Semapa

Report and Accounts

2014

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Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Public Limited Company
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Companies Registry and Corporate Person no.: 502 593 130
Share Capital: € 118,332,445

PART 1

MANAGEMENT REPORT

Contents

1. Economic Background

In 2014, global economic activity grew by 3.3% (World Economic Outlook, IMF, January 2015), falling short of expectations in the beginning of the year and behaving differently according to the geographic areas.

The USA and the United Kingdom were among the developed economies showing a favourable evolution, namely the positive signs from the labour market, with growing dynamics. Growth in the Euro area and Japan, on the other hand, remained anaemic, which reflects the legacy of the financial crisis and lingering structural weaknesses that surfaced.

China's growth rate slowed down, with less dynamic exports, progressively based on domestic demand, nonetheless at significantly high level and playing a proportionally decisive part in overall growth.

The slowdown was even more visible in other less developed economies, which were hindered by external demand, political tensions and uncertainties and other cyclical factors, particularly commodity price developments in the international markets. The evolution of oil prices, in particular, caused economies to behave differently, depending on whether they are mostly importers or exporters.

Growth in the Euro area remained persistently weak, and continued to slow down in the last months of the year. Unemployment has remained very high, above pre-crisis levels, practically without signs of progress. In the past years, tight fiscal policies reinforced the recessive trend of the cycle, and relevant structural imbalances persisted, in the peripheral economies in particular, whose debt levels are still high. In this context, they are still threatened by a potential crisis, in the event of greater financial market volatility.

Consequently, the ECB's expansive monetary policy sought to bring stimulus to economy in the Euro area. Reference policy rates dropped to all-time lows and financing conditions in most of the countries of the Euro area improved significantly. Even in the peripheral countries, sovereign debt interest rates decreased gradually.

Inflation remained very low in the Euro area and Japan: the risk of deflation combined with very low growth levels are one of the biggest threats to economic progress in the near future.

The exchange markets also experienced substantial fluctuations, caused by the decisions taken by central banks and geopolitical tensions. The end of the Quantitative Easing programme in the USA and speculation about the FED raising its policy rates in 2015 played an important part in strengthening the USD in the second half of 2014.

The Portuguese economy featured low GDP growth, slightly below the expected level at the beginning of the year, persistently high unemployment rate and inflation at a marginally negative, all-time low. The dynamics of the Portuguese economy was hindered by a slowdown in the external demand of goods, which had to be sustained by domestic demand and the services account, fostered by tourism growth.

Overall, the year ended with a build up of uncertainties, including that arising from growing geopolitical tensions in different parts of the world. Very low levels of growth are expected to persist, and this together with deflation prospects in several developed economies like the EU and Japan, threatens to weaken the economic growth prospects for the world economy. In spite of the overall downward trend of the sovereign debt interest rates, persistently high structural imbalances in several Euro area countries have not eliminated the possibility of a serious financial crisis arising. Thus, economies remain vulnerable to potential political tension and possibly rising market volatility.

2. Overview of Semapa Group Operations

LEADING BUSINESS INDICATORS – comparison with figures for 2013:

- **Turnover: 1,998.2 million Euro ↑ 1.5%**
- **Exports and foreign sales: 1,605.0 million Euro - 80.3% of Turnover**
- **Total EBITDA: 410.0 million Euro ↓ 2.6%**
- **EBIT: 226.0 million Euro ↓ 4.8%**
- **Net income: 112.8 million Euro ↓ 22.8%**
- **Net debt: 1,111.3 million euros ↓ 174.0 million Euro (vs. December 2013)**
- **Net Debt / EBITDA: 2.7x in Dec. 2014 vs. 3.05x in Dec. 2013**

In spite of the economic downturn, the Semapa Group recorded a turnover of 1,998.2 million euros, representing growth of 1.5% in relation to the previous year, EBITDA stood at 410.0 million euros and net income totalled 112.8 million euros.

Net debt stood at 1,111.3 million euros, representing a reduction of 174 million euros from the figure recorded in the previous year, following dividend payments and significant investments made, representing the Group's strong capacity to generate funds.

The holding company contracted a set of new loans to refinance its financial debt and extend its maturity.

Leading Business Indicators

IFRS - accrued amounts (million euros)	2014	Restated 2013	Var.	Reported 2013
Turnover	**1,998.2**	**1,969.0**	**1.5%**	**1,990.5**
Other income	59.1	49.8	18.6%	52.0
Costs and losses	(1,647.3)	(1,597.9)	-3.1%	(1,620.4)
Total EBITDA	**410.0**	**420.9**	**-2.6%**	**422.1**
Recurrent EBITDA	408.5	419.4	-2.6%	420.6
Depreciation and impairment losses	(172.3)	(168.1)	-2.5%	(169.4)
Provisions (increases and reversals)	(11.6)	(15.3)	23.9%	(14.1)
EBIT	**226.0**	**237.5**	**-4.8%**	**238.6**
Net financial profit	(103.9)	(85.4)	-21.7%	(86.9)
Pre-tax profit	**122.2**	**152.1**	**-19.7%**	**151.7**
Tax on profits	30.1	39.4	-23.6%	39.4
Retained profits for the year	152.3	191.5	-20.5%	191.1
Attributable to Semapa equity holders	**112.8**	**146.1**	**-22.8%**	**146.1**
Attributable to non-controlling interests	39.5	45.3	-12.9%	45.0
Cash-flow	336.2	374.9	-10.3%	374.7
EBITDA margin (% Sales)	**20.5%**	**21.4%**	**-0.9 p.p.**	**21.2%**
EBIT margin (% Sales)	11.3%	12.1%	-0.7 p.p.	12.0%
	31-12-2014	**Restated 31-12-2013**	**Dec14 vs. Dec13**	**Reported 31-12-2013**
Equity (before NCI)	900.4	880.7	2.2%	880.7
Net debt	**1,111.3**	**1,285.3**	**-13.5%**	**1,324.8**

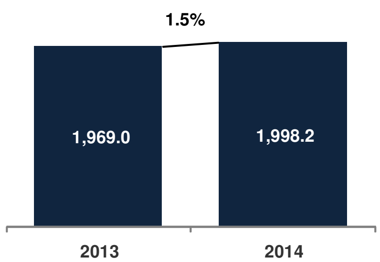
Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash flow = retained earnings in the financial year + depreciation and impairment losses + provisions (increase and reversal)
- 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)
- The percentage change corresponds to non-rounded values

Under the new IFRS 11 rules, the Group now uses the equity method for including its holdings in jointly controlled entities in its consolidated accounts. The 2013 figures used for comparison have therefore been stated again for ease of comparability. As a result of this change, the Group's holdings in Supremo Cimentos and Secil Unicon, previously consolidated on a proportional basis, are now included in the consolidated financial statements using the equity method.

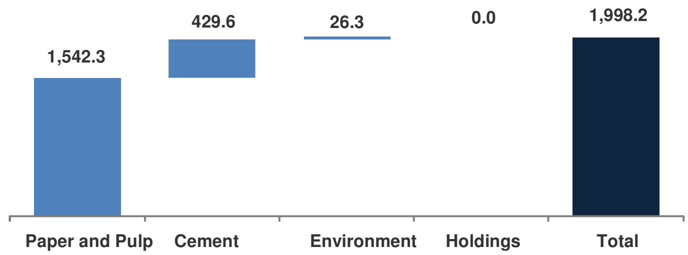
Consolidated Turnover: 1,998.2 million Euro ↑ 1.5%

Evolution



Figures in million euros

Breakdown by Business Area



In the 2014 financial year the Semapa Group recorded a consolidated turnover of 1,998.2 million euros, an increase of 1.5% over the previous year. Turnover by business area was as follows:

Paper and Pulp: 1,542.3 million Euro ↑ 0.8%

In 2014, the Portucel Group's turnover totalled 1,542.3 million euros, approximately 0.8% over the same period in the previous year, with a substantial increase in the volume of paper sales offsetting the downward trend in pulp and paper prices.

Cement[1]: 429.6 million Euro ↑ 5.0%

In 2014, turnover in the cement business area totalled 429.6 million euros, up by 5.0% year-on-year. This growth was mostly due to the successful performance of cement and clinker export operations from Portugal, where turnover grew by 22.4% in relation to the previous year, and of the Tunisian cement business unit, which recorded growth of 14.8% in relation to 2013.

Environment: 26.3 million Euro ↓ 9.7%

The ETSA Group recorded turnover of approximately 26.3 million euros in 2014, down by around 9.7% against 2013.

This was caused essentially by the combined effect of (i) a reduction in turnover from the collection, transport and destruction of animal carcasses, in comparison with 2013, as part of the SIRCA service delivered to the Portuguese government and of the private service delivered individually to private pig farmers, following a reduction in the actual amounts collected, but, fundamentally, following a reduction in the average price of contracted services in these two business channels and (ii) a reduction in turnover from the sale of class 3 production, essentially due to lower sales prices.

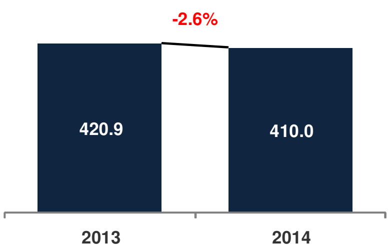
1 As from 1 January 2014, the Cement segment has comprised 100% of the Secil Group's operations. In previous reports, the Cement segment included 100% of the Secil Group and 50% of the Supremo Group. The 2013 figures used for comparison have therefore been restated for ease of comparability.

Total Consolidated EBITDA: 410.0 million Euro ↓ 2.6%

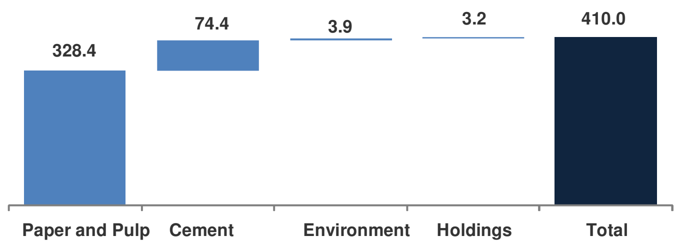
Consolidated Recurrent EBITDA: 408.5 million Euro ↓ 2.6%

Consolidated EBITDA Margin: 20.5% ↓ 0.9 p.p.

Evolution



Breakdown by Business Area



Total EBITDA for 2014 fell by 2.6% in relation to the previous year, standing at 410.0 million euros. The consolidated EBITDA margin stood at 20.5%, 0.9 p.p. lower than in 2013.

Paper and Pulp: 328.4 million Euro ↓ 6.3%

As stated above, in the reporting period the sales prices of paper and pulp decreased, which impacted significantly the EBITDA generated by the Portucel Soporcel Group.

It should be noted that the Portucel Soporcel Group recorded a favourable development in some costs, chemical products, logistics and energy, in particular. Such improvements, however, did not manage to offset the deterioration in some inputs, namely personnel costs and wood costs, in spite of the good performance of the cost of raw material on the domestic market in 2014, which is expected to continue in 2015.

In this context, consolidated EBITDA in 2013 stood at 328.4 million euros, which represents a reduction of 6.3% in relation to the previous year. The EBITDA margin stood at 21.3% in 2014, 1.6 p.p. down from the same period in the previous year.

Cement[2]: 74,4 million euros ↑ 18.4%

EBITDA in the cement business area stood at 74.4 million euros, which translated into an increase of 18.4% in relation to 2013.

This change is due to the aforementioned rise in turnover and the impact of the management measures which have been implemented in view of reducing costs and maximising efficiency.

In 2014, the EBITDA margin stood at 17.3% in 2014, 2.0 p.p. up from that recorded in the previous year.

Environment: 3.9 million Euro ↓ 40.3%

EBITDA for the ETSA Group totalled approximately 3.9 million euros in 2014 financial year, representing a reduction of around 40.3% in relation to the previous year. This is explained fundamentally by (i) the reduction in turnover described above, and above all (ii) an increasing mismatch between the purchase price for the main raw materials and

[2] As from 1 January 2014, the Cement segment has comprised 100% of the Secil Group's operations. In previous reports, the Cement segment included 100% of the Secil Group and 50% of the Supremo Group. The 2013 figures used for comparison have therefore been restated for ease of comparability.

the sales price for the main end products, which has fallen significantly, due to the depressed business environment in the main commodities markets worldwide (oilseed and oil).

The EBITDA margin stood at 14.6%, down by around 7.5 p.p. from the value in 2013.

Holdings (Semapa SGPS and instrumental sub-holdings)

The holdings made a positive contribution to EBITDA of 3.2 million euros, comparing favourably with the 1.2 million euros in 2013.

Financial Results: -103.9 million Euro 🡻 21.7%

The Group recorded a financial loss for 2014 of 103.9 million euros, 18.5 million euros more than the figure recorded in the same period in the previous year. This was caused essentially by (i) an increase in average gross debt over the period and the respective financial charges (in the case of the Portucel Soporcel Group, costs increased after bonds were issued on the high yield market in May 2013, which negatively impacted results over 8 months in 2013 vs. 12 months in 2014) and (ii) a drop in interest income on the Group's cash surpluses.

It should be further noted that (i) the Portucel Soporcel Group recorded a gain of approximately 8.0 million euros in compensatory interest in 2013, under the Tax and Social Security Arrears Settlement Programme (RERD) it adhered to and (ii) financial losses of the Holdings due to a foreign exchange loss of around 1.3 million euros in 2014 vs. a gain of 10.7 million euros in 2013, the latter resulting from a significant foreign exchange appreciation of the Euro against the Brazilian Real recorded in that year.

Consolidated Net Income: 112.8 million Euro 🡻 22.8%

Consolidated net income for 2014 totalled 112.8 million euros.

Consolidated Net Debt: 1,111.3 million euros 🡻 174.0 million euros

At 31 December 2014, consolidated net debt stood at 1,111.3 million euros, representing a reduction of 174.0 million euros from the figure recorded at year-end 2013.

Segment Reporting (IFRS)

IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
Sales	**1,542.3**	**429.6**	**26.3**	**-**	**1,998.2**
Total EBITDA	**328.4**	**74.4**	**3.9**	**3.2**	**410.0**
Recurrent EBITDA	328.0	73.3	3.9	3.2	408.5
Depreciation and impairment losses	(126.8)	(42.6)	(2.6)	(0.4)	(172.3)
Provisions (increases and reversals)	1.3	(7.5)	0.0	(5.5)	(11.6)
EBIT	**203.0**	**24.4**	**1.3**	**(2.6)**	**226.0**
Net financial profit	(34.2)	(14.7)	(1.1)	(54.0)	(103.9)
Pre-tax profits	**168.9**	**9.7**	**0.2**	**(56.6)**	**122.2**
Tax on profits	8.0	5.2	0.4	16.4	30.1
Retained profits for the year	**176.9**	**15.0**	**0.6**	**(40.1)**	**152.3**
Attributable to Semapa equity holders	**143.6**	**8.8**	**0.6**	**(40.1)**	**112.8**
Attributable to non-controlling interests	33.3	6.2	0.0	-	39.5
Cash-flow	**302.3**	**65.0**	**3.1**	**(34.3)**	**336.2**
EBITDA margin (% Sales)	21.3%	17.3%	14.6%	-	20.5%
EBIT margin (% Sales)	13.2%	5.7%	4.8%	-	11.3%
Net debt	**117.9**	**178.4**	**15.4**	**799.7**	**1,111.3**

Notes:

- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
- As from 1 January 2014, as a result of changing from the proportional to the equity method for including the Group's holding in Supremo Cimentos in the consolidated accounts, the cement segment now encompasses only 100% of the operations of the Secil Group, in contrast to previous periods where this segment included 100% of Secil Group and 50% of Supremo Group operations.

3. Paper and Paper Pulp Business Area – PORTUCEL SOPORCEL GROUP

3.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2014	2013	Var.
Sales	**1,542.3**	**1,530.6**	**0.8%**
Other income	31.1	18.8	65.0%
Costs and losses	(1,244.9)	(1,199.1)	-3.8%
EBITDA	**328.4**	**350.4**	**-6.3%**
Recurrent EBITDA	328.0	349.3	-6.1%
Depreciation and impairment losses	(126.8)	(118.1)	-7.4%
Provisions (increases and reversals)	1.3	(14.0)	109.6%
EBIT	**203.0**	**218.3**	**-7.0%**
Net financial profit	(34.2)	(14.0)	-143.9%
Pre-tax profit	**168.9**	**204.3**	**-17.3%**
Tax on profts	8.0	1.8	352.8%
Retained profits for the year	176.9	206.1	-14.2%
Attributable to Portucel shareholders *	**176.9**	**206.1**	**-14.2%**
Attributable to non-controlling interests (NCI)	0.0	0.0	-52.1%
Cash-Flow	**302.3**	**338.1**	**-10.6%**
EBITDA margin (%)	**21.3%**	**22.9%**	**-1.6 p.p.**
EBT margin (%)	13.2%	14.3%	-1.1 p.p.
	31-12-2014	**31-12-2013**	**Dec14 vs. Dec13**
Equity (before NCI)	1,300.6	1,327.8	-2.0%
Net debt	**117.9**	**162.6**	**-27.5%**

* Of which 81.09% is attributable to Semapa in 2013 and 81.19% in 2014

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

3.2. OVERVIEW OF OPERATIONS OF THE PORTUCEL SOPORCEL GROUP

The Portucel Soporcel Group's consolidated sales totalled 1,542.3 million euros, approximately 0.8% over the previous year, with a substantial increase in the volume of paper sales offsetting the downward trend in pulp and paper prices.

In 2014 the uncoated woodfree paper (UWF) business segment saw record levels of sales, achieving over 1,564 million tons, representing growth of 3%. New production records were reached - 1,560 million tons - , 2.5% more than in the previous year. The increase in the volume of sales helped sustain the growth in the value of paper sales of 2.0%, in spite of the price dip. Portucel Soporcel Group's average sales price of paper was down by 1.0%, nonetheless comparing favourably with the benchmark index for the A4 B-copy market, which dropped 2%. The enhancement of the product mix, as highlighted by the 2% growth of sales of own brands and premium products, is still one of the Group's differentiators. The Euro's favourable exchange rate against other currencies, such as the Pound, also produced a slightly positive effect on average sales price. The impact of the change in the Dollar was marginal, in annual terms, essentially reflected in average price in the 4th quarter.

In the eucalyptus pulp business, as was to be expected, in a year when new and significant capacity came on the market, the price of pulp decreased, which translated into an average annual 6% drop in the PIX BHKP benchmark price in euros. Meanwhile, market conditions began to improve somewhat from September onwards, due to an overall rise in demand for eucalyptus pulp and the closing of capacity. Pulp prices also benefited from the rising USD at the end of the year. Within this framework, and as a result of its increased integration in paper, the Portucel Soporcel Group saw its sales volume go down by 9.4%. The reduction in the sales volume, combined with lower prices, resulted in a drop of around 17% in the value of pulp sales.

In the energy segment, output performed well, growing by 2.2% in 2014 and standing at 2.392 GWh. The Portucel Soporcel Group sold a total of 2,184 GWh to the national grid, which amounted to power sales of 235.6 million euros. The sales price was 1% below that of 2013, essentially due to the lower index and changes in the production profiles owing to maintenance stoppages.

In this context, consolidated EBITDA stood at 328.4 million euros in 2014, against 350.4 million euros in 2013, which was significantly impacted by the decrease in the sales prices of both paper and pulp.

It should be noted that the Portucel Soporcel Group recorded a favourable development in some costs, chemical products and logistics, in particular. The improvement in logistics costs is worth mentioning, taking into account the geographical expansion of target markets of the traded goods. The Portucel Soporcel Group recorded a significant reduction in the price at which electricity is purchased, as a result of renewed purchase negotiations conducted in better conditions, taking into account market developments.

Such improvements, however, did not manage to offset the deterioration in some inputs, namely personnel costs and wood costs, in spite of the good performance of the cost of raw material on the domestic market in 2014, which is expected to continue in 2015. The increase in personnel costs was mostly due to the programmed reinforcement of the initial contribution of one of the Group's defined contribution pension plans.

The EBITDA margin stood at 21.3% in 2014, 1.6 p.p. down from the previous year.

Operating income stood at 203.0 million euros, as compared with the figure of 218.3 million euros recorded in 2013, resulting in a drop of 7.0%.

Financial results recorded a loss of 34.2 million euros, a substantial worsening in relation to the previous year, which resulted mostly from an increase in debt costs after bonds were issued on the high-yield market in May 2013, and interest income on the cash surpluses dropped significantly. It should be further noted that in 2013 recorded a gain of approximately 8.0 million euros in compensatory interest, under the Tax and Social Security Arrears Settlement

Programme (RERD) it adhered to.

Consolidated net income in 2014 totalled 176.9 million euros, translating a reduction of 14.2% in relation to the previous year. The actual tax rate was substantially lower than the rate in 2013, as a result of the release of provisions which turned out not being needed and the correction of overestimated values, as well as of the drop in deferred tax liabilities due to a lower tax rate in 2015.

3.3. Business Review

3.3.1. Paper

3.3.1.1. Market Background

Overall, in 2014 apparent consumption of UWF grew in Europe by 0.5%. The increase in apparent consumption was supported by supply of the European industry, in a year where paper import levels to Europe dropped. The performance of the UWF graphic paper sector, in particular, deserves special focus, since sales volumes increased in the aftermath of several years of decrease.

The European industry's rate of use of capacity amounted to approximately 92%, two percentage points above that of the same period in 2013. In 2014, the order book of the UWF industry outperformed values in 2013, but slowed down from the middle of the third quarter onwards. In this context, the main UWF benchmark price index in Europe (PIX A4-Copy B) dropped 2.3% in 2014, over the previous year.

In the USA, local output capacity of UWF decreased significantly (approximately 10% less in relation to 2013) and imports - mostly from Asia - recorded a strong increase (22%), from 13% to 17% of total US consumption. The expected upward trend of prices was not seen, and the sector's main benchmark index (Risi 20lb cut-size, 92 bright) rose by only 0.8% over the same period in 2013.

3.3.1.2. Performance

In this context, in 2014 the Portucel Soporcel Group achieved an all-time high in paper sales, 3% more than in the previous year. This increase was supported by broader geographic coverage and enlargement of customer network in its traditional markets.

The driver of the increase in volume placed was once more Portucel Soporcel Group's premium products, hereby reinforcing the leading position of UWF in the European production and, in particular, in the segment of products with greater added value. Once again, growth of the Group's own brands by 2% in the world and in Europe must be highlighted. Navigator is still growing at a remarkable pace - 4% globally and 6% in Europe -, achieving higher penetration levels, and is regarded as an outstanding brand in the industry.

As a result of the products' perceived quality and the acknowledgement of its brands, prices in the Group grew 1.3 and 2.4 percentage points above market prices, in Europe and in the USA, respectively.

3.3.1.3. Branding

In 2014, the Portucel Soporcel Group continued to focus on its own brands, which accounted for 63% of total sales of sheeted products, thanks to the 2% increase against the previous year.

