinpart - Participações, SGPS, S.A.	58,232	1,122	57,111	(2,431)	-
Semapa Inversiones, S.L.	217,680	13,413	204,267	6,035,634	5,627,594
Seminv - Investimentos, SGPS, S.A.	2,003,908	1,047	2,002,861	(33,275)	287
Aboutbalance, SGPS, S.A.	47,915	927	46,988	(3,376)	-
Inspiredplace, S.A.	47,915	927	46,988	(3,376)	-

As of 31 December 2012, financial investments information, after adjustments related to the harmonisation of accounting principles, was as follows:

Amounts in Euro	31 December de 2012				
	Total assets	Total liabilities	Equity	Profit for the year	Revenue
Cimentospar - Participações Sociais, SGPS, S.A.	611,078,260	23,446,260	587,632,000	(183,385,333)	60,290
ETSA Investimentos, SGPS, S.A.	97,652,792	41,970,201	55,682,591	3,102,267	35,630,090
Great Earth - Projectos, S.A.	320,322,407	397,888,929	(77,566,521)	(116,780,059)	400,559
Interholding Investments, B.V.	6,088,756	150,948	5,937,808	(59,130)	-
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	76,849,430	65,748,757	11,100,673	3,500,272	-
Portucel, S.A.	2,688,368,444	1,318,285,170	1,370,083,274	191,858,537	1,501,615,139
Seinpar Investments, B.V.	541,865,855	26,345	541,839,509	63,359,772	63,390,049
Seinpart - Participações, SGPS, S.A.	61,764	2,222	59,542	(1,732)	-
Semapa Inversiones, S.L.	5,748,631	(2)	5,748,633	(6,794,683)	-
Seminv - Investimentos, SGPS, S.A.	2,038,503	2,350	2,036,153	1,734,464	262
Aboutbalance, SGPS, S.A.	50,364	-	50,366	366	-
Inspiredplace, S.A.	50,364	-	50,364	364	-

In 2013, Cimentospar – Participações Sociais, SGPS, S.A. was merged into Great Earth – Projectos, S.A., a subsidiary fully owned by Semapa. Until the merge occur Great Earth – Projectos, S.A. owned 54.44% of Cimentospar – Participações Sociais, SGPS, S.A. share capital and the remaining 45.56% was held directly by Semapa.

Due to the merger, performed for tax purposes outside the neutrality regime, Great Earth's equity increased Euro 251,672,082 (share capital increase of Euros 159,037,657 and share premium of Euros 92,634,425) due to the incorporation of the 45.56% share of Cimentospar fair value (which only asset corresponded to the 99.99% share capital of Secil and that afterwards became directly owned by Great Earth).

The fair value of Cimentospar was determined by reference to its unique asset which, as mentioned, was represented by 99.99% of the share capital of Secil, S.A.. The fair value valuation was performed in December 2013 and resulted in an impairment loss amounting to Euro 15,722,205, which is negatively affecting the profit for the year ended 31 December 2013 through the equity accounting method of the referred subsidiaries.

6. Consumed materials and services

The caption “Consumed materials and services” is detailed as follows for the years ended 31 December 2013 and 2012:

Amounts in Euro	2013	2012
Professional fees	3,775,696	2,745,025
Materials	36,930	35,494
Energy and fluids	58,386	51,019
Travel, lodging and transportation	80,450	352,650
Other services	1,114,091	1,094,153
External services re-charge	(101,798)	(3,705,044)
	4,963,755	573,297

The caption “External services re-charge” includes, in 2012, an amount of Euro 3,565,578 corresponding to the payment made by CRH to Semapa, in compliance with the arbitration award, which condemned the first to the reimbursement of certain expenses incurred by the second with arbitral proceedings.

7. Payroll expenses

As of 31 December 2013 and 2012 payroll expenses, were made up as follows:

Amounts in Euro	2013	2012
Statutory bodies (Note 28)	7,013,395	2,459,512
Excess estimated bonuses (Note 28)	-	(3,840,056)
Other remunerations	1,965,988	1,977,131
Post-employment benefits (Note 25)		
Expenses recognised in the year	65,634	5,782,818
Curtailments	-	(19,053,485)
Other payroll costs	671,595	1,027,078
Payroll total costs / (gains)	9,716,612	(11,647,002)

In 2012 the amount booked under the caption “Excess estimated bonuses” refers to the prior year accrual for performance bonuses which the actual payment didn’t occurred (Note 28).

In Shareholders’ General Meeting, held in December 27, 2012, the Company revoked Semapa Board of Directors pension plan which had been approved on Shareholders’ General Meeting, held in March 30, 2005 (Note 25).

The number of employees working for the Company on 31 December 2013 and 2012 was 20 and 21, respectively.

8. Provisions

As of 31 December 2013 and 2012, the provisions for negative equity and other risks amounted to Euro 4,719,112 and Euro 82,266,521, respectively.

During the course of the years ended 31 December 2013 and 2012, the following movements took place in the caption “Provisions increase / (decrease)”:

Amounts in Euro	Negative equity	Others	Total
Balance as of 1 January 2012	-	3,640,000	3,640,000
Increases	77,566,521	1,060,000	78,626,521
Balance as of 31 December 2012	77,566,521	4,700,000	82,266,521
Increases	19,112	-	19,112
Direct utilisations (Note 5)	(77,566,521)	-	(77,566,521)
Balance as of 31 December 2013	19,112	4,700,000	4,719,112

The provision booked on 31 December 2012 due to the negative equity of subsidiary Great Earth – Projectos, S.A. (wholly owned by Semapa) was fully used in 2013 as it negative equity ceased to exist (Note 5).