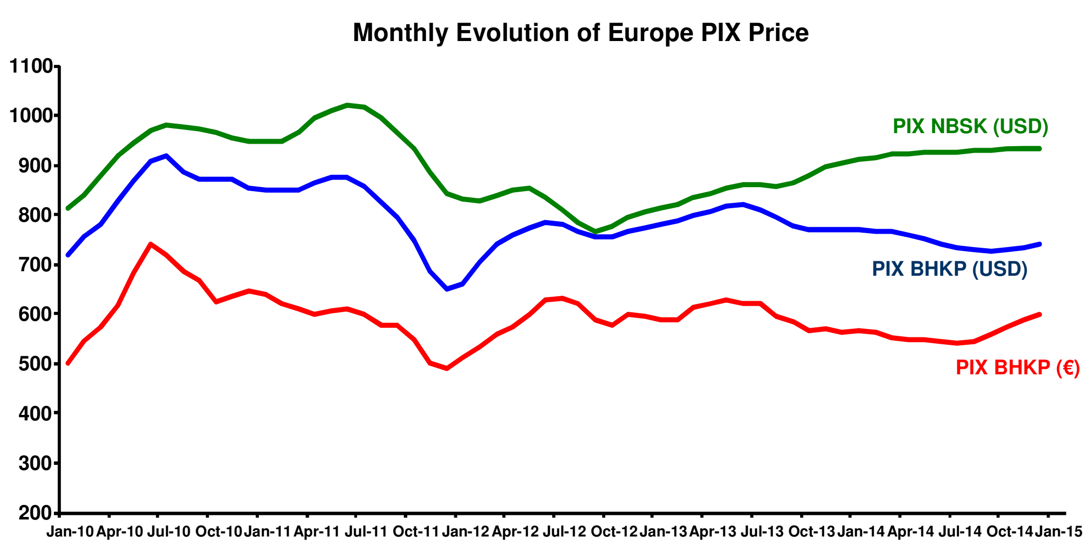
The Navigator brand continued to lead the market in the premium segment office paper in 2014, with sales growing by 4% globally and 6% in Europe.

It should be stressed that the annual EMGE – Paper Industry Consultants study among wholesale professionals rated Navigator again as the leading brand in Europe, both in terms of spontaneous awareness and Brand Performance, obtained through the weighted average of several technical and marketing features. This was the 9th consecutive survey to have rated Navigator the top brand in Western Europe.

3.3.2. Pulp

3.3.2.1. Market Background

In the eucalyptus pulp business, the downward trend of prices, which began in July 2013, reaching an all-time low in September 2014 with the monthly benchmark PIX index at USD 725, reversed in Q4 of 2014. Subsequently, the average quarterly PIX price increased from USD 729 in Q3 to USD 735 in the reporting quarter, ending the year at USD 742.



This was caused essentially by an overall 9% increase in demand for BEKP (20.5 million tons in 2014 vs. 18.8 million in 2013) and the closure in October of one of the plants of the Spanish producer ENCE, which removed around 410 thousand tons from the market. Consequently, BEKP producers got to announce a widespread increase of USD 20 from January 2015, thus positioning the price of BEKP on the European markets at USD 770.

On the other hand, it should be further noted that, although the difference between softwood and hardwood pulp prices of the PIX index began to decrease, after recording an all-time high of USD 206 in September, the level is still so high that it fosters substitution between these two fibres, producing a positive effect on the short fibre price.

In 2014, the Chinese market was still the main driver of demand. According to PPPC W-100 figures, total pulp demand in this market rose to 16.1 million tons, an increase of 530 thousand tons (3.4%) year-on-year. The rise in demand was mostly in BEKP, which grew by 626 thousand tons (11.6%), in excess of 6 million tons.

3.3.2.2. Performance

Annual Group sales reached approximately 260 thousand tons, less than in the previous year, but reflecting the integration of production operations. The Group's BEKP pulp sales in the 4th quarter of 2014 reached 56 thousand tons, below the previous quarter's figures, but at the expected level, considering the plants' maintenance stoppages.

BEKP pulp sales by paper segments show that the Group enhanced its leading position in the decorative and special papers segment. Its annual share in this segment's sales volume rose to 61%, which stands out due to greater value added.

Sales by geographical regions also show that the Group managed to maintain its focus on the European markets, where the top quality and technically more demanding paper companies are based and to which the intrinsic qualities of the globulus pulp produced add significant value.

3.4. Industrial Operations

3.4.1. Production

In 2014 the Portucel Group's industrial units worked to their maximum capacity. They produced 1,418,316 tAD of pulp and 1,559,012 tons of paper. Pulp production was 0.4% less than in the previous year. On the other hand, paper production grew by 2.7% against 2013, reaching the highest volume so far. The incorporation of pulp in paper production was 83%.

The Setúbal pulp mill recorded output of 551,301 tAD, up by 3,760 tAD on its previous best figure in 2013.

The Cacia pulp mill faced some problems in Q1, which caused production to drop to levels lower than the previous year's, although it exceeded 300.000 tAD.

The excellent operational performance of the Figueira da Foz pulp mill offset output losses due to the strikes in 2014. Annual production exceeded 1,713 tAD, the 2013 production figure.

For the fifth consecutive year since its start-up in 2009, the new paper plant (About The Future) hit a new high of 546.265 tons of paper produced.

Such remarkable industrial performance is associated with high operational efficiency resulting from expert operations and familiarity with manufacturing processes, complemented by maintenance activities centred on the availability of industrial assets.

The know-how of staff involved in the production process is coupled with the quality of the industrial assets, regarded as the best in the framework of the Global Pulp and Paper Industry.

The combination of these factors and a raw material with unique paper features helped sustain and even enhance the positioning of the Portucel Soporcel Group as a worldwide supplier of premium graphic and office stationery, providing the grounds for a distinctive strategy founded on own brands.

Overall, the specific consumption of chemicals used to produce pulp and included in the manufacture of paper remained at 2013 levels. The start-up of a new pulp washing press in one of the bleaching stages at the Setúbal pulp mill caused caustic soda consumption to drop by 36% at the end of the year.

Attention should be drawn to the decrease in the energy intensity of pulp and paper production, as each pulp and paper mill used 1.2% less electrical energy in relation to 2013.

The performance of the Group's maintenance provider, EMA 21, met the objectives to maximise the availability of production plants at low cost.

The downward trend of the unit cost of Maintenance in Pulp Production continued. In Paper Production, the unit cost of Maintenance dropped 3.6% on the previous year.

3.4.2. Capital Expenditure Projects

Concerning industrial investment, the output capacity of the Cacia pulp mill increased by 60.000 tAD and a new washing press was installed at the Setúbal pulp mill.

The project to increase the output capacity of the Cacia Plant, including engineering work, procurement and contracting of equipment, construction and assembly, budgeted at 56.3 million euros, had reached cruising speed at the end of the year, with 17% of the budget executed. The new facilities are scheduled to start operating in the second half of 2015.

The press in the washing system for phase "D0" of the bleaching process of the Setúbal Pulp Mill became operational in October 2014. The immediate impact on less Caustic Soda consumption confirmed the profitability of the project, on which 5.3 million euros were spent.

An additional 26 million euros was invested in maintaining operating conditions and extending the lifetime of facilities and in improving the safety and environmental conditions.

3.5. Development

Following a period of high investment undertaken from 2005 to 2009, ending with the construction of the new Setúbal paper plant, the Group underwent consolidation of its new positioning as the largest European manufacturer of uncoated woodfree paper.

Meanwhile, changes to global economic growth and consumption trends naturally triggered new strategic reflections. The Group sought to outline new growth paths and develop a plan for a new development cycle, while keeping a close eye on its financial soundness and the capacity to remunerate its shareholders.

Therefore, the Portucel Soporcel group's plan for the new growth cycle has two elements backing it: the consolidation of ongoing projects and the entry into new business areas.

3.5.1. New Business Areas

The Portucel Soporcel Group has chosen to diversify activity in the *tissue* paper segment. The Group's entry in this segment will materialise by combining organic growth and the purchase of existing capacity. This will in turn allow it to quickly get into the business dynamics and benefit from an installed customer base. Portucel Soporcel Group has looked into a variety of available assets and has chosen to buy AMS BR Star Paper S.A. (“AMS”), the most efficient and profitable tissue paper producer of the Iberian Peninsula, based in Vila Velha de Rodão, Portugal. With a current output capacity of 30,000 tons of tissue paper and 50,000 tons of converting, and 146 employees, a plan is underway to double the tissue paper production capacity, which should be completed by September this year.

Total investment in AMS, including disbursements required to increase current output capacity, stands at approximately 80 million euros.

In response to a business opportunity, the Group announced in the end of 2014 that it would be investing in the development of a pellet plant in the USA. Through this project Portucel may leverage its experience in processing in the forestry sector and industrial processes, thereby entering a growth industry that presents itself as a renewable and sustainable alternative to fossil fuels. The construction of the plant in the USA will also foster the internationalisation and diversification of Portucel's industrial base, thus deeply strengthening its presence in a country that is a world reference in forest products. Based in South Carolina, the pellet plant will have an installed capacity of 460 thousand tons, a total investment estimated at 110 million American dollars. The construction of the plant will begin in 2015 and should be concluded during the third quarter of 2016.

To reduce the risk underlying this investment, Portucel negotiated fixed-price supply contracts for a period of 10 years and, in doing so, it has ensured the sale of 70% of the new plant's output. The plant is based in an area enjoying favourable competitive conditions, Greenwood, specially for the supply of forest raw materials and for energy production.

3.5.2. Consolidation of Ongoing Projects

Concerning ongoing projects, the Group started an expansion project of the pulp output capacity of the Cacia plant in the second half of 2014, involving the negotiation and award of equipment and works contracts. Increased capacity will help increase output levels to around 350 and 360 thousand tons, with high competitiveness gains. The process should be completed by first half of 2015. Total investment is estimated at 56.3 million euros.

Portucel also continues to make progress with the integrated forestry, pulp and energy project in Mozambique, currently in the stage of forestry operation intensification and the strengthening of the operational base in the country.

As mentioned before, in December 2014, the Group took a major step towards the development of this project when it signed an agreement with the IFC - International Finance Corporation - the World Bank institution, for the participation in the equity of Portucel Mozambique. The 20% stake may amount to 30.4 million dollars in this initial phase. This financial agreement is a step forward in the IFC's involvement in the project in Mozambique, since the institution has been providing assistance to the Group since 2013, namely for enhancing the sustainability of forest operations and planning and developing projects to include the local communities.

Another relevant development was the completion of the Environmental and Social Impact Assessment in August, which is important to speed up the forestation process, within the high quality standards that the Group targets. Portucel Moçambique has implemented an original public consultation process in Mozambique, whereby it presented and discussed the project, its benefits and impacts with more than 20 000 people. The final public consultations under the Environmental Impact Assessment have involved approximately 200 villages in eight districts in the Manica and Zambezia provinces, and discussions were also held in the provincial capitals including Maputo, the country's capital city.

The construction of the first large nursery has continued in the Zambezia Province - crucial for expanding the plantation areas -, and will be completed by the first quarter of 2015.

In this context, in 2014 the Group invested 50.3 million, of which 25 million euros for the project in Mozambique and approximately 10.0 million euros for the output expansion of the Cacia plant.

3.6. Resources and Supporting Functions

3.6.1. Sustainability

Sustainability, in its many facets, is one of the Portucel Soporcel Group's strongest values. It is an integral part of its business model, it is present in all of the Group's activities, from forestry to paper, and has received particular attention from all levels of management in the Group.

Under the current governance model, the Sustainability Committee, chaired by a Non-Executive Director and whose members are Executive Directors from the Group's industrial and forestry areas, promotes, fosters and oversees the activities concerning sustainability and reports on them.

The current sustainability reporting model in Portucel includes essentially two media used to communicate with stakeholders:

- The biannual Sustainability Report reports on and documents in detail the sustainability themes considered particularly relevant for the main stakeholders and,
- The Annual Report includes the usual financial information and addresses the main events concerning sustainability, which took place in the year in question.

In 2014, several sustainability management enhancement activities were conducted, focusing particularly on the tools for measuring the different sustainability activities, by setting, calculating, monitoring and reporting indicators, which help assess the impact of these activities on the Group's success and results, in social, economic and environmental terms.

Therefore, significant progress has been made in the two main ongoing projects, the “Sustainability Indicators Handbook” and the “SuPM, Computerisation of the Sustainability Indicators and Software for the Drafting of the Sustainability Reports”.

In 2014, the activities aimed at fulfilling the strategic goals set for the current biennium, as described in the latest Sustainability Report, were conducted, namely:

- To keep the Group aligned with the best international Sustainability practices;
- To maintain the commitment to Research and Development of Products;
- To involve and train partners in the forestry sector in Forestry Management best practices;
- To ensure that the Group remains attractive as one of the best companies to work for and a benchmark for attracting and retaining talent;

Significant progress was made in all of them.

All of the aforementioned concerns, beliefs, goals and practices concerning sustainability underpinned the different stages and the development of the reflection and strategic planning project called “New Cycle”, which was started and pursued in 2014. With this project Portucel Soporcel Group seeks to design and implement a new growth cycle for the 2025 horizon, by expanding and diversifying its business, products and geographic range.

3.6.2. Forestry and Timber Supply

Sustainable Management

In 2014 the specialization line of land and forestry assets of the Portucel Soporcel Group’s forestry operations was continued, 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 2014, the Portucel was responsible for managing over 122 thousand hectares of agro-forestry holdings, divided into 1,400 management units spread over 171 Portuguese municipalities and 633 parishes. 53% of the assets managed are on property owned by the company.

Approximately 73% of this area consists of eucalyptus stands or ongoing plantations of this species.

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.

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 Soporcel Group in the previous year continued in 2013.

In 2014 the Group supplied its mills with approximately 4.34 million cubic meters of debarked timber, of which around 70% was sourced by Portugal, including own woodland, 20% by the Spanish regions of Galicia and Andalusia, and 10% by markets outside of the Iberian peninsula, namely South America.

Consumption of raw materials stood in the order of 4.35 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 2.0 million cubic metres of certified wood was supplied to the mills, of which 26% 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 2014, 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 Soporcel Group has been particularly concerned to assure that all its environmental, social and economic standards are fully complied with, and in 2014 purchased timber exclusively from FSC certified plantations.

Efforts to obtain new land for plantations in 2014 resulted in approximately 4,000 hectares of eucalyptus production. Total land rental between 2008 and 2014 amounts to 25,000 hectares, corresponding to around 20% of the Group's agro-forestry holdings.

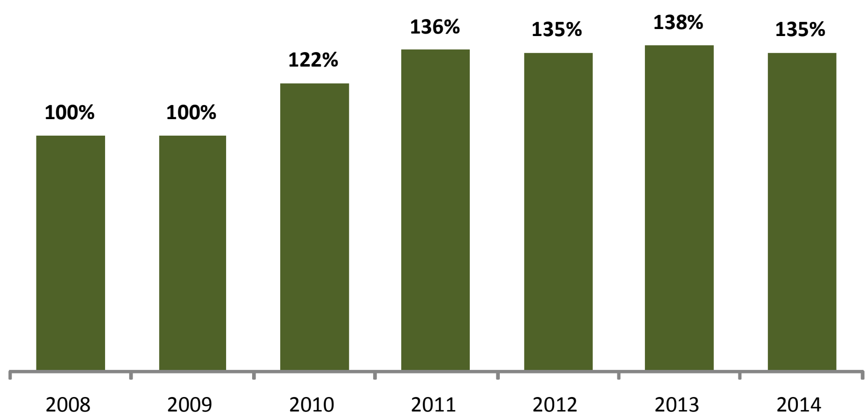
3.6.3. Energy

The Portucel Soporcel Group recorded gross power output of 2,392 GWh in 2014, slightly down by 2.2% on the previous year. 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 1,216 GWh, up by 2 % on the previous year, and accounting for more than 50% of estimated total Portuguese power output from this renewable resource in 2014. 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.

Evolution of Portucel Soporcel Group's Gross Power Output from Biomass

(Reference Year 2008 Basis = 100%)



The two new biomass power stations, dedicated solely to generating electricity, contributed a total gross output of 196 GWh, with sales to the national grid of 172 GWh, well in excess of the initial expectations for the project, which were for 167 GWh, in spite of the additional shut down period in 2014 of the Cacia biomass power station. 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 632 GWh (up by 8.8 % on the previous year). 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 483 GWh in 2014, achieving the best performance since its start-up.

Despite the increase in power generation from natural gas, due to the energy needs of the Setúbal and Figueira da Foz paper mills, 50.9% 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 CO_2 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. These plants of the Portucel Soporcel Groups are expected to cut more than 460 thousand tons of CO_2 emissions from the national total.

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.

As 2014 was a particularly humid year and more residual forest biomass, with high aggregate content, was used, more biomass was needed per unit of electric energy produced. In the Cacia plant, located further north, the situation was even worse.

Forest Biomass for Energy Purposes

Although still in the process of consolidation in Portugal, in 2014 this market sustained a significant supply, in particular of materials resulting from the chipping of leftovers from the forest activities.

For the reasons mentioned above, the Group did not have any problems in meeting its forest biomass needs solely in the national market. In 2014, approximately 360 thousand tons of biomass used to produce electricity in the Cacia and Setúbal plants were supplied.

3.6.4. Environment

In 2014 the European Commission's Decision that lays down the conclusions on best available techniques (BAT) for pulp, paper and cardboard manufacture was adopted, in conformity with Directive 2010/75/EU of the European Parliament and of the Council, hereby establishing the BAT, plus the emission and environmental performance levels for compliance by the industrial units and to which they will have to adjust in the coming 4 years.

The adoption completed the revision process of the previous framework document, which had started in 2006. The Portucel Soporcel Group had participated actively in the technical process of developing this law.

Investment was made in the Figueira da Foz and Setúbal Industrial Complexes and the changes helped reduce the environmental risk and hazards in the facilities. These included the refurbishment of the workshop area in Figueira da Foz, the dismantlement of the fuel oil tanks and the elimination of propane storage in Setúbal. A new pulp washing press in one of the bleaching stages at the Setúbal pulp mill was also installed, thus helping to significantly reduce the amount of chemicals used in the process.

The Group's identification and assessment methodology of environmental issues was reviewed and developed, to standardise procedures and update this environmental management system tool in line with the Group's reality.

3.6.5. Innovation, Research and Development

The Group is known for focusing on the development of innovative products, not only in terms of intrinsic quality, but also of consumer segmentation, which continued to receive particular attention in 2014.

In line with this, the Group broadened the range of the Navigator brand, with two products developed specially for a target group of domestic users, the Navigator Home Pack and the Navigator On-the-Go.

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 the investment projects in this area as eligible.

In 2014, the Group continued to invest in research in forestry, pulp and paper, through the work of its forestry and paper research institute, RAIZ, conducted 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 GROUP

As reported above, the Semapa Group has switched to consolidating its holding in the Supremo Group by using the equity method. As from 1 January 2014, the Cement segment has comprised only 100% of the Secil Group's operations. In contrast to the same period in the previous year, the figures reported for this segment included 100% of the Secil Group's activities and 50% of that of the Supremo Group.

Not included in the Cement segment, the leading business indicators for the Supremo Group are presented separately.

4.1. Leading Business Indicators

IFRS - accrued amounts (million euros)	2014	Restated 2013	Var.
Sales	**429.6**	**409.3**	**5.0%**
Other income	27.0	22.2	21.5%
Costs and losses	(382.1)	(368.6)	-3.7%
EBITDA	**74.4**	**62.9**	**18.4%**
Recurrent EBITDA	73.3	61.9	18.5%
Depreciation and impairment losses	(42.6)	(47.2)	9.8%
Provisions (increases and reversals)	(7.5)	(5.0)	-50.3%
EBIT	**24.4**	**10.7**	**127.8%**
Net financial profit	(13.8)	(22.2)	37.9%
Pre-tax profit	**10.6**	**(11.5)**	**192.2%**
Tax on profits	5.2	6.2	-15.9%
Retained profits for the year	15.8	(5.3)	400.7%
Attributable to Secil equity holders	**9.7**	**(11.4)**	**185.0%**
Attributable to non-controlling interests (NCI)	6.2	6.1	1.3%
Cash-flow	**65.9**	**46.9**	**40.5%**
EBITDA Margin (%)	**17.3%**	**15.4%**	**2.0 p.p.**
EBIT Margin (%)	5.7%	2.6%	3.1 p.p.
	31-12-2014	**31-12-2013**	**Dec14 vs. Dec13**
Equity (before NCI)	506.3	480.8	5.3%
Net debt	**178.4**	**224.9**	**-20.7%**

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

4.2. Leading Operating Indicators

	Unit	2014	2013	14/13 (%)
Annual cement production capacity	1,000 t	7,650	7,650	0%
Sales grey cement	1,000 t	4,611	4,574	1%
Sales white cement	1,000 t	73	87	(17%)
Sales artificial lime	1,000 t	57	56	1%
Sales clinker	1,000 t	633	231	175%
Ready-mixed	1,000 m3	939	1,027	(9%)
Aggregates	1,000 t	1,792	1,790	0%
Precast concrete	1,000 t	24	23	8%
Mortars	1,000 t	90	99	(9%)
Hydraulic lime	1,000 t	24	22	7%
Mortar fixative	1,000 t	12	12	(2%)

4.3. Business Overview: Secil Group

In 2014, the European building industry entered a new growth phase. In the aftermath of seven years of profound crisis, during which the market dropped 21% in terms of volume, and following one more negative year 2013 (-2.7%), EuroConstruct confirmed that 2014 was the first year in which output in the sector picked up. 2014 recorded moderate growth (+ 1%), which is expected to consolidate in the near future: + 2.1% in 2015 and + 2.2% in the two following years.

However, the construction industry and cement consumption both remained 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. The other markets where the Secil Group operates, Tunisia and Lebanon, although not in recession, are limited by other instability factors, including political and social turmoil, with not always predictable developments constraining activities.

In this unfavourable framework, turnover in the cement business area totalled 429.6 million euros, up by 5.0% year-on-year. This growth was mostly due to the successful performance of cement and clinker export operations from Portugal, where turnover grew by 22.4% in relation to the previous year, and of the Tunisian cement business unit, which recorded growth of 14.8% in relation to 2013.

EBITDA in the cement business area stood at 74.4 million euros, which translated into an increase of 18.4% in relation to 2013. This change is due to the aforementioned rise in turnover and the impact of the management measures which have been implemented in view of reducing costs and maximising efficiency.

Like turnover, the EBITDA grew essentially as a result of operations in Portugal and Tunisia, where this indicator increased 4.3 million euros and 9.6 million euros, respectively.

Attention should be drawn to the significant reduction in operating costs, including personnel costs, achieved through the process of reorganization and streamlining of operations carried out in Portugal in 2012 and 2013. This, combined with successful exports, has made it possible to cushion the impact of dwindling business on the Portuguese domestic market.

The EBITDA margin stood at 17.3% for 2014, 2.0 p.p. up from the margin recorded in the previous year.

Operating income stood at 24.4 million euros, as compared with the figure of 10.7 million euros recorded in the previous year, due to an increase in the EBITDA mentioned before and a reduction in depreciation of around 5 million euros.