9. Changes in fair value

In the years ended 31 December 2013 and 2012, changes in fair value were as follows:

Amounts in Euro	2013	2012
Financial assets held for trading		
- Gains / (losses) (Note 20)	431	(326,337)
Derivative financial instruments		
- Gains / (losses) (Note 27)	(48,418)	2,271,390
	(47,987)	1,945,053

The variation in the caption “Financial assets held for trading” is due to fair value gains and losses recorded in listed securities held by Semapa as described in Note 20.

Gains / (losses) under the caption “Derivative financial instruments – Gains / (losses)” comprise the results from the instruments detailed in Note 27.

10. Other operating income and other operating expenses

“Other operating income” is detailed as follows for the years ended 31 December 2013 and 2012:

Amounts in Euro	2013	2012
Gains on disposals of tangible fixed assets	8,000	-
Indemnities received due to acquisition agreements revocation	7,568,634	-
Others	840	32,373
	7,577,474	32,373

The amount of Euro 7,568,634 corresponds to indemnities obtained by counterparties due to revoke acquisition agreements, incurred by those entities.

“Other operating expenses” is detailed as follows for the years ended 31 December 2013 and 2012:

Amounts in Euro	2013	2012
Taxes	(650,410)	(820,459)
Donations	(238,000)	(70,850)
Membership fees	(21,246)	(23,206)
Others	(373,579)	(2,246)
	(1,283,235)	(916,761)

11. Depreciation, amortisation and impairment losses

As of 31 December 2013 and 2012 changes in depreciation, amortisation and impairment losses were as follows:

Amounts in Euro	2013	2012
Depreciation of property, plant and equipment		
Buildings	(181,289)	(174,930)
Equipment and other tangible assets	(157,160)	(123,138)
(Expenses) / reversals of depreciation and amortisation	(338,449)	(298,068)
Impairment losses on intangible assets		
Goodwill (Note 16)	-	(81,296,931)
Impairment of non-depreciable/amortisable investments (expenses/reversals)	-	(81,296,931)

12. Net financial results

As of 31 December 2013 and 2012 Net financial results were detailed as follows:

Amounts in Euro	2013	2012
Interest and similar income:		
Interest income from bank deposits	46,794	2,948,321
Interest income on loans to associated companies (Note 28)	28,099,257	17,239,670
Gains on derivative financial instruments (Note 27)	757,418	249,980
Other financial income	652	9,375
	28,904,121	20,447,346
Interest and similar expenses:		
Interest paid on borrowings	(10,252,706)	(9,606,857)
Interest paid on loans from shareholders (Note 28)	(297,197)	(307,317)
Interest paid on loans from associated companies (Note 28)	(1,157,789)	(4,877,209)
Losses on derivative financial instruments (Note 27)	(5,357,936)	(3,256,453)
Interest paid from other loans	(27,699,782)	(23,447,286)
Other financial expenses	(3,357,862)	(2,918,147)
	(48,123,272)	(44,413,269)

The amounts stated in “Gains on derivative financial instruments” and “Losses on derivative financial instruments” comprises the results from the financial instruments detailed in Note 27.

13. Income tax

As of 1 January 2014, and in accordance with the legislative changes introduced by the reform of the IRC code , the relevant percentage to the appliance of the special regime governing business groups shall be 75% (until 31 December 2013 this percentage was 90%). Thus, as of 1 January 2014, the tax business group led by Semapa as the dominant society shall comprise Group Secil and Group Portucel.

As of 31 December 2013 and 2012, income tax expense comprises:

Amounts in Euro	2013	2012
Current tax	1,753,173	(526,091)
Deferred tax	(39,488,109)	-
	(37,734,936)	(526,091)

The reconciliation of the effective tax rate in the years ended 31 December 2013 and 2012 is as follows:

Amounts in Euro	2013	2012
Profit before tax	97,246,153	(110,181,413)
Expected income tax	25,770,231	(29,198,074)
Differences (a)	(25,566,783)	6,822,178
Recoverable tax losses carried forward	(148,969)	382,161
Gains on Special Tax Regime for Group Companies (RETGS)	(315,962)	(1,018,257)
Non recoverable tax losses	-	22,375,896
Recoverable tax losses carried forward	(39,781,860)	-
Other tax adjustments	90,302	12,688
Autonomous taxation	2,218,105	97,317
	(37,734,936)	(526,091)
Effective tax rate	(38.80%)	0.48%
Effective tax rate without the equity method	(7.26%)	7.23%

(a) This amount is made up essentially of:

Amounts in Euro	2013	2012
Effects arising from the application of the equity method		
- Equity Method (Note 5)	(115,768,091)	(56,377,910)
Non-deductible impairment losses (Note 11)	-	81,296,931
Adjustments and provisions taxed (Note 8)	19,112	78,626,521
Post-employment benefits (Note 25)	65,634	5,782,818
Pensions paid (Note 25)	(122,180)	(1,645,511)
Reversal of taxed provisions (Note 25)	-	(100,380,578)
Non-deductible financial expenses	19,036,787	17,934,709
Others	290,313	507,088
	(96,478,425)	25,744,068
Tax effect (26,50%)	(25,566,783)	6,822,178

In accordance with applicable accounting standards (Note 3.8), the Company records deferred tax assets over fiscal losses, whenever it's expected its future use. Thus, deferred tax assets were calculated and recorded in the period, amounting to Euro 39,488,109, corresponding to 23% of tax losses determined until 2012 by the tax business group led by Semapa as the dominant society, available for future reporting, totaling Euro 171,687,431.

The annual tax returns in Portugal are subject to review and possible adjustment on the part of the tax authorities during a period of 4 years (5 years for Social Security). However, where there are tax losses, these may be subject to review and additional assessment by the tax authorities for a higher period.