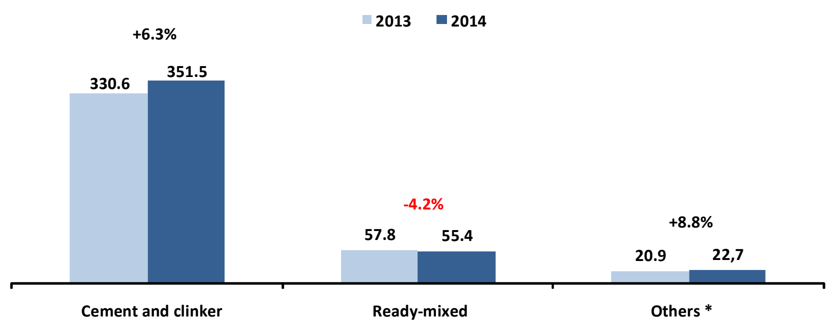
Consolidated net income in 2014 totalled 9.7 million euros.

Capital expenditure by the Secil Group stood at 16.7 million euros, of which 11.9 million related to operational investment, and 4.8 million euros related to investment in development.

At 31 December 2014, net debt stood at 178.4 million euros (down by 46.5 million euros from 2013).

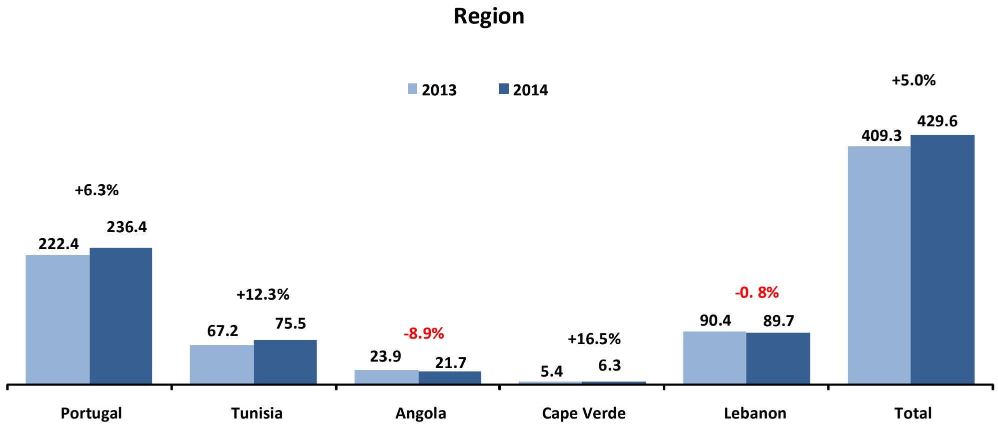
Turnover by Segment and Geographical Region

Segment



* includes Aggregates, Mortars and Pre-cast
Figures in million euros

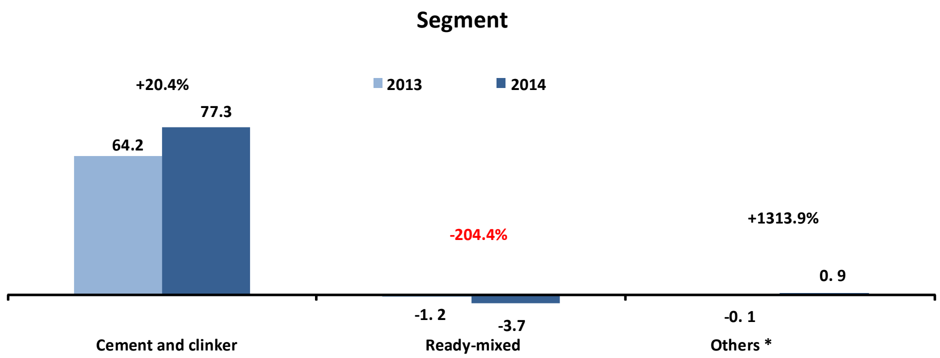
Turnover in the Cement and Clinker segment grew by 6.3% in relation to 2013. The good performance of exports from Portugal and growing sales in Tunisia helped to more than make up for the drop in cement sales in the domestic market, Portugal, and in Angola. The Aggregates, Mortar and Pre-cast segments together also increased against the previous year's figure, which stood at 8.8%. As for the ready-mixed concrete market, it decreased by 4.2%, as a result of the drop in Tunisia’s and Lebanon's turnover.



Note: The segment 'Portugal' includes Silonor (France) and Secilpar (Spain)
Figures in million euros

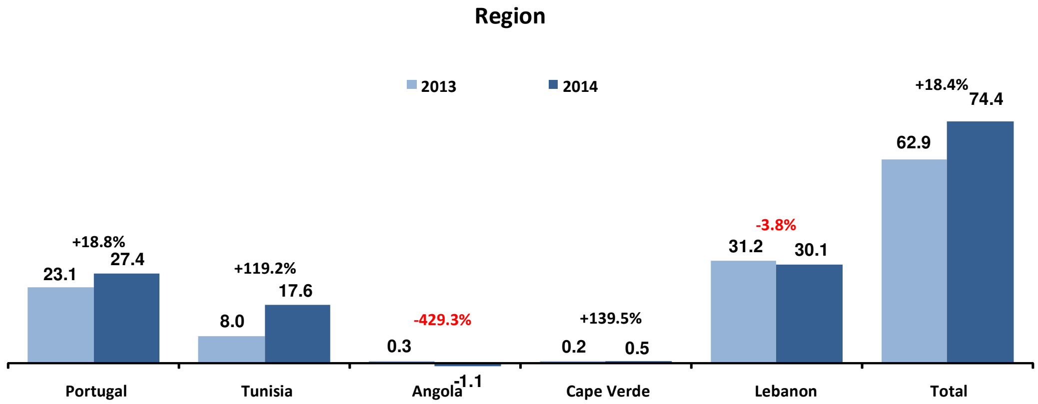
Turnover from total operations outside Portugal and from exports by Portugal-based operations represented a larger share of the total: 65.8%, as compared to the figure of 63.5% recorded in 2013.

Breakdown of EBITDA by segment and geographical region



* includes Aggregates, Mortars and Pre-cast
Figures in million euros

In 2014, the cement and clinker segment represented a larger share of total operations, in absolute and relative terms, in comparison with the previous year.



Note: The segment 'Portugal' includes 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 63.2% of total EBITDA in 2014.

4.4. BUSINESS REVIEW

4.4.1. Portugal

4.4.1.1. Market Background

Recent forecasts published by the IMF point to growth of 0.8% in gross domestic product (World Economic Outlook, IMF, January 2015). The latest Bank of Portugal projections also point to growth in GDP of 0.9% (Economic Bulletin, Bank of Portugal, December 2014).

According to figures available from FEPICOP – the Portuguese Construction and Public Works Industry for the construction sector, although construction is still on a negative path, the crisis in the sector cooled off in 2014. Therefore, although quantitative indicators continued to fall, the drop was more moderate compared to 2013.

Construction production index in December 2014 was down by 5.2% year-on-year (INE, December 2014), highlighting a less expressive decrease than in the previous month (-5.8%) and the employment index dropped 2.3%. Although these indices continue to fall, the year-on-year variation has fallen, extending the trend of less negative numbers in the construction sector throughout 2014.

In this adverse environment, the Secil Group presented the following overall indicators for its operations in Portugal in 2014:

Portugal	Turnover			EBITDA			Quantities Sold			
(million euros)	2014	2013	14/13 (%)	2014	2013	14/13 (%)	Unit	2014	2013	14/13 (%)
Cement and clinker	173.4	161.4	7.5%	31.4	26.1	20.6%	1,000 t	2,601.2	2,233.6	16.5%
Ready-mixed	41.0	40.8	0.3%	-4.8	-2.9	-68.2%	1,000 m3	664.0	699.0	-5.0%
Aggregates	8.8	7.6	15.0%	-0.4	-0.2	-62.5%	1,000 t	1,739.4	1,733.8	0.3%
Mortars	9.7	9.2	5.4%	1.4	0.9	58.3%	1,000 t	126.0	133.5	-5.6%
Precast	3.1	2.6	17.7%	-0.1	-0.2	58.1%	1,000 t	19.4	18.6	4.0%
Others	0.5	0.8	-32.4%	-0.1	-0.6	79.6%				
Total	**236.4**	**222.4**	**6.3%**	**27.4**	**23.1**	**18.8%**				

4.4.1.2. Cement and Clinker

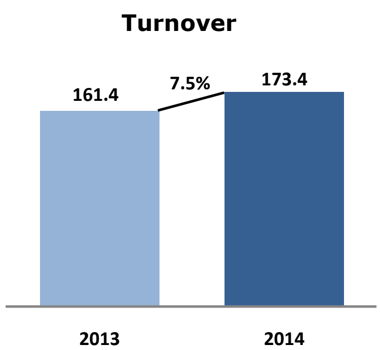
Demand for cement has accompanied construction industry trends, and has continued to fall. According to the latest figures available, cement consumption was down by 7% against 2013. It is thus estimated that the market reached approximately 2.6 million tons. Although it continued to decline, the fall was less significant than that of the last years.

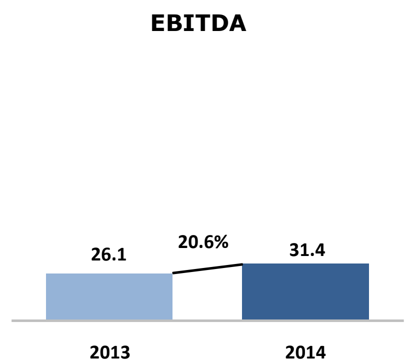
Sales by the Secil's cement business unit in the Portuguese market were in line with this trend, standing at 913 thousand tons, 8.3% less than in 2013, although the fall became less pronounced during the year. The first half of the year was actually more negative, due to both market trends and the weather conditions. In the second half, year-on-year changes were less negative.

White cement manufactured by Secil was used in a number of high-profile construction projects, including the new headquarters of EDP in Lisbon and the building of the Nadir Afonso Foundation in Chaves.

Grey cement was supplied to projects to increase power output at two major hydroelectric plants, at Venda Nova and Salamonde, in Vieira do Minho, refurbish of the Courthouse in Gondomar, eliminate railroad crossings on the Minho Line, complete the IC 16 road in Lisbon, enlarge the Sines Harbour, pave the western slab of the Military Airbase No. 5 in Monte Real, Marão Tunnel and the structuring development project of the Alqueva irrigation network.

Indicators





Figures in million euros

Cement business in Portugal, including sales in Portugal and exports, recorded turnover of 173.4 million euros, up by 7.5% in relation to figures for the previous year.

As already mentioned, this growth reflected strong performance in the export business, which showed an increase in turnover of 22.4%, accounting for 64.9% of the total sales volume, since on the domestic market, figures for turnover and the sales volume both fell, down by 4.3% and 8.3% respectively over the same period in 2013.

EBITDA was 31.4 million euros, up by 20.6% over the figure recorded in the previous year. Attention should be drawn to the significant reduction in operating costs, including personnel costs, achieved through the process of reorganization and streamlining of operations carried out in 2012 and 2013. This, combined with successful exports, has made it possible to cushion the impact of dwindling business on the domestic market.

Industrial Operations

Cement output from the Group mills in Portugal stood at 2.1 million tons in 2013, representing a reduction of 0.6% in relation to 2013, reflecting lower demand.

Cement Output

		2014	2013	14/13 (%)
Grey Cement	(1,000 t)	2,066	2,062	0.2%
White Cement	(1,000 t)	74	90	- 17.5%
Total	**(1,000 t)**	**2,140**	**2,152**	**-0.6%**

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.

Operational performance in 2014 was quite positive, having managed to improve the efficacy of production capacity management and reduce clinker and cement production costs below 2013 levels. Attention should be drawn to the reduction in fuel, power and labour costs (outsourced production and maintenance services).

Operating costs in the distribution network were also reduced, as a result of the optimisation of flows between storage facilities and the streamlining of shipping, which helped reduce transport costs in the national territory.

The Group has also increased the use of industrial waste as thermal fuel. Overall, the rate of use of fuels was 44.5% in 2014. 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.

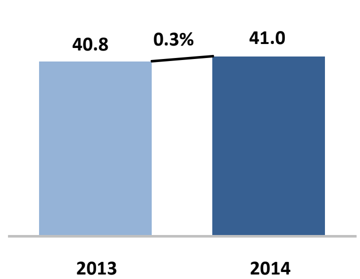
Capital expenditure

Capital expenditure in 2013 totalled 5.1 million euros, representing an increase of 10.3% over the previous year.

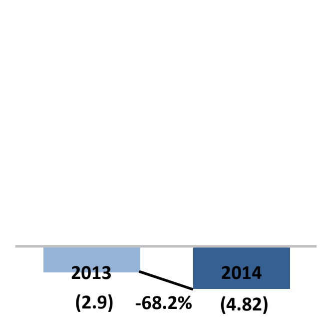
These included the replacement of the variable frequency motors and impellers in line 9 and adjustments to the second palletising and packaging line at the Outão plant.

4.4.1.3. Ready-Mixed

Turnover



EBITDA



Figures in million euros

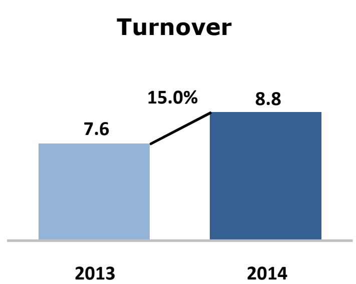
The low level of activity in the construction sector, combined with extremely fierce competition that it has had to face, was reflected in sales of this business unit, which in 2014 stood at approximately 664 thousand m^3, representing a reduction of 5.0%. Note that this particularly impacted sales on mainland Portugal, which were down by 10%, while sales in Madeira increased significantly.

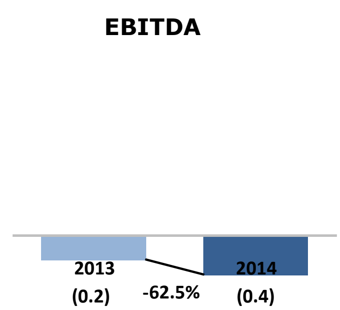
In this adverse context, the turnover in this business unit remained stable compared to 2013, amounting to approximately 41.0 million euros, due to Madeira's good performance, which managed to offset sales amounts that went down and the drop in sales price on the mainland.

In 2014, variable production costs went up, mainly due to rising transport and concrete pumping costs. Savings obtained through the rationalisation process in this area, which reduced staff costs by approximately 6%, were not enough to make up for this increase.

Therefore, EBITDA of this business unit stood at a loss of around 4.8 million euros, representing a drop of 68.2% in relation to the previous year.

4.4.1.4. Aggregates





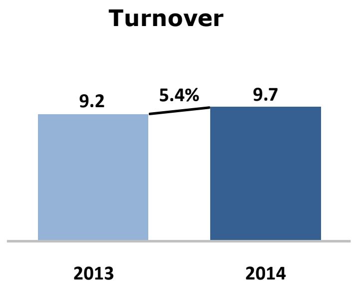
Figures in million euros

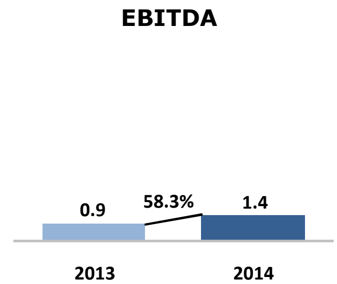
In a particularly unfavourable market context, the sales volume of the aggregates business unit remained stable, totalling 1,739 thousand tons, 0.3% above the previous year's figures. In 2014, the Group continued the approach strategy to the market which it had implemented in the previous year, seeking to focus on supplying higher value aggregates, which was reflected in a higher value sales mix.

In this context, turnover in this business unit stood at around 8.8 million euros, up around 15.0% on 2013. This growth was due to the increase in average sales price, directly reflecting the sales mix of products sold at a higher price, as mentioned before.

EBITDA stood at -0.4 million euros, down by 62.5% in relation to the previous year, as a result of a combination of factors: (i) an increase in the variable production costs, essentially due to rising fuel prices, and (ii) the recording of impairments on stocks and customers of 1.3 million euros. However, it should be noted that EBITDA would have been positive if the impairments mentioned before had not been recorded.

4.4.1.5. Mortars





Figures in million euros

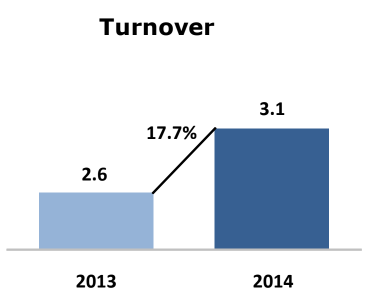
In line with the general market tendency, the mortars business unit recorded a drop in the sales volume on the domestic market of 5.6%. In 2014, the Group continued the strategy it started in 2011, of focusing more on the sales of technical products, which drove the increase in the sale of technical mortars (technical products and thermal insulation solutions), i.e. products with greater added value. Additionally, this area has also focused on the development and promotion of solutions directed to building renovation/refurbishment.

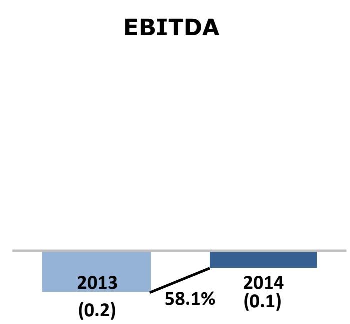
Sales volume in the foreign markets was up by 58.6% against the previous year, amounting to 15.7 thousand tons, as a result of focusing on the international markets and the significant effort to promote products among customers and by attending international fairs.

In this context, although total sales volume decreased, turnover rose 5.4% in comparison with the previous year, and stood at around 9.7 million euros, as a result of the aforementioned strategy that has helped offset the drop in the sales volume.

EBITDA stood at approximately 1.4 million euros, representing an increase of 58.3%

4.4.1.6. Pre-cast Concrete





Figures in million euros

Sales of pre-cast concrete 2014 continued to be impacted by fierce competition in the market and prices at low levels, with supply far outstripping demand.

In this context, sales volume of the pre-cast business unit was up 4.0% against the previous year, amounting to 19 thousand tons, as a result of 7.5% more domestic sales.

Therefore, turnover in 2014 stood at 3.1 million euros, translating growth of 17.7% on the previous year. This resulted from the combined effect of increased sales to the domestic market and higher sales prices on the foreign markets, continuing the commercial strategy adopted in 2013 for these markets.

Operating performance was better than in 2013, the EBITDA of this business unit having grown by 58.1% in 2014, amounting to - 87 thousand euros. The restructuring in 2013 managed to reduce staff costs by around 12%.

4.4.2. Tunisia

4.4.2.1. Market Background

In spite of the negative framework, the Tunisian economy is thought to have grown by 2.4% in 2014, slightly above the 2.3% recorded in 2013 (IMF Country Report, IMF, December 2014) However, the economy remains fragile and growth has been insufficient to bring unemployment down from its current high level; the country continues to experience the fall-out from the Arab Spring, the political and social unrest, whilst the period of political transition has dragged on. The IMF will continue to support Tunisia to implement its economic programme through financial support, policy advice and technical assistance.

The tourism and export sectors remained in recession in 2014, as has been the case since early 2011, the year when the Government was ousted. As mentioned before, the country has been experiencing political and social instability, which has hopefully been resolved with the Legislative Assembly elections held in October 2014 and the Presidential elections in December 2014.

The following table presents overall indicators for the Secil Group's business operations in Tunisia in 2013 and 2014:

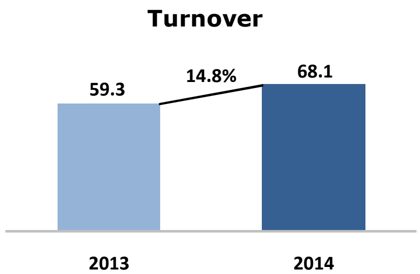
Tunisia	Turnover			EBITDA			Quantities Sold			
(million euros)	2014	2013	14/13 (%)	2014	2013	14/13 (%)	Unit	2014	2013	14/13 (%)
Cement and clinker	68.1	59.3	14.8%	17.2	7.2	140.1%	1,000 t	1,287.5	1,272.3	1.2%
Ready-mixed	7.2	7.8	-8.2%	0.5	0.9	-48.8%	1,000 m3	150.5	175.1	-14.1%
Precast	0.1	0.0	318.0%	0.0	0.0	111.2%	1,000 t	4.7	3.4	38.3%
Total	**75.5**	**67.2**	**12.3%**	**17.6**	**8.0**	**119.2%**				

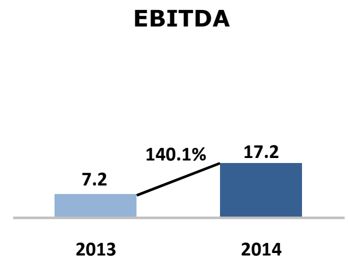
4.4.2.2. Cement and Clinker

In 2014, specially from June onwards, cement demand on the domestic market contracted, due to the recession in the residential and commercial construction and public works industry. In this context, lime and cement consumption decreased 1.7%; 7.55 million tons in total were traded.

This business unit recorded an improvement in business performance in relation to 2013, with growth of 1.2% in sales volume, which stood at approximately 1.3 million tons. We cannot forget to mention that the rise in the amounts sold in 2014 is the product of increased exports, which went up 68.0%, whereas in the domestic market competition is ever more fierce, and sales volume was down by approximately 4.1%.

Indicators





Figures in million euros

The turnover of the cement business unit amounted to approximately 68.1 million euros, up by 14.8% over the figure for 2013, and performance in the export market was strong.

The deregulation of sales prices in the local market, which occurred at the start of January 2014, had a positive impact on this unit's turnover, allowing it to compensate for the negative effect of a drop in sales volume in the domestic market mentioned before. On the export market, although sales have been held down by political instability in Libya, the main export destination of the cement business unit, exports performed fairly well in 2014, resulting in an increase in turnover of 67.0% in comparison with the same period in the previous year.

The falling value of the Tunisian dinar also brought down the unit's turnover by around 2.9 million euros.

In 2014, the cement unit recorded EBITDA of 17.2 million euros, 140.1% higher than that recorded in the previous year. This growth was due to the increase in turnover described above, combined with improved performance in production.

It should be noted that production costs in 2013 had also been badly hit by external purchases of clinker at higher prices, due to stoppages in the two kilns for substitution of the coolers. In 2014, clinker output has grown and external purchases have fallen significantly, whilst increases have been recorded in both average daily output and in the utilization factor for the kilns. The capital projects implemented in 2013 have also resulted in gains in energy efficiency, with an improvement in indicators for power and thermal energy consumption in comparison with the same period in the previous year.

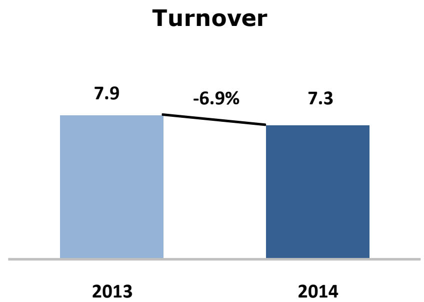
Industrial Operations

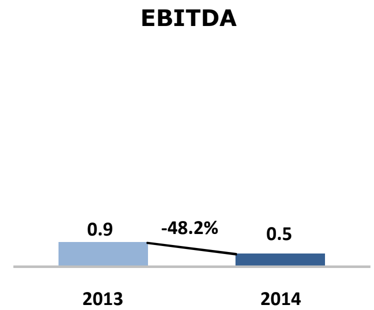
Cement output stood at approximately 1.3 million tons, 1.1% up on the output recorded in the previous year. Clinker output reached 997 thousand tons, 16.3% more than in the year before. It should be mentioned that in 2013 output was affected by shut downs of the two kilns for replacement of the coolers.

Capital expenditure

Capital expenditure amounted to 3.2 million euros. The petcoke feed to the pre-heater to replace natural gas was the main investment made, which helped reduce consumption of this fuel in comparison to 2013.

4.4.2.3. Ready-mixed and pre-cast concrete





Figures in million euros

In Tunisia, as said before, the public works sector is being hit by recession, for lack of money, as is private construction due to the lack of bank financing. Therefore, in a framework of fewer major public works, alongside the overall increase in the prices of raw materials and energy, ready-mixed concrete consumption dropped in 2014. Own consumption of concrete (concrete produced on site) and parallel market sales went up slightly.

In this framework, the ready-mix concrete business performed worse than in 2013, which resulted in a 14.1% lower sales volume, amounting to 150 thousand tons. The sales volume of the pre-cast unit enjoyed positive performance, since it increased 38.3% in comparison with the previous year.

In 2014, these units' turnover decreased 6.9% against the previous year, totalling 7.3 million euros, which reflected the drop in the amounts sold by the ready-mix unit. The drop was partially offset by higher sales and cement prices.

Accrued EBITDA for the 12 months of the year stood at approximately 0.5 million euros, representing a decrease of 48.2% over 2013. The increase in cement, power and fuel prices drove production costs up.

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 1.8% in 2014, slightly above the figure for 2013 (World Economic Outlook, IMF, October 2014).

In Lebanon, the economy has been hit by the negative effects of global slowdown and the current situation in the Middle East, and in Syria in particular. The last two years were exceptionally challenging, as the Syrian crisis forced refugees to flee to Lebanon in unprecedented numbers, estimated at about 25% of the population.

The following table presents overall indicators for the Secil Group’s business operations in Lebanon in 2013 and 2014:

Lebanon	Turnover			EBITDA			Quantities Sold			
(million euros)	2014	2013	14/13 (%)	2014	2013	14/13 (%)	Unit	2014	2013	14/13 (%)
Cement and clinker	82.4	81.3	1.4%	29.4	30.5	-3.5%	1,000 t	1,244.1	1,214.6	2.4%
Ready-mixed	7.2	9.1	-20.8%	0.6	0.7	-16.1%	1,000 m3	124.2	152.5	-18.6%
Total	**89.7**	**90.4**	**-0.8%**	**30.1**	**31.2**	**-3.8%**				

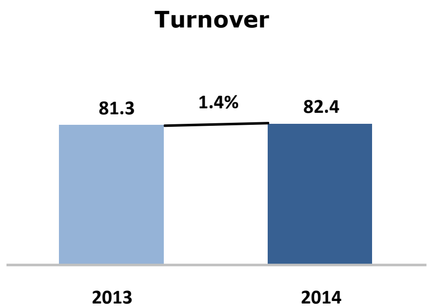
4.4.3.2. Cement and Clinker

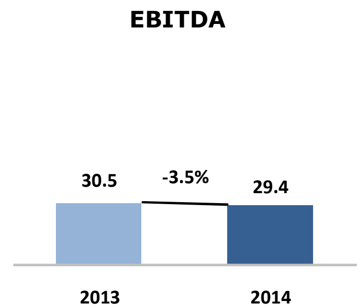
The demographic pressure caused by a high number of refugees produced a positive impact on the housing market, softening the downturn which would otherwise have been sharper.

In this context, cement consumption is expected to have reached 5.5 million tons, approximately 5.3% less than the previous year.

In spite of the drop seen in the market, the sales volume in the cement business unit in Lebanon presented good performance, totalling 1,244 thousand tons, up by 2.4% on the previous years, with all sales being made on the domestic market.

Indicators





Figures in million euros

The cement business unit recorded turnover in 2014 of 82.4 million euros, 1.4% up on that recorded in the same period in the previous year, due essentially to an increase of 2.4% in the sales volume. Growth in turnover fell short of the increase in the sales volume, due to the sales of clinker during the first half of 2014, for which the sales price is lower than for cement, as the average unit sales price for cement dropped only slightly.

EBITDA reached 29.4 million euros, 3.5% less than the figure recorded in 2013. In 2014, this improved performance in sales, reflected in increased turnover, combined with better performance in production, as a result of refurbishment of line 1 during 2013, which made it possible (i) to increase average daily output and the kiln utilization factor, (ii) to improve thermal energy consumption indicators and (iii) to eliminate the external purchases of clinker which were required in the 1st half of the previous year. However, it should be noted that this unit's EBITDA was negatively impacted by costs related to the start-up of new activities (mortar and blocks factory), which virtually generated no revenue in 2014.

Industrial Operations

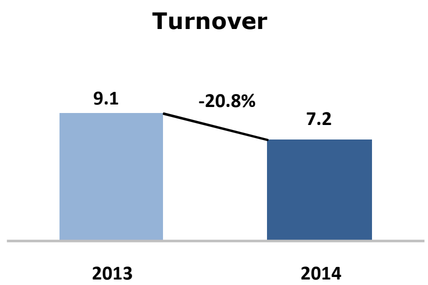
Annual cement output from the Sibline plant was in line with the previous year's output, which stood at 1,230 thousand tons. Clinker output recorded an all-time high of 951 thousand tons, representing an increase of 3.0% over the previous year.

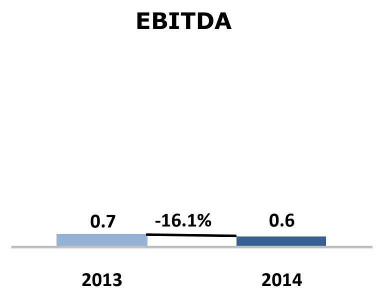
In 2014, production improved its performance, as a result of refurbishment of line 1 during 2013, which made it possible to increase average daily output and the kiln utilization factor, and to improve thermal energy consumption indicators.

Capital expenditure

Capital expenditure stood at 5.5 million euros. The construction of the new block factory, totalling approximately 4 million euros, was completed.

4.4.3.3. Ready-Mixed





Figures in million euros

In 2014, the sales volume of the ready-mix concrete business stood at approximately 124 thousand m^3 of concrete, representing a drop of 18.6% in comparison with the previous year's value.

Turnover was also less than in 2013 at a total of 7.2 million euros, amounting to a 20.8% drop. This resulted from a decrease in amounts sold as mentioned before and in the average sales price, caused by fierce pressure on prices from competitors.

Therefore, EBITDA of this business unit stood at 627 million euros, representing a drop of 16.1% in relation to the previous year.

4.4.4. Angola

4.4.4.1. Market Background

The economy of Angola continued to boom, presenting a positive macroeconomic framework, although activity remains quite vulnerable to developments in the oil sector. According to the latest estimates released by the IMF, gross domestic product grew by 3.9% in 2014, down from 6.8% in 2013 (World Economic Outlook, IMF, October 2014).

This value is underpinned by the low growth of farming and the temporary drop in oil production in the first half of the year. However, considering the drop in international oil prices in the second half of the year, GDP growth at the end of 2014 is expected to be below IMF forecasts.

The following table presents overall indicators for the Secil Group’s business operations in Angola in 2013 and 2014:

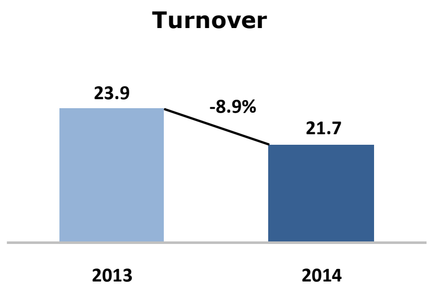
Angola	Turnover			EBITDA			Quantities Sold			
(million euros)	2014	2013	14/13 (%)	2014	2013	14/13 (%)	Unit	2014	2013	14/13 (%)
Cement and clinker	21.7	23.9	-8.9%	-1.1	0.3	-429.3%	1,000 t	184.8	180.2	2.6%
Total	**21.7**	**23.9**	**-8.9%**	**-1.1**	**0.3**	**-429.3%**				

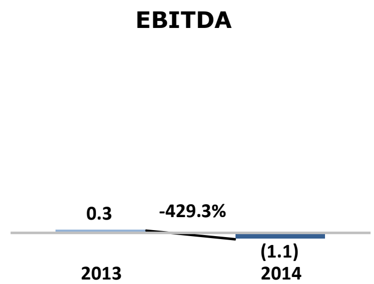
4.4.4.2. Cement and Clinker

In Angola, the construction sector continued to boom, thanks to investment in the energy sector, as well as government plans for large scale housing projects and refurbishment of roads, bridges, silos and railways, all with a direct positive impact on cement consumption, which in 2014 grew by 3.6% compared to the previous year.

In effect the legislation limiting cement imports, which was published in January 2014, entered into force in the second half of the year, and import quantities were cut nearly by half.

Indicators





Figures in million euros

Secil Group's operations in Angola in 2014 presented a decline in performance in relation to the previous year, with turnover totalling around 21.7 million euros, representing a drop of 8.9% in relation to 2013 This performance was due essentially to lower average sales prices, as the sales volume was practically in line with the previous year. This reduction in average price was essentially the result of the start-up of a cement mill in the Kwanza Sul area, which has adopted a pricing policy of undercutting the market and the prices charged by the Secil Group.

EBITDA dropped to a negative figure of 1.1 million euros, due to a reduction in the average sales price in comparison with 2013. A reduction was achieved in personnel costs, as well as in production costs, as a result of the lower clinker incorporation rate, made possible by capital projects on the mills, which were completed at the end of the previous year.

Capital expenditure

Capital expenditure in 2014 totalled 1.3 million and included the assembly of a new raw material feeder to the cement mill, which impacted the cement milling performance significantly, by enhancing milling capacity 15% and increasing the availability of the production plant 5%.

We have not been able to develop the Lobito plant project yet, but negotiations have been resumed with the Angolan authorities (ANIP and the Ministry of Industry) with this project in mind, which will be important for the growth of the Secil Group in Angola. In this respect, a working group exclusively dedicated to this project has been created, and is currently analysing proposals.

4.4.5. Brazil[3]

4.4.5.1. Market Background

According to the latest figures published by the IMF, the Brazilian economy is thought to have grown by 0.1% in 2014, down from the figure of 2.5% recorded in 2013 (World Economic Outlook, IMF, January 2015).

In 2014, the Brazilian economy was hampered by the Football World Cup and the presidential elections, which have slowed down the country's economic activity. Additionally, private consumption has contracted, job creation has slowed down and private investment has plummeted.

Greater risk aversion of the international markets and uncertainties regarding the behaviour of Brazilian economy, aggravated by the recent drop in fuel prices led to the depreciation of the real vis-à-vis the dollar in the last quarter, which reached 10.7%. On the other hand, it appreciated against the Euro by about 1% in late 2013.

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

Brazil	Turnover			EBITDA		
(million euros)	2014	2013	14/13 (%)	2014	2013	14/13 (%)
Cement and clinker, Ready-mixed and Aggregates	54.4	51.5	5.7%	6.5	4.9	34.2%
Total	**54.4**	**51.5**	**5.7%**	**6.5**	**4.9**	**34.2%**

Brazil	Quantities Sold			
(million euros)	Unit	2014	2013	14/13 (%)
Cement and clinker	1,000 t	495.0	470.1	5.3%
Ready-mixed	1,000 m3	246.1	186.8	31.7%
Aggregates	1,000 t	271.0	556.5	-51.3%

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

According to provisional figures from the industry, the cement market recorded sales volume of approximately 70.6 million tons, representing a growth of around 1.0% over the previous year. In the southern region (where the Supremo Group operates), the market totalled 12.0 million tons, which translates into a growth of 1.5% against the previous year.

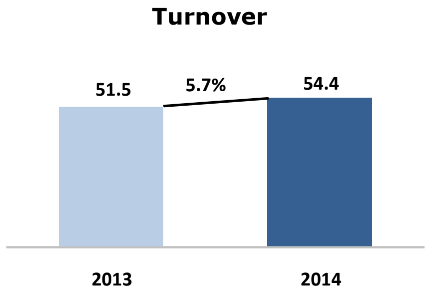
In this context, the Supremo Group recorded a sales volume of approximately 495 thousand tons (which includes purchases from Secil Portugal), representing growth of 5.3% over 2013. It should also be noted that production capacity was hindered and there were some constraints on cement imports, which prevented sales from growing further.

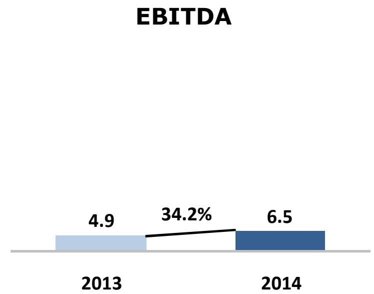
The ready-mixed concrete unit presented a significant increase in sales volume, which grew to 246 thousand m^3, up by 31.7% in relation to 2013.

In aggregates business, the sales volume decreased considerably in 2013, standing at 271 thousand tons, 51.3% down on the previous year, due to the fact that the largest customer suspended purchases.

[3] As reported above, the Semapa Group has switched to consolidating its holding in the Supremo Group by using the equity method. Although not included in the cement segment, the leading business indicators for the Supremo Group are presented separately.

Indicators





Figures in million euros

In 2014, total operations by the Supremo Group generated turnover of 54.4 million euros, representing an increase of around 5.7% in relation to the same period in the previous year. It should be noted that the weakness of the Brazilian real brought down the value of turnover by 4.8 million euros.

In Brazil, the Supremo Group's operations in 2014 generated EBITDA of 6.5 million euros, representing an increase of 34.2% in relation to the previous year. This strong performance was due to an improvement in operational performance, both in the cement unit, where output increased and the proportion of clinker incorporated in cement was reduced, and in the ready-mixed unit, which recorded higher output, leading to a greater dilution of fixed costs and a consequent increase in the operating margins of both these units.

Industrial Operations

Cement output stood at approximately 356 thousand tons, 6.2% up on the output recorded in 2013, with a lower clinker incorporation rate in comparison with the previous year.

Capital expenditure

Capital expenditure by the Supremo Group stood at 132.3 million euros, of which 1.6 million related to operational investment, and 130.7 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 enhanced commitment to participate in initiatives conducted by different tasks forces and 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 44.5%, allowing further substitution of fossil fuels;
- The total rate of clinker incorporation was up to 77.0%, from 75.7% in 2013, which was partly due to the

increase of more than 6% in the volume of exported cement (which incorporates more clinker);

- Carbon emissions went up to 656 kg of CO_2 released per ton of cement products, reflecting the increase in the rate of clinker incorporation in cement;
- Carbon emissions of all 3 plants together did not go beyond the licences granted by the Portuguese Government under the NIMs – national implementing measures for allocations 2013-2020.

4.5.2. Environment

The highlight in 2014 was when the European Commission (EC) decided to keep the cement industry on the list of sectors with risk of carbon leakage. This list will not be changed for 5 years, which means that free emission rights will continue to be awarded during the 2013-2020 period, thus eliminating the threat of exclusion from this list impacting companies' competitiveness.

It is still found that the sector 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.

The approval, in early 2014, of the backloading of carbon permit auctions, designed to temporarily remove around 900 million permits from the market, did not produce the expected rise in the prices of CO_2 permits in the market. Therefore, it did not bring up the indirect costs of electric power due to carbon prices, a threat pending over energy-intensive industries, like cement.

However, a new threat for these industries is lurking in the near future: the EC's clear intention to adopt, in the first half of 2015 (for implementation in 2018), a new facility called Market Stability Reserve (MSR), which, if the conditions proposed by the EC are maintained, will cause the carbon price to rise sharply and, consequently, the price of electrical power, as the companies which produce this kind of energy pass these costs directly and immediately on to customers.

In line with the rest of the European cement industry, Secil Group has always believed that this measure should never be implemented before the period 2020-2030, to have time to introduce compensation measures for the extra costs for improving facility efficiency (to reduce their exposure to Carbon Leakage), as part of the general review of the rules for the functioning of the EU emissions trading scheme for 2020-2030.

However, if the MSR is adopted on the date mentioned, concurrent introduction of a harmonised European compensation mechanism for the extra costs burdening energy-intensive firms should be claimed, in order to guarantee equal conditions across the European Union's internal market. Actually, in compliance with the European Council decision of October 2014, which expressly stated “that efficient facilities may not be penalised by direct and/or indirect costs owing to carbon emissions”.

4.6. ORGANIZATION

The priorities set in 2012 and 2013 for the implementation of an activities adjustment and rationalisation plan in Portugal were still applied in 2014 to all units. Although most of the measures for reducing costs and maximising efficiencies had been implemented by 2012 and 2013, in 2014 plants continued their efforts to streamline and pursue excellence in the different procedures, thus demonstrating much resilience. As a result of these measures, the Secil Group's workforce was cut to 2,034, down by 53 on the figure for 2013.

Improved efficiency remains one of the Group's main priorities in all geographical regions, and not only in Portugal. The various operational units have continued to pursue a series of initiatives of this type, with the aim of improving their profitability, thus drawing on the measures implemented in 2013.

5. Environment Business Area – ETSA GROUP

5.1. Leading Business Indicators

IFRS - accrued amounts (million euros)	2014	2013	Var.
Sales	**26.3**	**29.1**	**-9.7%**
Other income	0.9	1.2	-22.5%
Costs and losses	(23.4)	(23.9)	2.0%
EBITDA	**3.9**	**6.5**	**-40.3%**
Recurrent EBITDA	3.9	6.5	-40.3%
Depreciation and impairment losses	(2.6)	(2.5)	-2.9%
Provisions (increases and reversals)	0.0	(0.3)	102.8%
EBIT	**1.3**	**3.7**	**-65.5%**
Net financial profit	(1.1)	(1.1)	-2.6%
Pre-tax profit	**0.2**	**2.6**	**-92.8%**
Tax on profits	0.4	(0.1)	595.3%
Retained profits for the year	0.6	2.6	-78.1%
Attributable to ETSA shareholders *	**0.6**	**2.6**	**-78.1%**
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	**3.1**	**5.3**	**-41.0%**
EBITDA margin (%)	**14.6%**	**22.2%**	**-7.5 p.p.**
EBIT margin (%)	4.8%	12.7%	-7.8 p.p.
	31-12-2014	**31-12-2013**	**Dec14 vs. Dec13**
Equity (before NCI)	58.8	55.7	5.6%
Net debt	**15.4**	**19.6**	**-21.5%**

* Of which 99.989% is attributable to Semapa.

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 2014:

	Unit	2014	2013	14/13
Collection of raw materials – Animal waste (categories 1 and 2)	1,000 t	40.1	44.1	-9.1%
Collection of raw materials – Animal waste (category 3)	1,000 t	73.3	70.5	4.0%
Collection of used food oil	1,000 t	2.1	2.0	8.2%
Sales – animal fats	1,000 t	14.8	13.0	13.5%
Sales – meal	1,000 t	19.1	19.7	-3.3%
Sales – used food oil	1,000 t	1.8	1.9	-8.7%

5.3. BUSINESS OVERVIEW: ETSA GROUP

The ETSA Group recorded turnover of approximately 26.3 million euros in 2014, down by around 9.7% against 2013.

This was caused essentially by the combined effect of (i) a reduction in turnover from the collection, transport and destruction of animal carcasses, in comparison with 2013, as part of the SIRCA service delivered to the Portuguese government and of the private service delivered individually to private pig farmers, following a reduction in the actual amounts collected, but, fundamentally, following a reduction in the average price of contracted services in these two business channels and (ii) a reduction in turnover from the sale of class 3 production, essentially due to lower sales prices.

EBITDA for the ETSA Group totalled approximately 3.9 million euros in 2014 financial year, representing a reduction of around 40.3% in relation to the previous year. This is explained fundamentally by (i) the reduction in turnover described above, and above all (ii) an increasing mismatch between the purchase price for the main raw materials and the sales price for the main end products, which has fallen significantly, due to the depressed business environment in the main commodities markets worldwide (oilseed and oil).

One important factor that helped to boost performance over the period was the significant reduction in the cost of thermal fuels used in the industrial conversion process, thanks to capital projects implemented.

The EBITDA margin stood at 14.6%, down by around 7.5 p.p. from the value in 2013.

Financial results worsened by 2.6 million euros in relation to the previous year, mostly due to a reduced allocation of these costs to fixed assets in progress in 2014 in comparison with 2013. Without the aforesaid effect, financial costs would be down by approximately 7.7% against the previous year, namely due to extended maturities and narrower spreads.

The combined impact of these factors resulted in Consolidated Net Income attributable to equity holders of the ETSA Group for 2014 of approximately 0.6 million euros.

In 2014 the ETSA Group continued the major lines of its three-year programme, which it has just concluded and has completed all of the multi-annual capital projects that carried over from 2013.

At 31 December 2014, the ETSA Group's net debt stood at 15.4 million euros, down by approximately 4.2 million euros in relation to net debt on 31 December 2013.

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 4,653 at the end of December 2013 to 4,668 at the end of December 2014, as shown in the following table:

Segment	31-12-2014	31-12-2013	Var. 14/13
Paper and Pulp	2,325	2,258	67
Cement	2,034	2,087	(53)
Envirnonment	285	286	(1)
Holdings and Other	24	22	2
	4,668	**4,653**	**15**

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 – an 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.
- 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.

The events promoted by the Portucel Soporcel Group with regard to Social Responsibility are based on the sustainability values that the Group supports in line with the nature of its business. Beginning with the source of raw material, the forests it protects, renews and values, all the way to the paper which, in essence, is a renewable and recyclable product, an ancient educational and cultural medium. The initiatives that the Group has developed in this field have brought it closer to the communities, by fostering and supporting projects that encourage more environmentally and socially responsible behaviour.

With the idea that we are all responsible for building a more sustainable future as the guiding principle, the Portucel Soporcel Group has conducted education initiatives towards Sustainability focusing on forest protection. It is also worth mentioning that in 2014, the initiative "Give the Forest a Hand" was elected, for the second year running, the “Best Social Responsibility Campaign”, having been awarded the Grand Prize 2014 by the APCE (the Portuguese Corporate Communication Association). The campaign conducted by the Portucel Soporcel Group, which includes recreational and educational activities for schools, is aimed at raising the awareness of civil society to the importance of country's forests and their conservation.

Also in 2014, the Portucel Soporcel Group sponsored the permanent exhibition “From the Forest to Paper”, at the Paper Museum in Terras de Santa Maria. The exhibition is addressed to schools. It introduces the sustainable cycle of paper production and, using dynamic and interactive materials, it focuses on the diversity and sustainability of paper products and the role they play in developing and renewing the Portuguese forest.

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 Group 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 1.8 million euros in 2014.