The Board of Directors is of the opinion that any corrections to those tax returns as a result of assessments by the tax authorities will not have a material impact on the financial statements at 31 December 2013. Additionally, the periods until 2011 have already been reviewed.

14. Earnings per share

There are no convertible financial instruments over Semapa's shares, so there is no dilution of earnings.

Amounts in Euro	2013	2012
Profit attributable to Semapa's shareholders	134,981,089	(109,655,322)
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	1.20	(0.97)
Diluted earnings per share	1.20	(0.97)

The weighted average number of shares is shown after deducting 5,447,975 treasury shares held by Semapa, SGPS, S.A..

15. Property, plant and equipment

The following movements were registered in the years ended 31 December 2013 and 2012 under the caption Property, plant and equipment, as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Buildings and other constructions	Equipments and others tangibles	Work in progress	Total
Acquisition cost				
Amount as of 1 January 2012	1,721,502	990,809	102,292	2,814,603
Acquisitions	-	33,919	73,873	107,792
Disposals and regularisations	-	(14,204)	-	(14,204)
Amount as of 31 December 2012	1,721,502	1,010,524	176,165	2,908,191
Acquisitions	-	20,713	227,159	247,872
Write-off's	-	(27,250)	-	(27,250)
Disposals and regularisations	-	(1,399)	-	(1,399)
Transfers	62,719	145,881	(208,600)	-
Amount as of 31 December 2013	1,784,221	1,148,469	194,724	3,127,414
Accumulated depreciation and impairment losses				
Amount as of 1 January 2012	(629,033)	(595,772)	(102,292)	(1,327,097)
Acquisitions	(174,930)	(123,138)	-	(298,068)
Disposals and regularisations	-	14,204	-	14,204
Amount as of 31 December 2012	(803,963)	(704,706)	(102,292)	(1,610,961)
Acquisitions	(181,289)	(157,160)	-	(338,449)
Write-off's	-	27,250	-	27,250
Disposals and regularisations	-	1,399	-	1,399
Amount as of 31 December 2013	(985,252)	(833,217)	(102,292)	(1,920,761)
Net book value as of 1 January 2012	1,092,469	395,037	-	1,487,506
Net book value as of 31 December 2012	917,539	305,818	73,873	1,297,230
Net book value as of 31 December 2013	798,969	315,252	92,432	1,206,653

16. Goodwill

As of 31 December 2013 and 2012 Goodwill is made up as follows:

Entity	Acquisition date	31-12-2013	31-12-2012
Portucel, S.A.	2010	55,935,308	55,935,308
		55,935,308	55,935,308

The following movements were registered in the caption Goodwill during 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Opening balance	55,935,308	137,906,572
Impairments	-	(81,296,931)
Disposals	-	(674,333)
Closing Balance	55,935,308	55,935,308

In accordance with NCRF 14, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described in Note 3.2.

Regarding CGU associated with the pulp and paper segment, this unit corresponding to the net assets held in Portucel, S.A. and this being an open company whose securities are admitted to trading on quoted market (Euronext Lisbon), the Company decided in 2013 to determine its recoverable amount, for the purpose of impairment testing, based on their fair value (this corresponds to the value of its stock market listing by reference to 31December 2013) less costs to sell.

As a result of the impairment tests performed and respective sensitive analysis to its main assumptions, no impairment losses have been identified on the goodwill of the CGU's.

17. State and other public entities

As at 31 December 2013 and 2012, there were no arrear debts to the State and other public entities.

The balances relating to these entities were as follows:

Current assets

Amounts in Euro	31-12-2013	31-12-2012
Corporate Income Tax - IRC	-	868,607
Value added tax - VAT	479,067	298,110
	479,067	1,166,717

Current liabilities

Amounts in Euro	31-12-2013	31-12-2012
Corporate Income Tax - IRC	2,074,477	-
Personnel income tax - withheld on salaries	15,662,910	12,239,735
Value added tax - VAT	233,691	
Social security	55,526	51,454
Other	3,409	-
	18,030,013	12,291,189

The amount of Euro 14,111,051 (2012: Euros 12,239,735) recorded under the caption Personnel income tax-withheld on salaries is due to the withholding made on the amounts paid to Semapa Board members regarding the last payment of the revoked pension plan deliberated on December 2012.

As of 31 December 2013 and 2012, the caption "Corporate Income tax - IRC" comprise:

Amounts in Euro	31-12-2013	31-12-2012
Corporate Income Tax	(2,218,105)	(97,317)
Corporate Income Tax - Special Tax Regime for Group Companies (RETGS)	(113,603)	(187,421)
Special payments on account	144,662	119,767
Withholding tax	112,569	1,033,578
	(2,074,477)	868,607

18. Receivables and other current assets

At 31 December 2013 and 2012, "Other receivables and other current assets" comprised:

Amounts in Euro	31-12-2013	31-12-2012
Other receivables		
Other receivables - related parties (Note 28)	24,632,959	25,051,426
Other receivables	65,894	342,283
	24,698,853	25,393,709

19. Deferrals

As of 31 December 2013 and 2012, this caption comprised:

Amounts in Euro	31-12-2013	31-12-2012
Deferred assets		
Consumed materials and services	64,669	60,704
Interests	184,694	106,843
	249,363	167,547
Deferred liabilities		
Others	(6,186)	(6,172)
	(6,186)	(6,172)
	243,177	161,375

20. Financial assets held for trading

The following movements were registered in this caption during the years ended 31 December 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Fair value at the beginning of the year	100,889	427,363
Acquisitions	451,466	-
Disposals	-	(137)
Changes in fair value (Note 9)	431	(326,337)
Fair value at end of the year	552,786	100,889

As of 31 December 2013 and 2012 the “Financial assets held for trading” comprises:

Amounts in Euro	Fair Value	
	31-12-2013	31-12-2012
Banco Espírito Santo, S.A.	117,121	100,889
CEMG fund	435,665	-
	552,786	100,889

21. Other financial assets

As of 31 December 2013 the captions “Other financial assets”, current and non-current, were entirely comprised by receivables from group companies. Current receivables are related with short term cash operations, with market interest rates, which are collected every three months. Non-current receivables are related with loans granted to subsidiary Great Earth – Projectos, S.A. (Note 28).