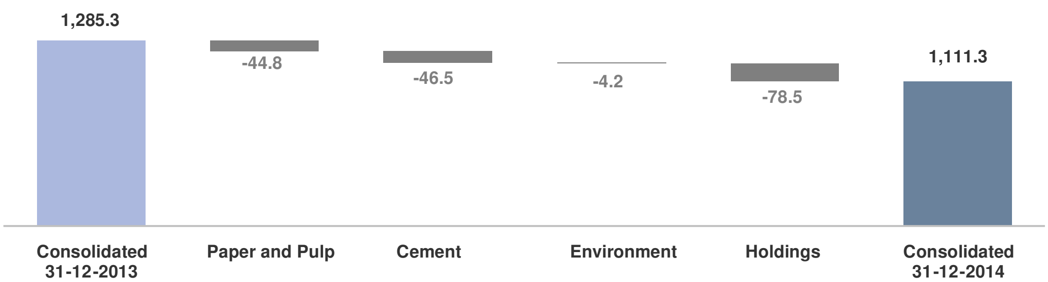
8. Semapa Group – Financial Area

8.1. Indebtedness

At 31 December 2014, consolidated net debt stood at 1,111.3 million euros, representing a reduction of 174.0 million euros from the figure recorded at year-end 2013. The following table shows the evolution and a breakdown of consolidated net debt:

Consolidated Net Debt Evolution

(million euros)	31-12-2014	31-12-2013	Var.
Paper and Pulp	117.9	162.6	-44.8
Cement	178.4	224.9	-46.5
Environment	15.4	19.6	-4.2
Holdings	799.7	878.2	-78.5
Total	1,111.3	1,285.3	-174.0



In 2014, the holding company contracted a set of new loans to refinance its financial debt and extend its maturity.

Therefore, in April 2014, Semapa issued bonds amounting to 150 million euros due in 2019, and in November it made a new 80 million Euro bond issue due in 2020, having written off 48.9 million euros of the "Obrigações Semapa 2006/2016 – 2ª emissão", originally amounting to 50 million euros.

Semapa has also renegotiated one of its Commercial Paper Programs, increasing the maximum issuable amount from 70 to 100 million euros and setting the maturity at September 2020. Additionally, Semapa contracted a Commercial Paper Programme with a total value of 120 million euros and a maturity of 4 years.

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).

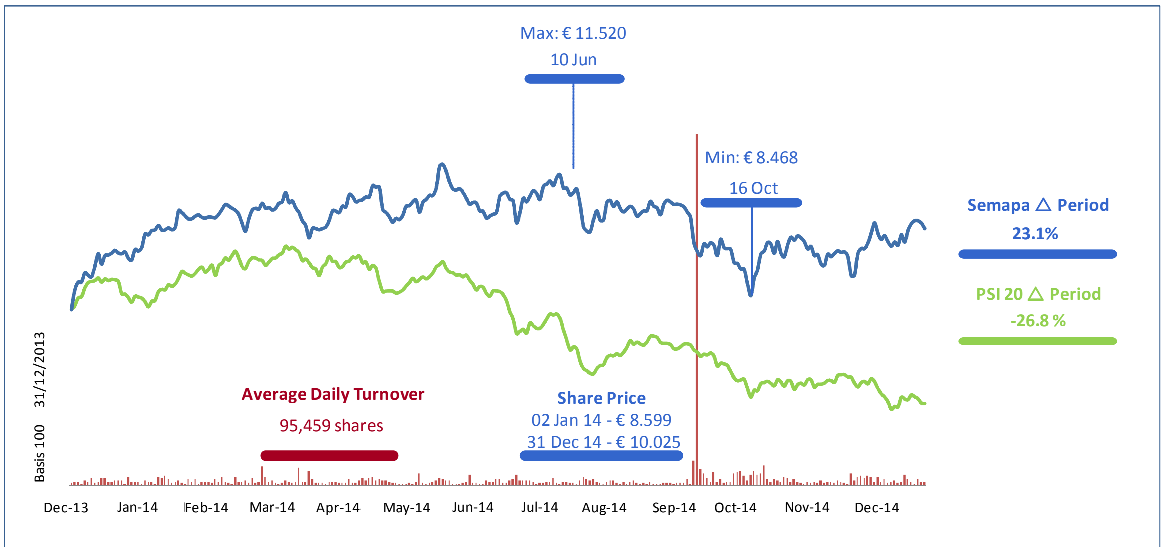
8.3. Listed Share Price

While the first half of 2014 was positive for stock exchange indices overall, this trend reversed in the second half of the year. Market developments were negatively impacted by lower-than-expected macroeconomic figures and geopolitical tension, among others.

Among European stock exchanges, the IBEX 35, Euronext 100 and Xetra Dax indices still managed to end the year in positive territory, with the PSI20 showing the weakest performance. In 2014 the Portuguese stock exchange actually experienced the third crash in its history (surpassed only by the 2008 and 2011 crashes). It fell 26.8% in a year marked by a profound crisis hitting one of the country's core financial groups, which in the end impacted other relevant securities in the Portuguese market, and resulted in the exit of two of the index's constituents.

In this context, Semapa shares recorded outstanding gains, up to 23.1% over the period, significantly outperforming the PSI20 over the reporting period, clearly acting counter-cyclically. Semapa's stock price reached a maximum of 11.520 euros on 10 June.

Share Price Performance - 2014



Note: closing quotes

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 2014 resolved to distribute dividends of 37.5 million euros, paying out 33.2 cents per share on 16 June;
- Portucel's General Meeting in 2014 resolved to distribute dividends and reserves of 200.8 million euros, paying out 28 cents per share on 12 June;

8.5. Net Income for 2014

Consolidated net income in 2014 totalled 112.8 million euros, representing a reduction of 22.8% in relation to the same period in the previous year. This change was due essentially to the combined effect of the following factors:

- A drop in total EBITDA of approximately 10.9 million euros;

- An increase in depreciation and impairment losses of 4.1 million euros;
- A reduction of provisions with a value of 3.7 million euros, due essentially to the release of provisions which proved to be unnecessary;
- A worsening of net financial results by 18.5 million euros, on a year-on-year basis;
- Tax effect, due essentially to (i) the release of provisions which had been constituted for this purpose, (ii) a reduction in the rate applied to deferred taxes through the reduction of corporate tax rate from 23% to 21% in Portugal, and from 30% to 25% in Tunisia, and (iii) the inclusion of the Portucel Soporcel and Secil Groups' companies in the tax group in which Semapa is the controlling company, due to changes to the legislation. In 2013, this line was positively impacted by the recording of deferred tax assets related to the Group's tax losses, available for reporting in future years, and by a reduction in the rate applied to deferred taxes through the reduction of corporate tax rate from 25% to 23%.

9. Highlights in 2014

- Portucel paid dividends and distributed reserves totalling 200.8 million euros, corresponding to 0.28 euros / share.
- Semapa SGPS distributed dividends with a total value of 37.5 million euros, corresponding to 0.332 euros / share.
- In a stock exchange operation on 24 September 2014, Semapa acquired 6,380,000 of its own shares, corresponding to 5.392% of its share capital and an investment of 61.3 million euros, and as a result now holds 9.996% of its share capital.
- In April 2014, Semapa SGPS issued bonds with a total value of 150 million euros, maturing in 2019. The bonds were issued through a public offering, and the initial value of the issue was increased by 50% during the subscription period, in view of the strong demand from investors.
- In November 2014, Semapa made an 80 million Euro bond issue by private placement due in 2020, having written off 48.9 million euros of the representative bonds of the issuance, by private placement, "Obrigações Semapa 2006/2016 – 2ª emissão", originally amounting to 50 million euros.
- To refinance its financial debt and extend its maturity, towards the end of 2014 Semapa contracted a Commercial Paper Programme with a total value of 120 million euros and a maturity of 4 years.
- Start of the capacity expansion project of the Cacia plant belonging to the Portucel Soporcel Group.
- The signing of a cooperation agreement with IFC for a 20% participation in the equity of Portucel Mozambique. Further development of the integrated forest, pulp and energy project in Mozambique.
- The Portucel Soporcel Group's decision to begin building a *pellet* production plant in the USA in 2015.
- Decision to diversify business of the Portucel Soporcel Group to include the tissue segment. In 2015, Portucel signed a purchase contract for AMS BR Star Paper S.A., based in Vila Velha de Ródão, Portugal, which has a current output capacity of 30,000 tons of tissue paper and 50,000 tons of converting. A plan is underway to double the tissue paper production capacity.
- Start up of the precast concrete plant in Lebanon.
- The new cement plant being built by Supremo Cimentos, S.A. in Brazil is expected to be completed in the first quarter of this year. With this manufacturing unit in operation, Supremo's total installed cement capacity will rise to two million tons.

10. Outlook

World economic growth outlooks for the next two years are being subjected to downward revisions, and varying growth rates in the various economic blocks are expected. The geopolitical instability in some parts of the World and recent commodity price developments may undermine growth rates of some emerging economic powers.

The US economy remains quite optimistic and shows signs of recovery, whereas the core indicators of the Euro area countries present conflicting information. Uncertainty on the sustainability of recovery remains high, as domestic demand and investment levels are low, in spite of some recovery in private consumption. The current EUR/USD level and its progress in 2015 will also determine the competitiveness of European countries, which will clearly benefit large exporters.

In Portugal, the general economic outlook for 2015 is better than in recent years. The latest projections from the Bank of Portugal suggest a gradual recovery in domestic demand and moderate recovery in economic activity over the period 2014-2016, pointing to growth of 1.5% in the economy in 2015, above the 0.9% foreseen for 2014 (Economic Bulletin, Bank of Portugal, December 2014). Recent IMF projections point to growth of 1.2% in 2015, above the 0.8% estimated for 2014 (IMF Country Report, IMF, January 2015).

Paper and Pulp

Despite signs of uncertainty worldwide, the paper and pulp sector has shown resilience. Year-end price developments suggest strengthening of market conditions, and an increase in the price of **pulp** over the coming months is expected. Strong demand, observed particularly in the Chinese market, careful management of new capacity coming into the market, and EUR/USD development which, as mentioned before, had already pulled up the price of pulp in euros, are factors that should benefit pulp producers.

At the same time, expectations of the *tissue* paper segment remain positive, with interesting levels of growth in the emerging economies such as China, Turkey and Latin America, which should help to maintain a dynamic pulp market.

The UWF **paper** market is also expected to benefit from this more positive framework, sustained further by the reduction in capacity and the refurbishment of some manufacturing units in Europe, the impact of which should be felt in the second half of 2015. Additionally, the EUR/USD exchange rate at the current level will hinder imports into Europe, while fostering exports by European countries.

The Portucel Soporcel group has sought to outline new growth paths and has developed a plan for a new development cycle, while keeping a close eye on its financial soundness and its capacity to remunerate its shareholders.

This plan has two elements backing it: the consolidation of ongoing projects and the entry into new business areas. Regarding the latter, the Portucel Soporcel Group has chosen to diversify activity in the tissue paper segment, by combining organic growth and the purchase of existing capacity. For this purpose, Portucel Soporcel Group has looked into a variety of available assets and has chosen to buy AMS BR Star Paper S.A. (“AMS”), a tissue paper producer based in Vila Velha de Rodão, Portugal. With a current output capacity of 30,000 tons of tissue paper and 50,000 tons of converting, and 146 employees, a plan is underway to double the tissue paper production capacity, which should be completed by September this year. Total investment in AMS, including disbursements required to increase current output capacity, stands at approximately 80 million euros.

The Portucel Soporcel Group announced in the end of 2014 that it would be investing in the construction of a pellet plant in the USA. Based in South Carolina, the pellet plant will have an installed capacity of 460 thousand tons, a total investment estimated at 110 million American dollars. The construction of the plant will begin in 2015 and should be concluded during the third quarter of 2016.

Concerning ongoing projects, the Group started an expansion project of the pulp output capacity of the Cacia plant in the second half of 2014, involving the negotiation and award of equipment and works contracts. Increased capacity will help achieve output levels between 350 and 360 thousand tons, with high competitiveness gains. The process should be completed by first half of 2015. Total investment is estimated at 56.3 million euros.

Portucel also continues to make progress with the integrated forestry, pulp and energy project in Mozambique, currently in the stage of forestry operation intensification and the strengthening of the operational base in the country.

Cement

In **Portugal**, the Secil Group's main market, the economic outlook for 2015 is more positive compared to that of previous years, anticipating the ongoing process of a gradual adjustment in the macroeconomic imbalances, in a framework of moderate growth in activity and price level (Economic Bulletin, Bank of Portugal, December 2014).

Economic growth prospects, the recovery in domestic demand and investment, with a positive reversal in the licensing of home construction and an increase in construction productivity hint at a slightly positive variation in the domestic cement market in 2015.

In 2015, the Secil Group's operations in Portugal will continue to be influenced by the situation in the construction sector. However, strong performance in foreign markets, combined with savings and gains achieved through the streamlining measures implemented in previous years, offer the prospect of an improvement in results in comparison with 2014.

For **Tunisia**, the latest IMF figures point to expectations that the economy will grow in 2015 by 3.0%, up from the figure of 2.4% estimated for 2014 (IMF Country Report, IMF, December 2014). Following developments in late 2014, political issues in Tunisia, have been largely sorted out and may bring about significant social and economic improvements. In line with expectations for the economy as a whole, the construction and cement sector is also expected to record stronger growth than in 2014. Competition should continue fierce, and increased pressure on sales prices is expected.

Recent IMF projections point to economic growth in **Lebanon** of 2.5% in 2015, up from the figure of 1.8% forecast for 2014 (World Economic Outlook, IMF October 2014). The changes which have occurred in the Middle East have not helped to maintain macroeconomic stability, but the cement market is expected to stabilise. The construction of the new block factory was completed in 2014, and went into production that same year, with output and sales of blocks set to grow in 2015.

In **Angola**, the latest forecasts published by the IMF point to continued economic growth, with estimates that gross domestic product will increase by 5.9% in 2015, up from the figure of 3.9% estimated for 2014 (World Economic Outlook, IMF, October 2014). However, the negative effects of recent oil price developments will still be felt during the year 2015. Cuts in current expenditure and Government investment, as announced, combined with the difficulties felt since the end of 2014 in processing payments abroad as a result of the foreign-exchange restrictions imposed by the National Bank of Angola, paint a rather unfavourable image for the construction and public works sector, and suggest that 2015 may be the first year of a fall in demand for cement in Angola, following a decade of sustained growth. The impact of the expected drop in market share of domestic producers may be partly cushioned, considering the implementation of legislation passed recently, which restricts cement imports. In any case, only a significant impact produced by a higher sale price for cement, due to restricted imports, will be able to restore the margins lost by the business unit in Angola in the past couple of years.

In **Brazil**, recent figures published by the IMF point to a growth of the economy of 0.3%, higher than the 0.1%

projected for 2014 (World Economic Outlook, IMF, January 2015). There is, however, some degree of uncertainty, arising from the possibility of the Government adopting a more restrictive monetary and economic policy, by increasing the interest rate and taxes.

The new cement plant being built by Supremo Cimentos, S.A. in Brazil is expected to be completed in the first quarter of this year. With this manufacturing unit in operation, Supremo's total installed cement capacity will rise to two million tons.

Environment

Considering the current macroeconomic, financial and sectorial context, 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 the main collection centres. Although competition between operators in obtaining supplies of raw materials is expected to remain fierce, due to overcapacity for processing by-products, prices for the purchase of raw materials and for the core destruction services underwent partial adjustment in the last quarter of 2014, which will help to gradually recover part of the losses in trading margins recorded (as seen already in that period).

The ETSA Group’s prime objectives in the short term include (i) concentrating on the horizontal expansion of its production and destination markets (exports accounted for approximately 40% of total accrued sales as at 31 December 2014), (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, and (iii) the gradual and progressive recovery of sales margins of the base business in Portugal.

After successfully completing a number of capital projects primarily geared to switching to different industrial energy consumables and to greater efficiency of the plant and logistics, the ETSA Group has now completed the last stage in the set up and commissioning of the first blood collection and processing line, which began commercial roll-out in the 4th quarter of 2014.

11. Acknowledgements

2014 was another year in which the Group continued to focus on export operations, building on the heavy capital expenditure projects which it has implemented in the past 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 112,508,253.27 (one hundred and twelve million, five hundred and eight thousand, two hundred and fifty-three euros and twenty-seven cents) be allocated as follows:

Dividends for shares in circulation (37,5 cents/share)	39,939,176.25 euros
Free reserves	72,569,077.02 euros

Lisbon, 5 March 2015

The Board of Directors

Chairman

Pedro Mendonça de Queiroz Pereira

Members

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana-Baptista

Francisco José Melo e Castro Guedes

Jorge Maria Bleck

Manuel Custódio de Oliveira

Vítor Manuel Galvão Rocha Novais Gonçalves

Vítor Paulo Paranhos Pereira

PART 2

CORPORATE GOVERNANCE REPORT

Contents

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

A. SHAREHOLDER 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 a 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)).

Following the acquisition of own shares in the financial year 2014, Semapa currently holds 11.827.975 own shares, the equivalent to 9.996% of the 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 a party to any loan agreement, other debt instruments or any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of 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 exercisable 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 only aware of the ongoing and open coordination of the exercise of voting rights mentioned in item 7 below, resulting in the allocation to Sodim, SGPS, S.A. of 54.86% of non-suspended voting rights, above the 53.77% arising from the direct and indirect holdings.

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%	14.70%
	Cimigest, SGPS, S.A.	3,185,019	2.69%	2.99%
	Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69%	15.21%
	Longapar, SGPS, S.A.	22,225,400	18.78%	20.87%
	OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45%	0.50%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53%	0.59%
	Total:	58,427,154	49.38%	54.86%
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%	0.38%
	Pension funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10,362,388	8.76%	9.73%
	Investment Funds managed by BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A.	1,237,518	1.05%	1.16%
	Total:	12,009,004	10.15%	11.28%
C -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	2,319,127	1.96%	2.18%

	Bestinver Hedge Value Fund, FIL	1,721,950	1.46%	1.62%
	Bestinfond, F.I.	1,618,080	1.37%	1.52%
	Bestinver SICAC – Iberian	686,685	0.58%	0.64%
	Soixa, SICAV	497,863	0.42%	0.47%
	Bestinver Global, FP	405,052	0.34%	0.38%
	Bestinver Ahorro, F.P.	386,272	0.33%	0.36%
	Bestvalue, F.I.	322,323	0.27%	0.30%
	Bestinver Mixto, F.I.	187,251	0.16%	0.18%
	Bestinver Renta, F.I.	120,510	0.10%	0.11%
	Perco Patrimonial SICAV, SA	53,693	0.05%	0.05%
	Bestinver SICAV – Bestinfund	32,718	0.03%	0.03%
	Bestinver Prevision, F.P.	32,239	0.03%	0.03%
	Bestinver Futuro EPSV	8,612	0.01%	0.01%
	Bestinver Empleo, F.P.	7,350	0.01%	0.01%
	Vincit 93, SA SICAV	7,039	0.01%	0.01%
	Divalsa de Inversiones, SICAV, SA	7,025	0.01%	0.01%
	Bestinver Empleo II, F.P.	6,071	0.01%	0.01%
	Bestinver Consolidacion EPSV	4,609	0.00%	0.00%
	Bestinver Empleo III, F.P.	3,221	0.00%	0.00%
	Arvilibia SICAV, SA	2,637	0.00%	0.00%
	Tura Investment SICAV, SA	2,487	0.00%	0.00%
	Toro Capital, SICAV, SA	2,375	0.00%	0.00%
	Orgor de Valores SICAV, SA	2,160	0.00%	0.00%
	Total:	8,437,349	7.13%	7.92%
D -	Norges Bank (the Central Bank of Norway)	5,649,215	4.77%	5.30%

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, which means that the voting rights held by these companies taken together in Semapa are allocated to each of them, as explained next, and (iii) the direct and indirect existence of controlling relationships of Sodim, SGPS, S.A. also described below.

As a result of the communication of Sodim, SGPS, S.A. to Semapa in 2013, and notwithstanding the open coordination of the exercise of voting rights concerning Semapa's 54.86% non-suspended voting rights, under the terms in which they have been announced, part of those voting rights, amounting to 53.77% of the non-suspended voting rights, were also allocated to Sodim by virtue of the controlling relationships over Cimigest, SGPS, S.A., which in turn controls Cimo – Gestão de Participações, SGPS, S.A. and Longapar, SGPS, S.A., as a result of the acquisition of shares on 15 November 2013.

Therefore, the two kinds of allocations are differentiated as follows:

The allocation by virtue of the open coordination of the exercise of voting rights, under the terms in which they have been announced according to Article 20.1 c) and h) of the Securities Code, matches the part identified by the letter "A" in the table above.

The allocation to Sodim by virtue of the controlling relationship, in accordance with Article 20.1 b) of the Securities Code, is currently as follows:

Entity	Allocation	No. shares	% capital and voting rights	% non-suspended voting rights
Sodim, SGPS, S.A.		15,657,505	13.23%	14.70%
Cimigest, SGPS, SA	100% owned by Sodim	3,185,019	2.69%	2.99%
Cimo - Gestão de Participações, SGPS, S.A.	100% owned by Cimigest	16,199,031	13.69%	15.21%
Longapar, SGPS, S.A.	85.47% owned by Cimigest	22,225,400	18.78%	20.87%
	Total:	57,266,955	48.39%	53.77%

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 to the share capital.

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

In 2014 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.

However, it should be mentioned that in April 2014, Banco BPI S.A. and Banco Português de Investimento S.A. helped organise, set up and issue bonds through a public offering, "Semapa 2014-2019", to the value of 150 million euros; and in November 2014, Banco BPI S.A. also supported, helped organise, set up, settle, and thereby ensure the issuance of bonds by means of private placement, "Semapa 2014-2020", in the amount of 80 million euros. These deals were monitored by the Audit Board.

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 23/05/2014 to 31/12/2017)
Secretary:	Rita Maria Pinheiro Ferreira Soares de Oliveira (term of office from 23/05/2014 to 31/12/2017)

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 f));

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 affecting 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 by law.

Despite the existence of time limits established in Semapa's Articles of Association for attendance of the General Meeting, 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 voting rights is the day prior to the general meeting.

The Articles of Association make no provision for electronic voting. Nevertheless, the Board of Directors might regulate on alternative ways to vote besides paper format, as long as authenticity and confidentiality of the votes are also guaranteed until the moment of the voting. Although the Board of Directors never used this capacity, the Chairman of the General Meeting accepts electronic votes which are received under comparable conditions as the vote by mail, in what regards the deadline, comprehensibility, the guarantee of authenticity, confidentiality, and other formal issues. Signature acknowledgement shall be replaced by the digital signature and closed and separate envelopes for each item in the agenda by separate annexes to the email.

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 h)).

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, date of first appointment 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	1991-2017
José Miguel Pereira Gens Paredes	2006-2017
Paulo Miguel Garcês Ventura	2006-2017
Ricardo Miguel dos Santos Pacheco Pires	2014-2017
António Pedro de Carvalho Viana-Baptista	2010-2017
Francisco José Melo e Castro Guedes	2001-2017
Jorge Maria Bleck	2014-2017
Manuel Custódio de Oliveira	2014-2017
Vítor Manuel Galvão Rocha Novais Gonçalves	2010-2017
Vítor Paulo Paranhos Pereira	2014-2017

It should be noted that in 2014 the following directors resigned: 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; and António da Nóbrega de Sousa da Câmara and Joaquim Martins Ferreira do Amaral left office on 23 May 2014, on the day of the General Meeting when a new Board of Directors was elected.

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, as per paragraph 28 below, the others being non-executive.

Given that, on 31 December 2014, the company's Board of Directors comprised ten members, only four of which sat on the Executive Board, we consider that it had a sufficient 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: António Pedro de Carvalho Viana-Baptista and Vítor Manuel Galvão Rocha Novais Gonçalves, as they are not associated with any specific group of interests in the company nor are they under any circumstance likely to affect their unbiased analysis or decision. On the other hand, directors Francisco José Melo e Castro Guedes, Jorge Maria Bleck, Manuel Custódio de Oliveira and Vítor Paulo Paranhos Pereira may not be classified as independent in the light of the criteria referred, since they are all members of the Board of Directors of companies owning qualified holdings in Semapa.

Consequently, 1/3 of the non-executive directors are independent, which the company considers to be appropriate and in line with the independent work of the Board of Directors.

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.

Pedro Mendonça de Queiroz Pereira

Pedro Queiroz Pereira attended the general high school course in Lisbon and the *Instituto Superior de Administração*. He lived in Brazil from 1975 to 1987, where he held directorship positions in several companies in the industry, trade, tourism and agriculture areas. After returning to Portugal, he continued to work as director for several companies belonging to the Queiroz Pereira family. In 1995, when the scope of activities of the Queiroz Pereira family expanded to the concrete industry, he was elected Chairman of the Board of Directors of Secil and Semapa, and also CEO of the latter. Since 2004, Pedro Queiroz Pereira has also held the office of Chairman of the Board of Directors of Portucel.

José Miguel Pereira Gens Paredes

José Miguel Paredes holds a degree in Economics and initiated his professional activity in 1985, at the *Direcção Geral de Concorrência e Preços*. The following years, he worked at the *Rodoviária Nacional*, Interbiz, Cosec, *Direcção de Crédito Externo*, General Bank, *Tesouraria / Sala de Câmbios* and United Distillers. In 1994, he became Financial Director of Semapa and some of the other companies in the group. Since 2004, he is the market relations officer for Semapa and was elected Chief Executive Officer of Semapa in 2006. In 2008, he was appointed Director of ETSA. He also became Director of Portucel and Secil in 2011 and 2012, respectively.

Paulo Miguel Garcês Ventura

Miguel Ventura holds a degree in Law and attended the International Executive Program at INSEAD. He began practising Law in 1995. In 1997, he became an officer of the General Assemblies in several subsidiaries of Cimigest, Sodim and Semapa and was appointed Company Secretary of Semapa. From 2005 to 2007, he was a member of the Lisbon District Council of the Bar Association. He has held office as Director of Semapa and other related companies since 2006. In 2007 Miguel Ventura was appointed Vice-President of the General Meeting of REN and Estradas de Portugal. He also became Director of Portucel and Secil in 2011 and 2012, respectively. In 2014 he was elected member of the General Board of *AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado*.

Ricardo Miguel dos Santos Pacheco Pires

Ricardo Pires holds a degree in Business Administration and Management from the *Universidade Católica Portuguesa*, and is specialised in Corporate Finance from ISCTE. He also has an MBA in Corporate Management from the *Universidade Nova de Lisboa*. He began his career as a consultant, from 1999 to 2002 for BDO Binder and later for GTE Consultores. From 2002 to 2008 he held several positions in the Corporate Finance Board at ES Investment, where he developed different M&A and capital market projects in the Energy, Paper and Pulp and Food & Beverages sectors. He has worked for Semapa since 2008, first as Director of Strategic Planning and New Business and Chief of Staff of the

Chairman of the Board of Directors since 2011. In 2014, he was appointed Chief Executive Officer of Semapa, and holds positions in other related companies.

António Pedro de Carvalho Viana-Baptista

António Viana Baptista holds a degree in Economics, a post-graduate degree in European Economy and holds an MBA (INSEAD). He is currently CEO of Credit Suisse AG (for Spain and Portugal), and is also a non-executive director and member of the Audit Committee at Jerónimo Martins and Jasper Inc. California. He has been non-executive Director of Semapa since 2010. Between 1998 and 2008, he held positions at Telefonica S.A. as Chairman of Telefónica Internacional from 1998 to 2008, Chairman of Telefónica Móviles S.A. from 2002 to 2006, and Chairman of Telefonica España from 2006 to 2008, and was also Director of Telefonica S.A. and Portugal Telecom representing Telefonica. Between 1991 and 1998, António Viana-Baptista was Director of Banco Português de Investimento. From 1984 to 1991, he was Principal Partner of Mckinsey & Co.

Francisco José Melo e Castro Guedes

Francisco Guedes holds a degree in Economics and Financial Sciences and holds an MBA from INSEAD. He initiated his professional career in 1971 at Companhia União Fabril. He performed military service from 1972 to 1975. In the following years, in 1976, he was Financial Director of Companhia Rio Moju and, from 1977 to 1987, of Anglo American Corporation, in Brazil. He held office as Executive Director, the Holding's Financial Director, Director in charge of all (non-gold) mining and industrial companies in Brazil and Financial Director of Mineração Morro Velho. Between 1988 and 1989 Francisco Guedes was in charge of the Ricardo Schedel Brokerage. In 1990, he was manager of the Aroeira project at Formentur, and in the following years he was director and manager at Anglo American Corporation Portugal, Nacional – C.I.T.C., Nutrinveste and Sociedade Ponto Verde. He has occupied management positions at Semapa and other companies of the group since 2001. In 2009 he was appointed Director of Portucel.

Jorge Maria Bleck

Jorge Bleck has a degree in Law, a post-graduate degree in Legal Advice to Companies and attended the Leadership Course for Professional Services Firms at Harvard Business School. He began working in 1980 as a Tutor at Faculdade de Direito da Universidade de Lisboa. In 1983 he began his professional practice as a lawyer, having been a partner at J. M. Galvão Teles, Bleck, Pinto Leite & Associados - Sociedade de Advogados, Morais Leitão, J. Galvão Teles & Associados – Sociedade de Advogados, BSC - Bleck, Soares, Siza, Cardoso, Correia & Associados - Sociedade de Advogados and Linklaters LLP law firms. He is currently a partner at Vieira de Almeida - Sociedade de Advogados R.L. Over the last thirty years of his professional life as a lawyer, Jorge Bleck has held directorships in several companies, including open companies, has taken part in audit boards, and chaired or assisted the General Meetings of several companies. In 2014 he was appointed non-executive Director of Semapa.

Manuel Custódio de Oliveira

Manuel Oliveira has a degree in Economics. In 1977 he began working as Director of the Lagoalva Group, and still holds this position today. In 1978 he worked for Thomson Maclinctock, and in 1979 for Glaxo Farmacêutica. In 1980 he took office as Director at Sodim and became Financial Director at Cimianto. In the 90s still, he was Chairman of *AIPA (Associação das Indústrias de Produtos de Amianto)* and negotiator in Brussels for the Asbestos Dossier. In the following years, he was Chairman of the Board of Directors of Antasobral – Sociedade Agropecuária, S.A., Director of Sousa Campilho – Investimentos, SGPS, S.A. and Esforço – Investimentos Imobiliários, S.A. and manager of Zona de Caça e Pesca da Herdade Sobral e Mergulhos, Lda. Since 2013 he has held office as Chairman of the Board of Directors of Cimilonga, Longavia, Refundos and Sonagi Imobiliária, and as Director of Beira-Rio, Cimigest, Sodim and Sonagi. In 2014 he was appointed non-executive Director of Semapa, company for which he had previously worked as a consultant.

Vítor Manuel Galvão Rocha Novais Gonçalves

Vítor Novais Gonçalves has a degree in Business Management by ISC-HEC, in Brussels. He began his professional activity in 1984 at Unilever as Management Trainee and later as Product Manager and Market Manager. Between 1989 and 1992, he held office as Business Manager in the Venture Capital Area at Citibank Portugal and later he was responsible for the area of Corporate Finance and member of the Management Committee. Between 1992 and 2000, he carried out duties in the financial area of Grupo José de Mello, having held directorships in several companies and having been, among other things, Strategic Marketing and Development Director of Banco Mello and General Manager of Companhia de Seguros Império. Between 2001 and 2009 he carried out duties in the telecommunications area at SGC Group as Director of SGC Comunicações, being responsible for the Strategic Marketing and Business International Development. In 2009 he was appointed Director of Zoom Investment and in 2010 he was appointed Director of Semapa.

Vítor Paulo Paranhos Pereira

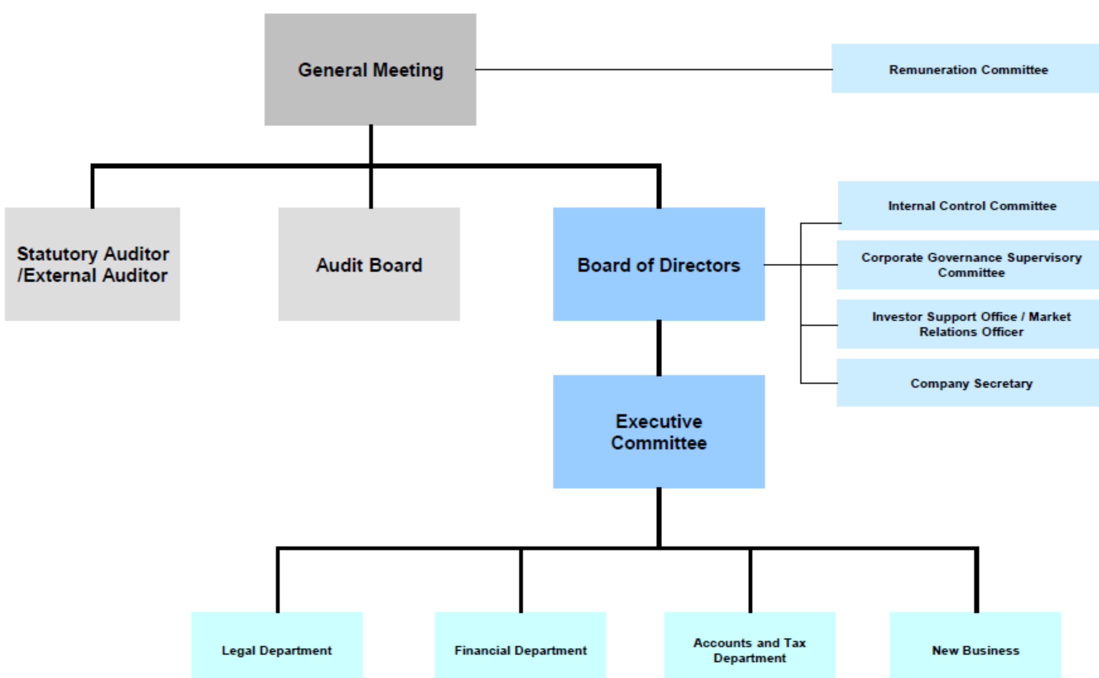
Vítor Paranhos Pereira has a degree in Economics by the *Universidade Católica Portuguesa* and attended AESE (*Universidade de Navarra*). He began working in 1982 at the company Gaspar Marques Campos Correia & Cª. Lda. as Financial Director until 1987. From 1987 to 1989 he was Deputy Financial Director of the *Instituto do Comércio Externo de Portugal* (ICEP). He joined the group in 1989 as Financial Director of Sodim, and in 2009 he became member of the Board of Directors of that company. He also holds directorships in several companies related to Sodim, namely Hotel Ritz since 1998 and Hotel Villa Magna since 2001. He has held office as Director of Sonagi since 1995. In 2006 he was appointed Chairman of the Audit Board of the *Associação da Hotelaria de Portugal* (AHP). Since 2007 he has been Chairman of the General Meeting of *Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios* (APPFIPP). He has served as member of the Audit Board of Eurovida – Companhia de Seguros, S.A. and Popular Seguros – Companhia de Seguros, S.A. since 2009. In 2014 he was appointed member of the Board of Directors of Semapa and Cimigest.

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.

Besides the directorships held by several Directors in companies which own qualifying holdings in Semapa, namely Sodim and subsidiaries, as described in paragraph 26 below, and Pedro Mendonça Queiroz Pereira's shareholdings in Sodim, OEM and Vialonga, 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, that the members of the Executive Board are available to convey all relevant, urgent or requested 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, and the non-executive members often attend the meetings of the company's Executive Board.

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 compartmentalised within the Board of Directors, four main areas may be distinguished in the way responsibilities are shared:

1st Strategic planning and investment policy, which are the responsibility of the Chairman of the Board of Directors, Pedro Mendonça de Queiroz Pereira.

2nd Financial and accounting, which are the responsibility of the Director José Miguel Pereira Gens Paredes.

3rd Legal and IT issues, which are the responsibility of the Director Paulo Miguel Garcês Ventura.

4th New Business Areas, which are the responsibility of the Director Ricardo Miguel dos Santos Pacheco Pires.

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 407.4 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 issuing of bonds and commercial paper, including the actual decision to issue; and

l) In general, to carry out all acts of the day-to-day management of the company, except for 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 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.

Furthermore, there was a Strategy Committee, the main purpose of which was to monitor and assess the broad strategies of the Executive Board and Board of Directors. This committee, however, was dissolved by the Board of Directors in March 2014.

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 and is in charge of legal compliance in order to assure that procedures and proceedings comply with the relevant legislation. The Financial Division is primarily engaged in financial management and planning. The Accounts and Tax Department is mainly responsible for rendering the company's accounts and complying with its tax obligations, avoiding abusive tax planning. As for the New Business Division, it is in charge of identifying and researching new business opportunities towards their implementation.

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 (http://www.semapa.pt/en/rules-corporate-members), 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 10 times in 2014, and attendance by each member was as follows:

Members of the Board of Directors:	Attendance (%)
Pedro Mendonça de Queiroz Pereira	100%
José Alfredo de Almeida Honório	50%
Francisco José Melo e Castro Guedes	100%
José Miguel Pereira Gens Paredes	90%
Paulo Miguel Garcês Ventura	100%
Ricardo Miguel dos Santos Pacheco Pires	83%
Maude Mendonça de Queiroz Pereira Lagos	*
António da Nóbrega de Sousa da Câmara	100%
Joaquim Martins Ferreira do Amaral	100%
António Pedro de Carvalho Viana-Baptista	90%
Vítor Manuel Galvão Rocha Novais Gonçalves	100%
Jorge Maria Bleck	83%
Manuel Custódio de Oliveira	100%
Vítor Paulo Paranhos Pereira	100%

* Director resigned from office before the first meeting of the financial year

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 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.

Basic criteria for assessing the performance of executive directors are as defined in item 2 of chapter VI of the Remuneration Policy Statement for setting the variable remuneration component. Such criteria are met through a system of KPIs, which include quantitative and qualitative, individual and collective, components. EBITDA, earnings before tax and the shareholder's internal rate of return in the long term are the quantitative elements considered.

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.

Besides the activities mentioned under item 19, the members of the Board of Directors perform the duties 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[1]
CELCIMO, S.L.	Chairman of the Board of Directors
GREAT EARTH – Projectos, S.A.	Chairman of the Board of Directors[2]
INSPIREDPLACE, S.A.	Chairman of the Board of Directors

1 In office until 12 February 2015.
2 In office until 08 May 2014.

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
CIMIGEST, SGPS, S.A.	Chairman of the Board of Directors
CIMINPART - Investimentos e Participações, SGPS, S.A.	Chairman of the Board of Directors
CIMO – Gestão de Participações Sociais, S.A.	Chairman of the Board of Directors[3]
CMP- Cimentos Maceira e Pataias, 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
HOTEL RITZ, S.A.	Chairman of the Board of Directors
OEM - Organização de Empresas, SGPS, S.A.	Chairman of the Board of Directors[4]
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
SODIM, SGPS, S.A.	Chairman of the Board of Directors
SOPORCEL - Sociedade Portuguesa de Papel, S.A.	Chairman of the Board of Directors
TEMA PRINCIPAL – SGPS, S.A.	Sole Director[5]
TERRAÇOS D'AREIA – SGPS, S.A.	Chairman of the Board of Directors
VIEZNADA SL	Chairman of the Board of Directors[6]
VILLA MAGNA SL	Chairman of the Board of Directors

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[7]
Aprovechamiento Integral de Subprodutos 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

3 In office until 20 June 2014.
4 In office until 30 May 2014.
5 In office until 09 December 2014.
6 In office until 28 June 2014
7 In office until 12 February 2015

ETSA LOG, S.A.	Chairman of the Board of Directors
GREAT EARTH – Projectos, S.A.	Director[8]
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
CIMIGEST, SGPS, S.A.	Director
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Chairman of the Board of Directors
CMP - Cimentos Maceira e Pataias, S.A.	Director
HOTEL RITZ, S.A.	Director
LONGAPAR, SGPS, S.A.	Chairman of the Board of Directors
MOR ON-LINE – Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.	Director
OEM - Organização de Empresas, SGPS, S.A.	Director
PORTUCEL, S.A.	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
VILLA MAGNA SL	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[9]
Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager

8 In office until 8 May 2014.
9 In office until 12 February 2015.

CELCIMO, S.L.	Director
ETSA - Investimentos, SGPS, S.A.	Director
ETSA LOG, S.A.	Director
GREAT EARTH – Projectos, S.A.	Director[10]
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
CIMIGEST, SGPS, S.A.	Director
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A	Chairman of the Board of Directors
CIMO – Gestão de Participações, SGPS S.A.	Director
CMP - Cimentos Maceira e Pataias, S.A.	Director
HOTEL RITZ, S.A.	Director
LONGAPAR, SGPS, S.A.	Director
OEM - Organização de Empresas, SGPS, S.A.	Director
PORTUCEL, S.A.	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
VILLA MAGNA SL	Director
ANTASOBRAL - Sociedade Agropecuária, S.A.	Chairman of the General Meeting
BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.	Chairman of the General Meeting
CIMILONGA – Imobiliária, S.A.	Chairman of the General Meeting
ESTRADAS DE PORTUGAL, S.A.	Vice-Chairman of the General Meeting
GALERIAS RITZ – Imobiliária, S.A.	Chairman of the General Meeting
LONGAVIA – Imobiliária, S.A.	Chairman of the General Meeting
PARQUE RITZ – Imobiliária, S.A.	Chairman of the General Meeting

10 In office until 08 May 2014.

REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Chairman of the General Meeting
SONAGI – Imobiliária, S.A.	Chairman of the General Meeting
VALUELEGEND – SGPS, 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

Ricardo Miguel dos Santos Pacheco Pires

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

ABOUTBALANCE SGPS S.A.	Director[11]
INSPIREDPLACE, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director

Office held in other companies:

CIMIGEST, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Director
HOTEL RITZ, S.A.	Director
LONGAPAR, SGPS, S.A.	Director
OEM - Organização de Empresas, SGPS, S.A.	Director
SODIM, SGPS, S.A.	Director
UPSIS S.A.	Director
VIEZNADA SL	Director
VILLA MAGNA SL	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:

Arica B.V.	Director
Credit Suisse AG (for Spain and Portugal)	CEO
Jasper Wireless Inc.	Director

11 In office until 12 February 2015.

JERÓNIMO MARTINS SGPS, S.A.	Director and Member of the Audit Committee
Largo Ltd	Chairman of the Board of Directors

Francisco José Melo e Castro Guedes

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

ABOUTBALANCE SGPS S.A.	Director[12]
CELCIMO, S.L.	Director
GREAT EARTH – Projectos, S.A.	Director[13]
INSPIREDPLACE, S.A.	Director[14]
SEINPART - Participações, SGPS, S.A.	Director[15]
SEMINV - Investimentos, SGPS, S.A.	Director[16]
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
CIMENT DE SIBLINE S.A.L.	Director
CIMIGEST, SGPS, S.A.	Director
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director[17]
CIMO – Gestão de Participações, SGPS S.A.	Director[18]
CMP- Cimentos Maceira e Pataias, S.A.	Director
LONGAPAR, SGPS, S.A.	Chairman of the Board of Directors[19]
MARGEM – Companhia de Mineração	Director
PORTUCEL, S.A.	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
SUPREMO CIMENTOS, S.A.	Chairman of the Board of Directors
UNICONCRETO – Betão Pronto, S.A.	Director[20]

12 In office until 20 June 2014.
13 In office until 08 May 2014.
14 In office until 20 June 2014.
15 In office until 20 June 2014.
16 In office until 20 June 2014.
17 In office until 31 October 2014.
18 In office until 20 June 2014.
19 In office until 28 May 2014.

Jorge Maria Bleck

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:

CIMIGEST, SGPS, S.A.	Director
SODIM, SGPS, S.A.	Director
Norte Shopping, S.A.	Chairman of the General Meeting
Santander Pensões - Fundo de Pensões S.A.	Chairman of the General Meeting
Santander Gestão de Activos S.A.	Chairman of the General Meeting

Manuel Custódio de Oliveira

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:

ANTASOBRAL - Sociedade Agropecuária, S.A.	Chairman of the Board of Directors
BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.	Director
CIMIGEST, SGPS, S.A.	Director
CIMILONGA – Imobiliária, S.A.	Chairman of the Board of Directors
ESFORÇO - Investimentos Imobiliários, S.A.	Director
HOTEL RITZ, S.A.	Director
LONGAVIA – Imobiliária, S.A.	Chairman of the Board of Directors
REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Chairman of the Board of Directors
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Chairman of the Board of Directors
SONAGI – Imobiliária, S.A.	Chairman of the Board of Directors
SOCIEDADE AGRÍCOLA DA QUINTA DA VIALONGA, S.A.	Chairman of the Board of Directors[21]
SOUSA CAMPILHO - Investimentos, SGPS, S.A.	Director
VIEZNADA SL	Director
VILLA MAGNA SL	Director
Zona de Caça e Pesca da Herdade Sobral e Mergulhos, Lda.	Manager

20 In office until 30 July 2014.
21 In office until 29 May 2014.

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:

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

Vítor Paulo Paranhos Pereira

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:

ANTASOBRAL - Sociedade Agropecuária, S.A.	Director
BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.	Director
CAPITAL HOTELS BV	Director
CIMIGEST, SGPS, S.A.	Director
CIMILONGA – Imobiliária, S.A.	Director
GALERIAS RITZ, S.A.	Chairman of the Board of Directors
HOTEL RITZ, S.A.	Director
LONGAVIA – Imobiliária, S.A.	Director
PARQUE RITZ, S.A.	Chairman of the Board of Directors
REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Director
SODIM, SGPS, S.A.	Director
SODIMPARQUE – Parqueamento e Garagens, Lda.	Manager
SONAGI, SGPS, S.A.	Director
SONAGI – Imobiliária, S.A.	Director
SOCIEDADE AGRÍCOLA DA QUINTA DA VIALONGA, S.A.	Director[22]
VALUELEGEND – SGPS, S.A.	Director
VIEZNADA SL	Director

22 In office until 29 May 2014.

VILLA MAGNA SL	Director

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 and Corporate Governance Supervisory Committee.