22. Share capital and treasury shares

At 31 December 2013, Semapa share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of 1 Euro each.

At 31 December 2013 and 2012 the following entities had substantial holdings in the company's capital:

Name	31-12-2013		31-12-2012	
	Number of Shares	%	Number of Shares	%
Longapar, SGPS, S.A.	21.505.400	18,17	21.505.400	18,17
Cimo - Gestão de Participações, SGPS, S.A.	16.199.031	13,69	16.199.031	13,69
Sodim, SGPS, S.A.	15.657.505	13,23	15.657.505	13,23
Banco BPI, S.A.	12.009.004	10,15	12.009.004	10,15
Bestinver Gestión, SGIIC, S.A.	11.865.210	10,03	11.865.210	10,03
Norges Bank (Central Bank of Norway)	5.649.215	4,77	5.649.215	4,77
Cimigest, SGPS, SA	3.185.019	2,69	3.185.019	2,69
Sociedade Agrícola da Quinta da Vialonga, S.A.	625.199	0,53	625.199	0,53
OEM - Organização de Empresas, SGPS, S.A.	535.000	0,45	535.000	0,45
Treasury shares	5.447.975	4,60	5.447.975	4,60
Other shareholders with less than 2% participation	25.653.887	21,68	25.653.887	21,68
	118.332.445	100,00	118.332.445	100,00

23. Reserves and retained earnings

Share Premium

This value cannot be distributed unless in the event of the company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

Legal Reserve

Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve until this is equal to at least 20% of the issued capital, which is verified as of 31 December 2013.

This reserve cannot be distributed unless in the event of the company's winding up. However, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

Other Reserves

This caption corresponds to available reserves for distribution to shareholders, constituted through the appropriation of prior year's earnings.

Following the purchase of 2,720,000 treasury shares on 2007 and 2,727,975 shares on 2011, a reserve with the same amount has been made unavailable, in accordance with the applicable trade law. This reserve should be kept until the disposal of the shares.

Retained earnings

Actuarial gains or losses

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption as well as changes made to those assumptions as described in Note 3.15.1.

Previous year's net profit was distributed as follows:

Amounts in Euro	<i>Application of year's net profit</i>	
	2012	2011
Dividends paid	-	28,785,540
Others reserves	-	95,376,260
Retained earnings	(109,655,322)	-
Net profit for the year		
(2012: SNC / 2011: SNC)	(109,655,322)	124,161,800

Adjustments on financial assets

This caption comprises the adjustments due to the equity accounting method application to the Company's subsidiaries.

Adjustments on financial assets were as follows in the years ended 31 December 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Cimentospar - Participações Sociais, SGPS, SA. (Note 5)	-	142.105.317
ETSA Investimentos, SGPS, S.A.	(743.761)	(732.508)
Great Earth - Projectos, S.A. (Note 5)	(29.268.553)	(150.793.409)
Portucel, S.A.	(7.140.044)	(1.252.135)
Seinpar Investments, B.V.	(6.979.569)	(2.803.002)
Seinpart - Participações, SGPS, S.A.	35.857.480	35.857.480
Semapa Inversiones, S.L.	(36.764.961)	(36.764.961)
Seminv - Investimentos, SGPS, S.A.	9.417.586	9.417.603
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	(3.097.152)	(517.165)
	(38.718.974)	(5.482.780)

The following movements were registered in the caption "Adjustments on Financial Assets" in the years ended 31 December 2013 and 2012:

Amounts in Euro	31-12-2013	31-12-2012
Opening balance	(5,482,780)	5,535,173
Investment grants recognised directly in the subsidiaries equity	(537,277)	(5,388,106)
Actuarial gains / (losses)	(5,381,892)	4,352,698
Fair value of derivative financial instruments	1,224,911	(1,427,784)
Currency translation reserve	(27,642,628)	(5,258,632)
Treasury shares acquired by subsidiaries	(1,074,918)	(2,683,340)
Intragroup differences in share capital acquisitions	-	(326,330)
Transfer to retained earnings	-	(247,056)
Other movements	175,610	(39,403)
Closing balance	(38,718,974)	(5,482,780)

Other changes in equity

As of 31 December 2013 and 2012 this caption comprised:

Amounts in Euro	31-12-2013	31-12-2012
Fair value of derivative financial instruments	(16,889,228)	(17,478,265)
Financial statements translation differences	(8,190,998)	(5,533,506)
	(25,080,226)	(23,011,771)

As at 31 December 2013 and 2012 the negative figures of Euro 16,889,228 and Euro 17,478,265 shown under the caption “Fair value of derivative financial instruments” relates to the appropriation of the financial instruments fair value changes classified as hedging, which Mark to Market was negative and amounted to Euro 17,910,561 and Euro 18,341,470 (Note 26), respectively. Additionally, the intrinsic value of the referred derivative financial instruments amounted to Euro 10,074,189 and Euro 15,065,232, respectively. All of these amounts are recorded according to the policy described on Note 3.7.

As of 31 December 2013, the negative figure of Euro 8,190,998 (2012: Euros 5,533,506) refers to the exchange differences appropriated by the Group, resulting from the financial statements translation of the companies operating outside the Euro zone, namely the conversion of the subsidiary N.S.O.S.PE. - Empreendimentos e Participações, S.A., with head office in Rio de Janeiro, Brazil.

24. Interest-bearing liabilities

As of 31 December 2013 and 2012, Company’s net debt was as follows:

Amounts in Euro	31-12-2013	31-12-2012
Interest-bearing liabilities		
Non-current	794,053,167	822,884,321
Current	78,952,925	81,596,676
	873,006,092	904,480,997
Cash and cash equivalents		
Cash	4,690	4,494
Short term bank deposits	385,217	48,967
	389,907	53,461
Market value of shares held by the Group	44,463,638	30,998,978
Interest-bearing net debt	828,152,547	873,428,558

Non-current interest-bearing liabilities

As of 31 December 2013 and 2012, non-current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Non Current		
Bonds loans	525,000,000	525,000,000
Commercial paper	211,400,000	199,450,000
Bank loans	64,285,715	108,000,000
Expenses with loans issuing	(6,632,548)	(9,565,679)
Non-current interest-bearing liabilities	794,053,167	822,884,321

Bond Loans

As of 31 December 2013 and 2012, non-current bond loans were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Bond loans		
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
Semapa 2012 / 2015	300,000,000	300,000,000
	525,000,000	525,000,000

Semapa SGPS, S.A. has two bond loans amounting Euro 50,000,000 and Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation “Obrigações Semapa 2006/2016”.

In 2012, Semapa issued a bond loan amounting to Euro 300,000,000 with a maturity of three years (2015), listed on Euronext Lisbon under the heading “Obrigações Semapa 2012/2015”.

Commercial paper

In 2013, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 100,000,000 with 7 years maturity which amounts Euro 60,000,000 as at 31 December 2013.

In 2006, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 151,400,000 as at 31 December 2013.

In 2008, Semapa and ETSA – Investimentos SGPS S.A. contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years. As at 31 December 2013, no issues were in place.

Maturity of bond loans and other loans

The reimbursement terms relating to the balance recorded on bond, commercial paper, bank and other medium and long-term loans is shown as follows:

Amounts in Euro	31-12-2013	31-12-2012
1 to 2 years	330.714.286	108.000.000
2 to 3 years	195.714.286	300.000.000
3 to 4 years	2.857.143	225.000.000
4 to 5 years	-	-
More than 5 years	60.000.000	-
	589.285.715	633.000.000

Current interest-bearing liabilities

As of 31 December 2013 and 2012, current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Current		
Bank loans	67,149,285	24,934,172
Interest-bearing bank debt	67,149,285	24,934,172
Shareholders short-term loans	11,789,356	5,074,358
Subsidiaries short-term loans	14,284	51,588,146
Other interest-bearing debts	11,803,640	56,662,504
Current interest-bearing liabilities	78,952,925	81,596,676

Liabilities assumed due to Operating Leases

As of 31 December 2013 and 2012 debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	31-12-2013	31-12-2012
Less than 1 year	68,141	97,913
1 to 2 years	38,105	53,350
2 to 3 years	23,321	27,860
3 to 4 years	13,339	12,948
4 to 5 years	-	5,934
Total liabilities	142,906	198,005
Costs for the year*	801,480	767,865

* Property rentals included

Bank credit facilities granted and not drawn

At 31 December 2013 and 2012, bank credit facilities granted and not drawn amounted to Euro 159,915,000 and Euro 49,639,830 respectively.

25. Pensions and other post-employment benefits

As at 31 December 2013 and 2012, the amount of liabilities presented in the balance sheet under the caption "Pension and other post-employment benefits" (Euro 1,355,943 and 1,374,716 respectively), corresponds to the liability of Semapa to one beneficiary who chose not to join the deliberation held in December 2012.

During the periods ended 31 December 2013 and 2012, changes in Company's liabilities were as follows:

Amounts in Euro	31-12-2013	31-12-2012
Opening Balance	1,374,716	100,101,271
Movements in the year:		
Expenses recognised in the income statement (Note 7)	65,634	5,782,818
Actuarial losses / (gains)	37,773	(2,483,284)
Pensions paid	(122,180)	(1,645,511)
Defined benefit plan redemption	-	(81,327,093)
Gain recognised in the income statement - Curtailment (Note 7)	-	(19,053,485)
Liabilities at year end	1,355,943	1,374,716

The actuarial studies were based on the following financial and demographic assumptions:

	31-12-2013	31-12-2012
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Pensions growth rate	2.25%	2.25%
Technical interest rate	4.50%	5.00%
Wage growth rate	2.00%	2.00%
Pensions reversability rate	50%	50%
Number of Semapa complement annual payments	12	12
Social Benefits formula	Decret-Law n° 187/2007 of May 10th	Decret-Law n° 187/2007 of May 10th

26. Payables and other current liabilities

As of 31 December 2013 and 2012 the caption "Payables and other current liabilities" comprises:

Amounts in Euro	31-12-2013	31-12-2012
Subsidiaries (Note 28)	6,412,442	2,548,791
Accounts payable - fixed assets suppliers	56,303	25,893
Consultants and advisers	193,247	148,505
Derivative financial instruments (Note 27)	17,910,561	18,341,470
Other creditors	2,473,292	55,396,255
Accrued expenses	8,132,217	8,465,213
	35,178,062	84,926,127

On 31 December 2012, the caption "Other creditors" comprises an amount of Euro 48,796,256 corresponding to 60% of the liability established by the revocation of the Board of Directors pension plan, which payment was deferred and was almost fully paid during 2013.