All committees have rules of procedure, which are published on the company website (http://www.semapa.pt/en/rules-corporate-members), where they may be looked up.

The following are the Executive Board's operating rules:

a) The Executive Board shall meet when convened by the Chairman or any other two members;

b) The members of the Executive Board may be represented by another member, and each person may not represent more than one member;

c) The Chairman of the Executive Board has a casting vote;

d) Absent members may cast written votes, and

e) The Chairman of the Executive Board is particularly responsible for reporting and communicating with the Board of Directors.

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

The following are the current members of the Executive Board, appointed by resolution of the Board of Directors on 19 June 2014:

Pedro Mendonça de Queiroz Pereira, who chairs the board;
José Miguel Pereira Gens Paredes
Paulo Miguel Garcês Ventura, and
Ricardo Miguel dos Santos Pacheco Pires

The composition of the Executive Board has been modified as follows, compared to the previous financial year:

a) José Honório resigned from office as Executive Director on 28 February 2014.

b) Francisco Guedes ceased functions on 19 June 2014.

c) Ricardo Pires was named executive director on 19 June 2014.

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 Executive Board is the company's executive body, which has performed its duties in the scope of the powers entrusted to it by the Board of Directors. The Board meets on a regular basis and whenever necessary in the light of ongoing business and monitoring of the company's activity. In 2014 it held 33 meetings. These meetings are attended by the members of the Board, and regularly by the non-executive directors, as well as the company´s secretary, Mr. Rui Gouveia. When the matters to be discussed so require, the directors of the group's companies and some of the company's managers may also take part in the meetings.

In view of implementing its purpose to detect and control all relevant risks in the company’s affairs, in particular financial risks, the ICC has the following responsibilities and powers:

a) To ensure compliance by the company with the 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;

d) To check the implementation of the adjustments to the internal control and risk management system proposed by the Audit Board; and

e) To monitor the quality control of financial and accounting information, taking steps to ensure that it is reliable.

The ICC met twice in the financial year 2014 and is composed by Joaquim Martins Ferreira do Amaral, Jaime Alberto Marques Sennfelt Fernandes Falcão and Margarida Isabel Feijão Antunes Rebocho. This committee conducted the activities, ensured the monitoring and made all the verifications corresponding to its duties, and held joint meetings with the executive director, José Miguel Paredes and the members of the Audit Board. The fact that Margarida Rebocho is the Director of Accounting and Taxes for Semapa has made reporting and access to the company's everyday activities easier, without jeopardising the distancing required, which is guaranteed by a majority of members who do not take part in the daily activities.

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 also required to assess annually corporate governance and submit to the Board of Directors any proposals as it sees fit.

The CGSC met three times in the financial year 2014 and is composed of Jorge Manuel de Mira Amaral, Gonçalo Allen Serras Pereira and Francisco José Melo e Castro Guedes, who was appointed member of this Committee after he resigned from office as executive director. The CGSC conducted its oversight and corporate governance assessment activities throughout the financial year. It also participated actively in the drafting of the Annual Report on Corporate Governance, for which it obtained the necessary information, particularly by keeping in touch with the executive director Miguel Ventura, who attended the meetings together with a member of the Legal Department.

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)	2006-2017
Duarte Nuno d'Orey da Cunha (Full member)	2004-2017
Gonçalo Nuno Palha Gaio Picão Caldeira (Full member)	2006-2017
José Manuel Oliveira Vitorino (Alternate member)	2014-2017

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.

The members of the audit board, Miguel Camargo de Sousa Eiró (Chairman) and Gonçalo Nuno Palha Gaio Picão Caldeira are independent in accordance with the criteria set down in Article 414.5 of the Companies Code. They are currently in their third term. The understanding that fulfilling a third term does not compromise the status of independence 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.

Duarte Nuno d'Orey da Cunha was re-elected for a fourth term at Semapa during the General Meeting held in 2014, and is no longer qualified as independent in accordance with Article 414.5 b) of the aforementioned Code.

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.

Miguel Camargo de Sousa Eiró

Miguel Eiró graduated in Law from *Universidade de Lisboa* in 1971. He joined the Portuguese Bar Association on 28 June 1973, and was a member of its Lisbon District Committee between 1982/1984 and member of the General Committee between 1999/2002 and 2002/2004. He is an Intellectual Property Agent and attended a course in Mediation. He has been practising Law since his graduation in 1971, and is currently Partner and Director at the law firm “Correia Moniz & Associados – Sociedade de Advogados, R.L.” Between 1972 and 1975 Miguel Eiró performed military service in the Portuguese navy as a Law Expert. He was a member of the Board of the Centre for Arbitrage of the Portuguese Bar Association between 1997/1999. In 2004 he was arbitrator at the Centre for Automobile Conflict Resolution and served as arbitrator in several more arbitration cases. Between 1975 and 1980 he was Director of Brisa – Auto Estradas de Portugal, S.A., and during his working life he was appointed Director of other companies. He became member of the Audit Board of Semapa in 2006, of Portucel in 2007, and of Secil in 2013, and is currently Chairman of these supervisory bodies.

Duarte Nuno D’Orey da Cunha

Duarte da Cunha has a degree in Finance, and initiated his professional activity in 1969. Between 1970 and 1974 he was a sales representative for Central and Industrial Accounting Systems. From 1970 to 1975, he was initially member of the Audit Board of Empor - Empreendimentos Comerciais e Financeiros S.A., and was later elected Chairman, Director and CEO. Also during this period, between June and September 1974, he was Chief of Staff of the Minister of Social Media; in 1974 and 1975 he was member of the Audit Board of STET, representing Caterpillar in Portugal, and in November 1975 he joined NCR Canada. In 1977 he became Administrative and Financial Director and deputy Director-General of NCR Portugal, and between 1978 and 1982 he held office as director of STET. In June 1982 Duarte da Cunha began working as Business Manager of Cimianto. From 1982 to 1990 he served as consultant for the Board of Directors of Brás & Brás and between 1988 and 1992 he was director of Sagrup Rent. He was also director of Licar (1984), of TVI - Televisão Independente S.A., holding the financial office (1992) and of Sorel SGPS (1996). From September 2002 he performed duties as advisor to the Board of Directors of Cimanto SGPS, and was specifically responsible for establishing the Group's corporate governance model and for the relations between shareholders. He has been a member of the Audit Board of Semapa, Portucel and Secil since 2004, 2007 and 2013, respectively. Furthermore, he is a member of the Executive Board of Fundação da Nossa Senhora do Bom Sucesso.

Gonçalo Nuno Palha Gaio Picão Caldeira

Gonçalo Picão Caldeira has a degree in Law and joined the Portuguese Bar Association in 1991, after completing a legal internship. He holds an MBA from *Universidade Nova de Lisboa* and attended a course in real estate management and evaluation from ISEG. Gonçalo Caldeira has performed management and property development functions in family-owned companies since 2004. He collaborated previously with BCP Group (1992-1998) and Sorel Group (October 1998 to March 2002). He also worked for Semapa from April 2002 to February 2004. He has been a member of the Audit Board of Semapa, Portucel and Secil since 2006, 2007 and 2013, respectively.

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 (http://www.semapa.pt/en/rules-corporate-members), 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 2014, the Audit Board met 16 times, with Miguel Eiró and Gonçalo Picão Caldeira present at all meetings and Duarte da Cunha present at 15 of the 16 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.

Besides the activities mentioned under item 33, the members of the Audit Board perform the duties 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[23]

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.

For the purposes of contracting additional services from the external auditor, the Audit Board adopted in 2014 the following criteria: (i) all services are subject to reporting and approval by the Audit Board, and (ii) the Audit Board shall approve the contracting of services it finds duly justified by management.

Thus, the Audit Board analyses 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.

[23] In office until 28 May 2014.

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 the 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 out 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. The Audit Board is further in charge of suggesting and monitoring, with the support of the company's internal services, the External Auditor's pay.

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 José Pereira Alves (ROC) or António Alberto Henriques Assis (ROC)
Alternate:	Jorge Manuel Santos Costa (ROC)

Until 16 January 2014 PricewaterhouseCoopers was represented by António Alberto Henriques Assis (ROC) or César Abel Rodrigues Gonçalves (ROC), thereafter being represented by António Alberto Henriques Assis (ROC) or José Pereira Alves (ROC). This situation was later changed again during the general meeting of Semapa held on 23 May 2014.

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 12 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 who has held office in the company for 12 years, as stated in item 40. The actual representative of the external auditor, José Pereira Alves (ROC), has held office in the company since the elective General Meeting of Semapa on 23 May 2014.

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.

Since the Statutory Auditor of Semapa ended his term in 2013, the Audit Board heard the Board of Directors, and asked the internal services to prepare a restricted tender by invitation, addressed to four Audit Firms, for the selection of the external auditor and the Statutory Auditor of Semapa and its subsidiaries for the four-year period beginning in 2014. The bids were analysed by a Selection Committee, and the process was overseen by the Audit Board.

Finally, the Audit Board submitted to the shareholders a proposal for retaining the External Auditor, issuing its opinion in a report in which it argued the pros and cons of maintaining the same Audit Firm for a new term and underscored 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. Nevertheless, in line with best international practices and in view of enhancing PricewaterhouseCoopers's independence, rotation of the partner representing the firm was proposed. The proposal submitted by the Audit Board was adopted by the shareholders at the general meeting of 23 May 2014.

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 delivered by the external auditor other than audit work include tax consultancy and reliability assurance services. All additional work has been approved by the Audit Board based on the criteria and procedures described in item 37.

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 careful definition of the services required at the contracting stage. The Audit Board bases itself further on the departments' internal analyses and opinions.

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.

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	94,765	98.44%	595,622	74.17%
Value of reliability assurance services	1,500	1.56%	139,720	17.40%
Value of tax consultancy services	-	0.00%	67,714	8.43%
Value of other services other than auditing services	-	0.00%	-	0.00%
Total:	**96,265**	**100.00%**	**803,057**	**100.00%**

NOTE: Figures in Euros

In 2014, 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 25.83% of the total services provided, which percentage is below the recommended upper limit of 30%.

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).

It should be clearly noted that in consolidated terms the company has 4,668 employees in total and the holding, individually, only has 24. The corporate universe represented by most of the group's workers, and which concerns the holding's main subsidiaries, Portucel and Secil, is covered by separate auditing systems with organisational units with special auditing responsibilities.

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 Internal Control Committee (ICC) is to detect and control all relevant risks in the company's affairs, in particular financial and legal risks, and the Committee is vested with the powers set out in item 21 of this report.

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 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.

The director can be contacted through his email address (jmparedes@semapa.pt) or on the company's general telephone numbers (+351 21 318 47 00). 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, and it generally concerns information about the Semapa group, the company's business, corporate governance and financial information.

57. Market relations officer.

The market relations officer is 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	http://www.semapa.pt/en/home
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/localication
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 http://www.semapa.pt/en/rules-corporate-members
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-23-05-2014

Description	Internet address
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. The 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 comprises José Gonçalo Ferreira Maury, Frederico José da Cunha Mendonça e Meneses and João Rodrigo Appleton Moreira Rato and does not subcontract auxiliary staff.

The company considers the Committee's members to be independent, but the following needs highlighting:

The following two issues concerning Frederico da Cunha must be clarified. First, he is linked to Semapa due to the fact that until 2005 he was non-executive director for the company and currently earns a retirement pension as a result of the duties performed. However, Semapa considers that, since non-executive duties were performed, by virtue of the elapsed time and the right to a pension being an acquired right, independent from the will of Semapa's directors, the impartiality of analysis and decision is not impaired. Secondly, he exercised administrative duties from June 2013 to May 2014 in Sodim, a company to which 54.86% of the non-suspended voting rights of Semapa are allocated, according to item 7 above. The company considers that this does not affect his unbiased analysis and decision. In effect, and considering that what is at stake here is the independence from the executive members of the Board of Directors, Semapa considers that this committee member exercises his duties in the Remuneration Committee independently.

José Maury resigned in 2014 from office at Egon Zehnder, a HR services company which over the years supported Semapa and other related companies in procurement procedures. Due both to the aforementioned resignation, and to the nature and limited extent of the services provided by Egon Zehnder, we consider that the independence of this member of the Committee was not undermined.

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. He was a partner of the company Egon Zehnder for a number of years, which is a leading recruitment company with vast experience in hiring executive staff, involving thorough knowledge of assessment procedures and criteria and related remuneration packages.

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 clarity the Remuneration Policy Statement of the Remuneration Committee, specifically item 1 and 6 of chapter VI, to which we make reference.

Following such principles, to determine precisely the variable remuneration component, a set of KPIs are applied, for which EBITDA, earnings before tax and the shareholder's internal rate of return in the long term are the quantitative elements considered, as mentioned in item 25 above.

The effect of the alignment of the interests in the long-term results, to some extent, from an existing KPI of the value of the company over time, albeit in a form that is more limited than that arising from Semapa's *de facto* situation in relation to the significant stability of the Executive Board's members. Such stability is naturally linked to longer timelines, including in the wage component, as future results influence future remunerations for which expectations exist.

The same is true for excessive risk-taking. The company has no separate remuneration mechanism aimed specifically at that. 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 performance over time. It therefore becomes interlaced with long-term interests, and consequently benefits from the aforementioned incentives to overall alignment over time.

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.

The performance assessment under the variable remuneration, in its individual and qualitative component, accounts for approximately 30% of that remuneration component. 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.

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

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 in item 25 above, 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.

There are no complementary or early retirement schemes for directors currently in place in the company. Nevertheless, Frederico José da Cunha Mendonça e Meneses receives a monthly pension, because he exercised an option under the expiry of a past pension scheme for directors.

At present, this is the only pension which Semapa pays. It is a lifetime monthly pension paid 12 months per year, for which the following is provided: (i) the transferability of half of its value to the surviving spouse or minor or disabled children and (ii) mandatory deduction from this pension either the value of remunerated services later delivered to Semapa or controlled companies, or the value of pensions that the beneficiary is entitled to receive from the national social insurance scheme related to the same period of service. Semapa's liability with this pension is as mentioned in Note 29 to the Consolidated Financial Statements and Note 25 to the Individual Financial Statements.

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 2014, 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.

We wish to clarify that the variable remuneration for the financial year of 2013 was paid at the end of the year and not in 2014, and the variable remuneration for the financial year of 2014 had not been paid by the end of that year

Board of Directors	Remuneration Fixed	Remuneration Variable
António da Nóbrega de Sousa da Câmara	6,535.08	-
António Pedro de Carvalho Viana Baptista	128,305.13	-
Francisco José de Melo e Castro Guedes	72,155.85	-
Joaquim Martins Ferreira do Amaral	101,900.92	-
José Alfredo de Almeida Honório	90,499.13	500,000.00
José Miguel Pereira Gens Paredes	296,603.20	-
Jorge Maria Bleck	1,500.00	-
Manuel Custódio de Oliveira	72,540.00	-
Maude Mendonça de Queiroz Pereira Lagos	107,922.69	-
Paulo Miguel Garcês Ventura	296,872.35	-
Pedro Mendonça de Queiroz Pereira	430,308.43	-
Ricardo Miguel dos Santos Pacheco Pires	132,798.33	-
Vítor Manuel Galvão Rocha Novais Gonçalves	128,305.13	-

Board of Directors	Remuneration Fixed	Remuneration Variable
Vítor Paulo Paranhos Pereira	72,540.00	-
TOTAL	1,938,786.24	500,000.00

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 director Francisco José de Melo e Castro Guedes earned in other controlled, controlling or group companies or companies under common control the total amount of € 249,386.83. The director José Alfredo de Almeida Honório, who has resigned from office, earned in companies in the same kind of relationship with Semapa € 884,228.94 in total. Pedro Mendonça de Queiroz Pereira and Vítor Paulo Paranhos Pereira also earned in total, in other controlling or group companies or companies under common control, € 2,031,566.59 and € 61,800.00, respectively.

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.

Without prejudice to the fact that the variable remuneration for the financial year of 2014 has not yet been awarded to most directors, the amount of the remuneration paid by Semapa 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 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	—

Audit Board	Remuneration Fixed	Variable Remuneration
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 2014, the Chairman of the General Meeting earned 3,000.00 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 2014, without prejudice to the oversight by the Audit Board of the situations described in item 10 above, 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.cmvm.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	Adopted	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

#	Adoption	Text	Reference
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 the 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	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. 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: 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. e) Being a qualifying shareholder or representative of a qualifying shareholder.	Part I, item 18
II.1.8	Adopted	Directors who exercise executive duties share 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.	Part I, items 67 and 68
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	Any retirement benefit scheme established for company officers shall be submitted to the General Meeting for approval. The proposal shall contain all the necessary information in order to correctly assess said system.	Part I, item 76

III. Remunerations

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. Audit

#	Adoption	Text	Reference
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

#	Adoption	Text	Reference
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

#	Adoption	Text	Reference
VI. Information			
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:

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 the 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 the 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.

It should be noted, in any case, that under the legal system itself, Semapa's interpretation thereof and the provisions of the delegation of powers, the content of the first two paragraphs is naturally excluded from such delegation. There is an issue regarding point iii, which may cover some acts included in the operative part of the delegation of powers.

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 ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other existing committees..."

Although the company will not adopt this recommendation, the criticism of the recommendation itself must be distinguished from the “explain” in the technical sense.

Starting with the first, the exaggerated advocacy of creating committees to supervise committees must be highlighted.

It is only bureaucracy which causes management to get lost in a web of time-consuming formalities, distancing it increasingly from the essence which should be preserved.

As for the *explain*, one should begin by attempting to identify the main principles probably underpinning this recommendation and which must be safeguarded. They appear to be a concern that the supervisor is supervised and that remunerations are assessed by an independent expert. Both concerns are effectively addressed in Semapa.

The committees are supervised by the entities which established them, the Board of Directors, which is ultimately responsible for managing the company, and by the body appointed by the shareholders for overseeing all of the company's affairs, the Audit Board. Creating an intermediate level, in a holding company with a simplified and reduced management structure, does not seem to add value to the supervisory function. The Remuneration Committee reports directly to the shareholders and is excluded from this regime.

Regarding the assessment of the executive directors, it is a task that must be performed by the Remuneration Committee, which satisfies both the independence requirements and the requirement of technical expertise in the relevant field. The constraints and distancing to greater or lesser degree which the Remuneration Committee faces when assessing executive directors are no different from that which would challenge any other Committee appointed by management.

The Remuneration Committee of Semapa does assess the performance of the executive directors, and in regard to the members it draws mostly on the views of the Chairman of the Executive Board, as it could not be otherwise, seeing that he is the supervisor and prime assessor of the team he coordinates.

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, although we strongly feel that the purpose and concerns which justify this recommendation are fully guaranteed 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 other of Semapa's departments, in particular the Legal Department for the detection of potential illegalities. The decision not to have departments with special functions 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, as described in item 50.

In view of this fundamental option and in the absence of autonomous internal audit and compliance units, these units to not have work plans. Nevertheless, the Audit Board has the knowledge and the chance to deliver an opinion on the activities performed by the Internal Control Committee and Semapa's departments in this framework, on the resources allocated to the departments that also perform compliance duties, and is the recipient of any reports and opinions made by these services when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities.

This recommendation has not been adopted by the company, but also here we strongly feel that the purpose and concerns which justify this recommendation are fully guaranteed.

Recommendation II.3.3 b) and Recommendation III.3

Recommendation II.3.3 b) states that "The statement on 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 can 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 have a relative nature, 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 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.

In substance, a director whose remuneration is not deferred, but who is paid over a longer period of time according to the results achieved each year is more in line with long-term management than a director who holds an office for 3 or 4 years and whose remuneration is deferred for that period. The recommended three-year period must be weighed against the executive directors' time with Semapa, since these powers were awarded to an executive board for the first time: Pedro Queiroz Pereira - 12 years and still in office, Carlos Alves – 7 years, José Honório - 12 years, Gonçalo Serras Pereira - 4 years, Carlos Horta e Costa – 6 years, Francisco Guedes - 11 years, Miguel Ventura – 9 years and still in office, José Miguel Paredes – 9 years and still in office, Ricardo Pires – elected only in 2014.

Therefore, this recommendation is not adopted by the company, without prejudice to the underlying substance, which is guaranteed to a greater extent than if such recommendation were implemented.

3. Additional Information

There are no other disclosures or additional information which would be relevant to an understanding of 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 2014)

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 Miguel Pereira Gens Paredes – 205 "Obrigações SEMAPA 2012/2015" and 50 "Obrigações SEMAPA 2014/2019"
- Paulo Miguel Garcês Ventura – 125 "Obrigações SEMAPA 2012/2015"
- Ricardo Miguel dos Santos Pacheco Pires – 14 "Obrigações SEMAPA 2012/2015"
- Vítor Manuel Galvão Rocha Novais Gonçalves – 50 "Obrigações SEMAPA 2012/2015"
- Miguel Camargo de Sousa Eiró – 50 "Obrigações SEMAPA 2012/2015"
- Duarte Nuno d'Orey da Cunha - 2,907 shares in the company, 25 "Obrigações SEMAPA 2012/2015" and 65 "Obrigações SEMAPA 2014/2019"
- Undivided estate of Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira - 16.464 shares in the company

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

The bonds issued by Semapa with the name "Obrigações SEMAPA 2014/2019" correspond to bonds with a variable 6-month EURIBOR rate, on the next working day TARGET immediately preceding the first day of each interest period, plus 3.25% a year, expiring in 2019.

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. – 22,225,400 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.
- OEM - Organização de Empresas, SGPS, S.A. - 535,000 shares in the company
- Sodim, SGPS, S.A. - 15,657,505 shares in the company

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:

- Longapar, SGPS, S.A. acquired, on 24 September 2014, 720,000 shares in Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for a price of 9.60 euros per share.

5 Transactions in own shares:

On 24 September 2014, a Semapa acquired 6,380,000 of its own shares, corresponding to 5.392% of its share capital.

Date	Quantity	Percentage of share capital	Price per share
24-09-2014	5,380,000	4.547%	€ 9.60
24-09-2014	1,000,000	0.845%	€ 9.60

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 2014, 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, and this text was then submitted to the company's general meeting that year and approved. The statement was drawn up under the terms of the relevant recommendation of the Securities Market Commission then in force.

At that time, the Remuneration Committee stated its view that the options defended should be maintained until the end of the term of office of the company officers. The term of office in question ran from 2006 to 2009.

It was necessary to renew the statement in 2010, not only because of the start of a fresh term of office but also because Law 28/2009, of 19 June took effect, making it mandatory for the Remuneration Committee to submit a remuneration policy statement each year for the approval of the general meeting.

This Committee is still of the view that a remuneration policy, due to its nature as a set of principles, should be stable for the duration of a mandate, unless exceptional or unforeseen circumstances justify an alteration.

The current year, for which this remuneration policy is proposed, is an election year for Semapa's company officers, and so a fresh consideration has been given to whether it is appropriate to maintain this policy for the new term of office.

In view of the changes to recommendations resulting from publication by the Securities Market Commission of the 2013 Corporate Governance Code, the Remuneration Committee has adjusted this Statement to the new recommendations.