At 31 December 2013 and 2012, the caption “Accrued expenses” comprised:

Amounts in Euro	31-12-2013	31-12-2012
Accrued expenses		
Payroll costs	862,993	781,274
Interest payable	6,777,295	6,736,048
Others	491,929	947,891
	8,132,217	8,465,213

27. Derivative financial instruments

During the year ended 31 December 2009 and in order to hedge interest rate risk of its bond loans, Semapa contracted three interest rate collar structures: (i) Euro 175,000,000 with Caixa BI; (ii) Euro 25,000,000 with BPI and (iii) Euro 25,000,000 with BES. These instruments allow Semapa to establish a minimum and maximum rate to cash outflows related to the above mentioned loans.

According to NCRF 27, these instruments are recorded in the financial statement as described in Note 3.7.

Fair value of derivative financial instruments is included under the caption “Payables and other current liabilities” (Note 26), if negative, and in the caption “Receivable and other current assets” (Note 18), if positive.

Detail and maturity of the Derivative Financial Instruments

As of 31 December 2013 and 2012 details of the fair value of derivative financial instruments shown in the balance sheet were as follows:

Amounts in Euro	Currency	Notional	Maturity	Fair Value	
				31-12-2013	31-12-2012
Financial instruments - hedging					
Interest rate collar	EUR	175,000,000	20-Apr-16	(8,963,909)	(12,778,581)
Interest rate collar	EUR	25,000,000	30-Nov-15	(1,053,129)	(1,599,750)
Interest rate collar	EUR	25,000,000	30-Nov-15	(1,058,822)	(1,602,805)
Currency Interest Rate Swap	BRL	32,000,000	27-Mar-17	(4,182,294)	(2,360,334)
Currency Interest Rate Swap	BRL	64,075,000	26-Mar-17	(2,652,407)	-
Ending balance				(17,910,561)	(18,341,470)
Total financial instruments				(17,910,561)	(18,341,470)

Changes in fair value of derivative financial instruments for the years 2013 and 2012 were as follows:

Amounts in Euro	Changes in fair value (Trading)	Changes in fair value (Hedging)	Total
As of 1 January 2012	17,560	(10,933,729)	(10,916,169)
Maturity/settlement	(1,120,877)	2,540,902	1,420,025
Change in fair value through profit and loss (Note 9)	1,103,317	1,168,073	2,271,390
Reclassification to the income statement (Note 12)	-	(3,006,473)	(3,006,473)
Change in fair value recognised in equity	-	(8,110,243)	(8,110,243)
As of 31 December 2012	-	(18,341,470)	(18,341,470)
Maturity/settlement	-	4,490,807	4,490,807
Change in fair value through profit and loss (Note 9)	-	(48,418)	(48,418)
Reclassification to the income statement (Note 12)	-	(4,600,518)	(4,600,518)
Change in fair value recognised in equity	-	589,038	589,038
As of 31 December 2013	-	(17,910,561)	(17,910,561)

28. Balances and transactions with related parties

As at 31 December 2013, balances with related parties were as follows:

Amounts in Euro	31-12-2013			
	Other receivables (Note 18)	Other financial assets (Note 21)	Interest-bearing loans (Note 24)	Other payables (Note 26)
Shareholders				
Cimigest, SGPS, S.A.	167	-	2,879,223	-
Cimo - Gestão de Participações, SGPS, SA	-	-	231,148	-
Longapar, SGPS, SA	-	-	7,192,833	-
OEM - Organização de Empresas, SGPS, S.A.	-	-	1,486,152	-
	167	-	11,789,356	-
Subsidiaries				
ETSA Investimentos, SGPS, S.A.	2,297,564	5,651,623	-	3,669
Great Earth - Projectos, S.A.	18,359,077	432,643,043	-	1,410,762
Interholding Investments, BV	644	15,500	-	-
Portucel, S.A.	923,161	-	-	1,808,849
Sebol - Comércio e Indústria de Sebo, S.A.	16	-	-	-
Seinpart - Participações, SGPS, S.A.	120	-	14,284	-
Semapa Inversiones, SL	-	8,000	-	-
Seminv - Investimentos, SGPS, S.A.	120	-	-	1,937,929
Soporcel - Soc. Portuguesa de Papel, S.A.	34,994	-	-	-
Aboutbalance, SGPS, S.A.	-	-	-	302
Inspiredplace, S.A.	-	-	-	302
Secil - Companhia Geral de Cal e Cimento, S.A.	3,016,444	-	-	1,250,629
	24,632,140	438,318,166	14,284	6,412,442
Other				
YD Invisible, S.A.	652	34,851	-	-
	652	34,851	-	-
Total	24,632,959	438,353,017	11,803,640	6,412,442

As at 31 December 2012, balances with related parties were as follows:

Amounts in Euro	31-12-2012			
	Other receivables (Note 18)	Other financial assets (Note 21)	Interest-bearing loans (Note 24)	Other payables (Note 26)
Shareholders				
Cimo SGPS, SA	-	-	203.445	-
Longapar, SGPS, SA	-	-	4.870.913	-
	-	-	5.074.358	-
Subsidiaries				
Celcimo, S.L.	-	-	548.298	-
Cimentospar - Participações Sociais, S.A.	12.561	4.205.317	-	5.206
ETSA Investimentos, SGPS, S.A.	3.250.587	4.037.585	-	3.670
Great Earth - Projectos, S.A.	16.944.105	380.865.011	-	-
Interholding Investments, BV	644	134.324	-	-
Portucel, S.A.	2.830.893	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	15	-	-	-
Seinpar Investments, BV	-	10.733	-	-
Seinpart - Participações, SGPS, S.A.	-	-	56.510	-
Seminv - Investimentos, SGPS, S.A.	-	-	-	1.968.222
Soporcel - Soc. Portuguesa de Papel, S.A.	9.992	-	-	-
Aboutbalance, SGPS, S.A.	-	-	-	91
Inspiredplace, S.A.	-	-	-	92
Secil - Companhia Geral de Cal e Cimento, S.A.	2.002.629	-	50.983.338	571.510
	25.051.426	389.252.970	51.588.146	2.548.791
Total	25.051.426	389.252.970	56.662.504	2.548.791

During the year ended 31 December 2013, transactions with related parties were as follows:

Amounts in Euro	Sales and services rendered (Note 4)	Supplementary income	Interest and other income (Note 12)	Financial costs (Note 12)	Acquisition of goods and services	Sales of investment goods
Shareholders						
Cimigest, SGPS, S.A.	-	60	-	(8.297)	(1.607.740)	-
Cimo - Gestão de Participações, SGPS, SA	-	-	-	(30.669)	-	-
Longapar, SGPS, S.A.	-	-	-	(228.694)	-	7.457
OEM - Organização de Empresas, SGPS, S.A.	-	-	-	(29.536)	-	-
Sodim, SGPS, S.A.	-	190	-	-	-	-
	-	250	-	(297.196)	(1.607.740)	7.457
Subsidiaries						
Celcimo, S.L.	-	-	-	(17.952)	-	-
Cimentospar - Participações, SGPS, S.A.	-	-	211.594	-	-	-
ETSA Investimentos, SGPS, S.A.	227.398	45	256.557	-	-	-
Great Earth - Projectos, S.A.	-	-	27.628.532	-	(346.077)	-
Interholding Investments, BV	-	-	2.061	-	-	-
Portucel, S.A.	6.447.062	2.345	-	-	-	-
Seinpar Investments, BV	-	-	513	-	-	-
Seinpart - Participações, SGPS, S.A.	-	-	-	(898)	-	-
Semapa Inversões, SL	-	-	-	(70.811)	-	-
Soporcel - Soc. Portuguesa de Papel, SA	-	97.003	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	2.814.429	-	-	(1.068.129)	-	-
	9.488.889	99.393	28.099.257	(1.157.790)	(346.077)	-
Other						
YD Invisible, S.A.	-	-	652	-	-	-
	-	-	652	-	-	-
Total	9.488.889	99.643	28.099.909	(1.454.986)	(1.953.817)	7.457

During the year ended 31 December 2012, transactions with related parties were as follows:

Amounts in Euro	Sales and services rendered (Note 4)	Supplementary income	Interest and other income (Note 12)	Financial costs (Note 12)	Acquisition of goods and services	Sales of investment goods
Shareholders						
Cimigest, SGPS, S.A.	-	-	-	-	(107.740)	-
Cimo SGPS, S.A.	-	-	-	(64.352)	-	-
Longapar, SGPS, S.A.	-	-	-	(242.965)	-	-
	-	-	-	(307.317)	(107.740)	-
Subsidiaries						
Celcimo, S.L.	-	-	-	(89.659)	-	-
Cimentospar - Participações, SGPS, S.A.	372.960	-	98.109	-	-	75.479.723
ETSA Investimentos, SGPS, S.A.	108.937	269	188.757	-	-	-
Great Earth - Projectos, S.A.	-	-	16.947.911	-	(400.559)	-
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	-	-	-	-	-	-
Interholding Investments, BV	-	-	4.162	-	-	-
Portucel, S.A.	3.390.433	31.676	-	(3.539)	-	-
Seinpar Investments, BV	-	-	731	-	-	-
Seinpart - Participações, SGPS, S.A.	-	-	-	(2.207)	-	-
Semapa Inversiones, SL	-	-	-	(773.453)	-	-
Seminv - Investimentos, SGPS, S.A.	-	-	-	(1.843.987)	-	-
Soporcel - Soc. Portuguesa de Papel, SA	-	79.895	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	1.621.420	18.620	-	(2.164.364)	-	24.412.353
	5.493.750	130.460	17.239.670	(4.877.209)	(400.559)	99.892.076
Total	5.493.750	130.460	17.239.670	(5.184.526)	(508.299)	99.892.076

Remunerations to member of the corporate bodies, including management bonuses accrual, for the years ended 31 December 2013 and 2012 were as follows:

Amounts in Euro	2013	2012
Board of directors - remuneration	2.225.184	2.398.041
Board of directors - bonus	4.724.207	-
Board of directors - Prior year bonus reversal	-	(3.840.056)
Fiscal Board and other corporate entities	64.004	61.471
Impact on Net profit (Note 7)	7.013.395	(1.380.544)

29. Audit fees

In the years ended 31 December 2013 and 2012, expenses with statutory audit and audit services, comprised:

Amounts in Euro	2013	%	2012	%
Statutory auditors services	93,324	89%	167,148	100%
Other reliability assurance services	6,000	6%	-	0%
Total audit services	99,324	94%	167,148	100%
Tax consultancy services	6,000	6%	-	0%
Total other services	6,000	6%	-	0%
Total	105,324	100%	167,148	100%

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 performed by the auditors.

30. Commitments

Semapa SGPS concluded a promise of a credits granting contract with a financial institution, in order to finance the acquisition of listed shares on the Euronext Lisbon 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 1.25.

This credit line was used up, on 31 December 2013 by the amount of Euro 100,000,000, having been given as security 50,917,005 Portucel shares.

Additionally, during the year ended 31 December 2013 and 2012, Semapa presented a guarantee to Tax Authorities and Customs amounting to Euro 1,441,763 and Euro 500,731, intended to endorse the suspension of enforcement proceedings installed by the additional VAT settlement, for fiscal year 2010 e 2009 respectively.

NSOSPE (Brazilian subsidiary owned by Semapa) issued a bond loan (in the form of debentures), amounting to Brazilian Real 128,100,000, having Semapa assumed as commitments and guarantees related to that issue, a pledge of shares representing the total share capital of NSOSPE, equity support agreement and a promissory note.

31. Exchange Rates

The assets and liabilities of the foreign subsidiaries were translated to Euro at the exchange rate prevailing on 31 December 2013.

The income statement transactions were translated at the average rate for the year.

The rates used in 2013 and 2012 against the Euro, were as follows:

	2013	2012	Appreciation/ Depreciation
BRL (Brazilian real)			
Average exchange rate for the year	2.8685	2.5077	(14.39%)
Exchange rate at year end	3.2526	2.7036	(20.31%)

32. Reconciliation between equity and profit for the year

The reconciliation between the consolidated and individual profit for the year is as follows:

Amounts in Euro	2013
Profit for the year - Portuguese GAAP (SNC)	134,981,089
Secil's fair value difference	15,722,205
"Badwill" from non-controlling interest acquisitions	(422,317)
Different accounting treatment on hedging derivative financial instruments	(4,155,523)
Other	18
Profit for the year - IFRS	146,125,472

As of 31 December 2013 the reconciliation between the consolidated and individual equity is as follows:

Amounts in Euro	31-12-2013
Total Equity - Portuguese GAAP (SNC)	994,690,288
Government grants directly recognised in Equity	(21,202,254)
"Goodwill" from non-controlling interests acquisitions	(346,138,670)
Secil's fair value difference - individual shareholders' equity	220,892,829
Secil's fair value difference - consolidated shareholders' equity	16,759,370
Secil's fair value difference - income statement	15,722,205
Total Equity - IFRS	880,723,768

33. Note added for translation

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

Paulo Jorge Morais Costa
The Accountant

BOARD OF DIRECTORS**Chairman:**

Pedro Mendonça de Queiroz Pereira

Members:

Francisco José Melo e Castro Guedes

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

António da Nóbrega de Sousa da Câmara

Joaquim Martins Ferreira do Amaral

António Pedro de Carvalho Viana Baptista

Vitor Manuel Galvão Rocha Novais Gonçalves

PART 6

STATUTORY AUDITOR CERTIFICATE AND
REPORT OF THE AUDIT BOARD ON THE
SEPARATE ACCOUNTS



Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Individual Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., comprising the balance sheet as at 31 December 2013 (which shows total assets of Euro 1,927,043,260 and total shareholder's equity of Euro 994,690,288 including a net profit of Euro 134,981,089), the statement of income by nature, the statement of changes in equity and the statement of cash flows 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 the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with generally accepted accounting principles in Portugal and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample 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 the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness 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 information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.

Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal

Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.com/pt

Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na Comissão do Mercado de Valores Mobiliários sob o nº 9077

6 We believe that our audit 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, S.A. as at 31 December 2013, the results of its operations, the changes in equity and the cash flows for the year then ended, in accordance with generally accepted accounting principles in Portugal and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

17 April 2014

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

António Alberto Henriques Assis, R.O.C.

(This is a translation, not to be signed)

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.
Report and Opinion of the Audit Board
Separate Accounts

Financial year of 2013

Shareholders,

1. In accordance with the law, the articles of association and the terms of our mandate, we are pleased to submit the report on our supervisory activities in 2013 and to issue our opinion on the Management Report and Separate Financial Statements presented by the Board of Directors of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year ended 31 December 2013.
2. Over the course of the year we monitored the affairs of the company, with the regularity and to the extent we deemed appropriate, through periodic meetings with the company's directors and senior management. We checked that the accounts were kept correctly and duly documented, and verified the effectiveness of the risk management, internal control and internal audit systems. We also monitored compliance with the law and the articles of association. We encountered no constraints in the course of our supervisory activities.
3. We met several times with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., monitoring its auditing activities and checking its independence. We assessed the Legal Accounts Certificate and the Audit Report, and are in agreement with the Legal Accounts Certificate presented.
4. In the course of our work we found that:
 - a) the Balance Sheet, the Income Statement, the Statement of Changes in Equity, the Separate Statement of Cash Flows and the corresponding Notes provide an adequate picture of the state of the company's affairs and its profits;
 - b) the accounting policies and valuation criteria adopted comply with accounting principles generally accepted in Portugal and suitably assure that such criteria lead to a correct valuation of the company's assets and profits, taking due account of the analysis and recommendations of the external auditor;
 - c) the Management Report provides a sufficient description of the business affairs and situation of the company, offering a clear account of the most significant developments during the year;
 - d) the Corporate Governance Report includes the information required by Article 245-A of the Securities Code.
5. It is our opinion that the proposal for allocation of profits submitted by the Board of Directors is appropriate.
6. Accordingly, taking into consideration the information received from the Board of Directors and the company departments, and also the conclusions of the Legal Accounts Certificate and the Audit Report, we recommend that:
 - a) The Management Report be approved;
 - b) the Separate Financial Statements be approved;

- c) the proposal for allocation of profits submitted by the Board of Directors be approved.
- 7. Finally, the members of the Audit Board wish to acknowledge and express their thanks for the assistance received from the Board of Directors, the senior managers of the company and other staff.

Lisbon, 22 April 2014

The Chairman of the Audit Board

Miguel Camargo de Sousa Eiró

Member

Duarte Nuno d'Orey da Cunha

Member

Gonçalo Nuno Palha Gaio Picão Caldeira