Without prejudice to this adjustment in line with the new scheme of recommendations, it has been decided to propose once more the approval of a statement similar in content to that currently in force.

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

We have therefore considered an intermediate solution, whereby a declaration on remuneration policy, to be followed by the committee, is submitted for the consideration of the shareholders. The best course of action is to take the best features of the two theoretically possible solutions, as we shall seek to do in this document, retaining and reproducing much of what we have defended in the past, but also seeking to secure the benefits of the company's wider experience and knowledge and of compliance with the legal requirements in this area, 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 2013.

In addition to requiring annual statements, approved by the general meeting and duly disclosed, the new law requires the statement on remuneration policy to include information on:

a) Procedures to permit directors' interests to be aligned with those of the company;

b) The criteria for setting the variable component of remuneration;

c) The existence of share bonus and share option plans for directors and auditors;

d) The possibility of the variable remuneration component, if any, being paid, in full or in part, after the accounts for the periods corresponding to the entire term of office having been drawn up;

e) Procedures for capping variable remuneration, in the event of the results showing a significant deterioration in the company's performance in the last period for which accounts have been reported or when such a deterioration may be expected in the period underway.

The recommendations from the Securities Market Commission currently in force state that:

II.3.3. 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;

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;

c) Information on whether payments are due for the dismissal or termination of appointment of board members.

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 board of directors are essentially established in Article 399 of the Companies Code, and may in practice be summarised as follows:

- Remuneration is to be set by the general meeting of shareholders or by a committee appointed at such meeting.
- The remuneration fixed shall take into account the duties performed and the state of the company's affairs.
- The remuneration may be fixed or else consist in part of a percentage of the profits of the period, but the maximum percentage for distribution to directors must be authorized by a clause in the articles of

association, and shall not apply to the amounts allocated to reserves or to any portion of the profits not legally available for distribution to the 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 involved 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, due essentially 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, the members of the audit board have received fixed monthly remuneration. Since the officers of the general meeting started to receive remuneration, this has been set in accordance with 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, of 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 time, 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 directors without delegated powers are closely involved in the life of the company in a variety of ways, sometimes on a daily basis. 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 care. 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 pay, and the officers of a corporation are no exception. Only respect for market practices makes it possible to keep 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 as 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 pegged 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 for capping 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 a 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 Recommendation II.3.3. a). Criteria for setting remuneration.

The criteria for setting the remuneration for the company officer are those deriving from the principles set out in chapter V above and, in relation to the variable component of directors' remuneration, those described in item 2 of chapter VI above.

In addition to these criteria, there are no other pre-determined mandatory criteria at Semapa for setting remuneration, although the executive directors undergo a performance assessment, based on a system of KPIs, for the purpose of assigning their variable remuneration.

7. Recommendation II.3.3. b). Potential maximum value of remuneration, on an individual and aggregate basis.

Semapa's articles of association set the maximum aggregate potential value of the directors' variable remuneration which, under Article seven, paragraph 3, corresponds to a share of profits no greater than five per cent of the net income in the previous financial year. Notwithstanding that this Committee agrees with the content of the recommendation as regards determination of the potential maximum amounts, we consider that in the case of Semapa, where the articles of association contain specific provisions on this matter, there is no need to set complementary rules limiting the value of remuneration, without prejudice to the setting of such limits in companies controlled by Semapa. The remuneration may correspond to the upper limit whenever the performance criteria are met in full.

8. Recommendation II.3.3. c). Severance or termination pay

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

The supplementary legal rules therefore apply here.

VII. Specific Options

The specific options for the remuneration policy we propose are as follows:

1. The remuneration of executive directors shall comprise a fixed component and a variable component.

2. 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. The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
4. The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a pre-set amount for each meeting of the Board of Directors attended.
5. 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. The pre-set amount for participation in meetings of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.
7. The fixed remuneration of the members of the Audit Board shall consist in all cases of a pre-set amount paid fourteen times a year.
8. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.
9. 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 the total such remuneration shall not exceed five per cent of the consolidated net profits (IFRS format).
10. 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, 23 April 2014

The Remuneration Committee

José Gonçalo Maury

Frederico José da Cunha Mendonça e Meneses.”

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 2014, 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 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 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
José Miguel Pereira Gens Paredes	Director
Paulo Miguel Garcês Ventura	Director
Ricardo Miguel dos Santos Pacheco Pires	Director
Francisco José Melo e Castro Guedes	Director
António Pedro de Carvalho Viana-Baptista	Director
Jorge Maria Bleck	Director
Manuel Custódio de Oliveira	Director

Name	Title
Vitor Manuel Galvão Rocha Novais Gonçalves	Director
Vitor Paulo Paranhos Pereira	Director

PART 3

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Notes	2014	2013	4th Q 2014	4th Q 2013
			Restated	*(unaudited)*	*(unaudited) Restated*
Revenues					
Sales	4	1,962,196,710	1,933,451,397	506,573,571	488,232,864
Services rendered	4	35,959,184	35,551,730	9,184,525	8,106,029
Other income					
Gains on disposal of non-current assets	5	1,481,070	1,522,569	967,963	793,431
Other operating income	5	57,570,313	48,247,779	31,101,168	21,796,761
Change in fair value of biological assets		2,630,117	2,283,381	2,677,932	(10,676)
Costs, expenses and losses					
Cost of inventories sold and consumed	6	(814,782,892)	(798,598,900)	(201,224,455)	(198,973,767)
Variation in production	6	(13,436,632)	3,039,169	(26,172,488)	(2,759,705)
Cost of materials and services consumed	6	(585,475,666)	(577,304,420)	(150,488,993)	(153,446,897)
Payroll costs	6	(194,681,637)	(194,855,640)	(47,673,543)	(43,928,562)
Other costs and losses	6	(41,506,402)	(32,456,423)	(13,382,929)	(11,420,483)
Provisions	6	(11,631,495)	(15,284,288)	(17,019,980)	(14,829,404)
Depreciation, amortisation and impairment losses	8	(172,287,575)	(168,143,884)	(46,653,991)	(43,923,664)
Operational results		**226,035,095**	**237,452,470**	**47,888,780**	**49,635,927**
Group share of (loss) / gains of associated companies and joint ventures	9	26,109	(98,824)	(147,766)	(52,400)
Net financial results	10	(103,876,737)	(85,259,838)	(25,768,677)	(17,382,579)
Profit before tax		**122,184,467**	**152,093,808**	**21,972,337**	**32,200,948**
Income tax expense	11	30,082,303	39,359,644	20,977,020	57,579,998
Retained profit for the year		**152,266,770**	**191,453,452**	**42,949,357**	**89,780,946**
Retained profit for the year					
Attributable to Semapa's shareholders		**112,797,846**	**146,125,472**	**32,762,377**	**76,535,983**
Attributable to non-controlling interests	13	39,468,924	45,327,980	10,186,980	13,244,963
Earnings per share					
Basic earnings per share, Eur	12	1.014	1.294	0.295	0.678
Diluted earnings per share, Eur	12	1.014	1.294	0.295	0.678

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Notes	2014	2013	4th Q 2014	4th Q 2013
			Restated	*(unaudited)*	*(unaudited) Restated*
Retained earnings for the year without non-controlling interests		**152,266,770**	**191,453,452**	**42,949,357**	**89,780,946**
Items that may subsequently be reclassified to the income statement					
Derivative financial instruments					
Fair value changes	34	2,822,312	6,472,890	980,385	95,195
Tax on items above when applicable	28	865,908	(479,379)	312,498	(223,794)
Currency translation differences	27	12,368,220	(27,750,151)	4,834,155	(8,398,157)
Share of other comprehensive income of associates		-	-	-	655,889
Items that may not subsequently be reclassified to the income statement					
Remeasurements of post employment benefit obligations					
Actuarial gains / (losses)	29	343,040	(6,786,377)	(3,289,118)	(5,555,020)
Tax on items above when applicable	28	(300,285)	267,398	(123,409)	(116,653)
Other comprehensive income for the year		**16,099,195**	**(28,275,619)**	**2,714,511**	**(13,542,540)**
Total comprehensive income for the year		**168,365,965**	**163,177,833**	**45,663,868**	**76,238,406**
Attributable to:					
Semapa's shareholders		119,299,976	122,723,307	33,337,281	65,467,467
Non-controlling interests		49,065,989	40,454,526	12,326,587	10,770,939
		168,365,965	**163,177,833**	**45,663,868**	**76,238,406**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Notes	31/12/2014	31/12/2013
			Restated
ASSETS			
Non-current assets			
Goodwill	15	296,680,236	296,680,236
Other intangible assets	16	279,829,481	269,879,796
Property, plant and equipment	17	2,009,740,138	2,101,708,448
Investment properties		1,408,751	1,431,752
Biological assets	18	113,969,423	111,339,306
Investment in associates and joint ventures	19	87,086,273	102,761,132
Financial assets at fair value through profit or loss	20	451,485	482,923
Available-for-sale financial assets	21	229,136	346,257
Deferred tax assets	28	59,717,547	84,531,715
Other non-current assets		4,914,177	6,053,886
		2,854,026,647	**2,975,215,451**
Current assets			
Inventories	23	285,676,152	296,958,845
Receivables and other current assets	24	283,512,404	279,378,867
State and other public entities	25	77,343,459	62,649,442
Assets held for sale	33	1,114,053	1,174,069
Cash and cash equivalents	2.1.3 and 31	602,971,772	649,479,098
		1,250,617,840	**1,289,640,321**
Total assets		**4,104,644,487**	**4,264,855,772**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	26	118,332,445	118,332,445
Treasury shares	26	(108,444,835)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translation reserve	27	(46,975,997)	(49,274,921)
Fair value reserve	27	(10,076,983)	(14,243,578)
Other reserves	27	1,033,462,266	924,814,439
Retained earnings	27	(202,619,762)	(201,788,562)
Retained earnings for the year		112,797,846	146,125,472
Consolidated shareholders' equity		**900,398,439**	**880,723,768**
Non-controlling interests	13	336,424,414	329,273,818
Total equity		**1,236,822,853**	**1,209,997,586**
Non-current liabilities			
Deferred tax liabilities	28	293,334,065	320,768,260
Pensions and other post-employment benefits	29	2,512,719	3,922,272
Provisions	30	81,935,468	79,170,156
Interest-bearing liabilities	31	1,276,083,559	1,895,951,695
Other non-current liabilities	32	38,551,650	46,844,136
		1,692,417,461	**2,346,656,519**
Current liabilities			
Interest-bearing liabilities	31	712,556,265	227,691,887
Payables and other current liabilities	32	343,558,899	332,148,350
State and other public entities	25	119,204,285	148,261,165
Liabilities held for sale	33	84,724	100,265
		1,175,404,173	**708,201,667**
Total liabilities		**2,867,821,634**	**3,054,858,186**
Total equity and liabilities		**4,104,644,487**	**4,264,855,772**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Notes	Share Capital	Treasury Shares	Share Premiums	Fair value reserve	Other reserves	Translation reserve	Retained earnings	Profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2014 (restated)		**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**	**329,273,818**	**1,209,997,586**
Application of 2013 profit of the year												
- Transfer to other reserves		-	-	-	-	108,647,828	-	-	(108,647,828)	-	-	-
- Dividends paid / Reserves paid	14 and 27	-	-	-	-	-	-	-	(37,477,644)	(37,477,644)	-	(37,477,644)
Treasury shares aquisitions	26	-	(61,279,849)	-	-	-	-	-	-	(61,279,849)	-	(61,279,849)
Dividends paid by subsidiaries to non-controlling interests	13	-	-	-	-	-	-	-	-	-	(40,119,135)	(40,119,135)
Other comprehensive income for the year *		-	-	-	4,166,595	-	2,298,924	36,403	-	6,501,922	9,597,273	16,099,195
Differences in non-controlling interests acquisitions	27	-	-	-	-	-	-	(863,378)	-	(863,378)	(1,790,482)	(2,653,860)
Other movements		-	-	-	-	-	-	(4,225)	-	(4,225)	(5,984)	(10,210)
Retained profit for the year		-	-	-	-	-	-	-	112,797,846	112,797,846	39,468,924	152,266,770
Equity as of 31 December 2014		**118,332,445**	**(108,444,835)**	**3,923,459**	**(10,076,983)**	**1,033,462,267**	**(46,975,997)**	**(202,619,762)**	**112,797,846**	**900,398,440**	**336,424,414**	**1,236,822,853**

** Net of deferred taxes*

Restated

Amounts in Euro	Notes	Share Capital	Treasury Shares	Share Premiums	Fair value reserve	Other reserves	Translation reserve	Retained earnings	Profit for the period	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**	**336,118,049**	**1,132,029,320**
Application of 2012 profit of the year												
- Transfer to retained earnings		-	-	-	-	-	-	126,516,088	(126,516,088)	-	-	-
- Dividends paid / Reserves paid	14 and 27	-	-	-	-	(28,785,540)	-	-		(28,785,540)	-	(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)
Retained profit for the year		-	-	-	-	-	-	-	146,125,472	146,125,472	45,327,980	191,453,452
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**	**329,273,818**	**1,209,997,586**

** Net of deferred taxes*

CONSOLIDATED CASH FLOW STATEMENT
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Notes	2014	2013	4th Q 2014	4th Q 2013
			Restated	*(unaudited)*	*(unaudited)*
OPERATING ACTIVITIES					*Reexpresso*
Receipts from customers		2,134,644,998	2,116,996,731	521,972,135	522,168,060
Payments to suppliers		(1,672,201,602)	(1,565,024,135)	(422,355,184)	(379,380,857)
Payments to personnel		(172,778,420)	(207,308,637)	(46,167,090)	(69,276,318)
Cash flow from operations		289,664,976	344,663,959	53,449,861	73,510,885
Income tax received / (paid)		(25,748,991)	(27,251,304)	(22,732,739)	(15,545,390)
Other receipts / (payments) relating to operating activities		122,905,450	(20,178,321)	62,698,941	(47,878,571)
Cash flow from operating activities (1)		**386,821,435**	**297,234,334**	**93,416,063**	**10,086,924**
INVESTING ACTIVITIES					
Inflows					
Financial investments		597,786	10,712,903	80,815	74,837
Property, plant and equipment		1,359,409	422,144	88,269	132,651
Government Grants		78,825	-	78,825	-
Interest and similar income		5,241,992	7,756,773	1,344,294	1,588,207
Dividends	19	665,104	1,442,686	-	3,748
		7,943,116	20,334,506	1,592,203	1,799,443
Outflows					
Financial investments		(23,246,904)	(30,350,632)	(2,748,126)	(3,635,854)
Cash and cash equivalents - changes in consolidation perimeter		(17,972)	6,680,980	(17,972)	-
Property, plant and equipment		(39,983,551)	(60,049,504)	(21,766,876)	(11,946,980)
		(63,248,427)	(83,719,156)	(24,532,974)	(15,582,834)
Cash flow from investing activities (2)		**(55,305,311)**	**(63,384,650)**	**(22,940,771)**	**(13,783,391)**
FINANCING ACTIVITIES					
Inflows					
Proceeds from borrowings		1,625,615,275	3,086,961,895	669,564,817	661,447,864
		1,625,615,275	3,086,961,895	669,564,817	661,447,864
Outflows					
Repayments of borrowings		(1,768,828,147)	(2,901,332,994)	(690,859,667)	(630,444,870)
Repayment of financial leases		(848,167)	(1,055,193)	(226,274)	(359,964)
Interest and similar expenses		(104,093,550)	(107,680,917)	(21,444,809)	(31,872,745)
Dividends	13 and 14	(77,410,903)	(69,374,450)	407,934	(16,339,988)
Treasury shares aquisitions	26	(61,279,849)	-	(49)	-
		(2,012,460,616)	(3,079,443,554)	(712,122,865)	(679,017,567)
Cash flow from financing activities (3)		**(386,845,341)**	**7,518,341**	**(42,558,048)**	**(17,569,703)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(55,329,217)**	**241,368,025**	**27,917,244**	**(21,266,170)**
EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS		8,821,891	(3,175,965)	2,408,150	(1,657,302)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**31**	**649,479,098**	**411,230,551**	**572,646,378**	**672,391,667**
EFFECT OF NON-CURRENT ASSETS HELD FOR SALE		-	56,487	-	10,903
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**31**	**602,971,772**	**649,479,098**	**602,971,772**	**649,479,098**

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

(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 5 March 2015.

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 as of 31 December 2014 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 43), and under the historic cost convention, except for: biological assets, financial assets at fair value through profit and loss, 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

Change in accounting policies

The accounting policies applied in the preparation of the consolidated financial statements are consistent to those used in the preparation of the financial statements as of 31 December 2013 and stated in the respective attached notes, with the exception of the accounting policy applicable to the accounting for joint ventures described in Note 1.3.3 of the consolidated financial statements as of 31 December 2013, that stated the following:

"A jointly-controlled entity is a joint venture which involves the establishment of a company, a partnership or other 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, income and expenses of the jointly-controlled entities recognised on a line-by-line basis in the consolidated financial statements."

With the effective application of IFRS 11 - Joint arrangements, the interest of an investor in jointly controlled entities is recognised as an investment accounted for under the equity method instead of the proportional consolidation method.

In light of the foregoing, the Group applied the equity accounting method to its investments in joint ventures, Supremo Cimentos S.A. and Secil Unicom, SGPS, S.A., previously proportionately consolidated by the Group. The presented consolidated financial statements, relating to comparative period as at 31 December 2013, have been restated in order to accommodate the change in this accounting policy.

The impacts of the restatement in the Consolidated Income Statement for the period ended 31 December 2013 are as follows:

Amounts in Euro	2013	2013	Impacts
	Restated	*Published*	
Revenues			
Sales	1,933,451,397	1,947,410,132	(13,958,735)
Services rendered	35,551,730	43,100,332	(7,548,602)
Other income			
Gains on disposal of non-current assets	1,522,569	1,524,019	(1,450)
Other operating income	48,247,779	50,438,800	(2,191,021)
Change in fair value of biological assets	2,283,381	2,283,381	-
Costs, expenses and losses			
Cost of inventories sold and consumed	(798,598,900)	(808,189,137)	9,590,237
Variation in production	3,039,169	2,548,100	491,069
Cost of materials and services consumed	(577,304,420)	(581,714,481)	4,410,061
Payroll costs	(194,855,640)	(201,981,258)	7,125,618
Other costs and losses	(32,456,423)	(33,297,983)	841,560
Provisions	(15,284,288)	(14,112,990)	(1,171,298)
Depreciation, amortisation and impairment losses	(168,143,884)	(169,408,637)	1,264,753
Operational results	**237,452,470**	**238,600,278**	**(1,147,808)**
Group share of (loss) / gains of associated companies and joint ventures	(98,824)	445,516	(544,340)
Net financial results	(85,259,838)	(87,305,900)	2,046,062
Profit before tax	**152,093,808**	**151,739,894**	**353,914**
Income tax expense	39,359,644	39,403,174	(43,530)
Retained profit for the year	**191,453,452**	**191,143,068**	**310,384**
Retained profit for the year			
Attributable to Semapa's shareholders	**146,125,472**	**146,125,472**	**-**
Attributable to non-controlling interests	45,327,980	45,017,596	310,384
Earnings per share			
Basic earnings per share, Eur	1.294	1.294	0.000
Diluted earnings per share, Eur	1.294	1.294	0.000

The impacts of the restatement in the Consolidated Statement of Financial Position as of 31 December 2013 are as follows:

Amounts in Euro	31/12/2013	31-12-2013	31-12-2013	01-01-2013
	Restated	*Published*	*Impacts*	*Restated*
ASSETS				
Non-current assets				
Goodwill	296,680,236	335,700,924	(39,020,688)	296,680,236
Other intangible assets	269,879,796	290,310,424	(20,430,628)	274,955,939
Property, plant and equipment	2,101,708,448	2,197,206,941	(95,498,493)	2,225,346,364
Investment properties	1,431,752	1,431,752	-	1,615,016
Biological assets	111,339,306	111,339,306	-	109,055,925
Investment in associates and joint ventures	102,761,132	3,439,994	99,321,138	100,582,714
Financial assets at fair value through profit or loss	482,923	482,923	-	9,026,930
Available-for-sale financial assets	346,257	346,257	-	226,921
Deferred tax assets	84,531,715	84,698,331	(166,616)	60,691,167
Other non-current assets	6,053,886	6,111,194	(57,308)	3,064,385
	2,975,215,451	**3,031,068,046**	**(55,852,595)**	**3,081,245,597**
Current assets				
Inventories	296,958,845	299,644,017	(2,685,172)	312,251,682
Receivables and other current assets	279,378,867	280,662,214	(1,283,347)	288,873,922
State and other public entities	62,649,442	64,719,854	(2,070,412)	79,533,717
Assets held for sale	1,174,069	1,174,069	-	4,000,614
Cash and cash equivalents	649,479,098	666,345,306	(16,866,208)	411,230,552
	1,289,640,321	**1,312,545,460**	**(22,905,139)**	**1,095,890,487**
Total assets	**4,264,855,772**	**4,343,613,506**	**(78,757,734)**	**4,177,136,084**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	118,332,445	118,332,445	-	118,332,445
Treasury shares	(47,164,986)	(47,164,986)	-	(47,164,986)
Share premiums	3,923,459	3,923,459	-	3,923,459
Translation reserve	(49,274,921)	(49,274,921)	-	(25,322,950)
Fair value reserve	(14,243,578)	(14,243,578)	-	(20,213,050)
Other reserves	924,814,439	924,814,439	-	953,599,979
Retained earnings	(201,788,562)	(201,788,562)	-	(187,243,625)
Retained earnings for the year	146,125,472	146,125,472	-	-
Consolidated shareholders' equity	**880,723,768**	**880,723,768**	**-**	**795,911,272**
Non-controlling interests	329,273,818	328,074,030	1,199,788	336,118,048
Total equity	**1,209,997,586**	**1,208,797,798**	**1,199,788**	**1,132,029,320**
Non-current liabilities				
Deferred tax liabilities	320,768,260	338,289,795	(17,521,535)	435,381,611
Pensions and other post-employment benefits	3,922,272	3,922,272	-	9,503,059
Provisions	79,170,156	76,184,019	2,986,137	37,429,481
Interest-bearing liabilities	1,895,951,695	1,929,394,235	(33,442,540)	1,677,457,522
Other non-current liabilities	46,844,136	48,021,571	(1,177,435)	14,368,060
	2,346,656,519	**2,395,811,892**	**(49,155,373)**	**2,174,139,733**
Current liabilities				
Interest-bearing liabilities	227,691,887	250,603,409	(22,911,522)	310,957,556
Payables and other current liabilities	332,148,350	339,301,436	(7,153,086)	408,625,147
State and other public entities	148,261,165	148,998,706	(737,541)	150,150,187
Liabilities held for sale	100,265	100,265	-	1,234,141
	708,201,667	**739,003,816**	**(30,802,149)**	**870,967,031**
Total liabilities	**3,054,858,186**	**3,134,815,708**	**(79,957,522)**	**3,045,106,764**
Total equity and liabilities	**4,264,855,772**	**4,343,613,506**	**(78,757,734)**	**4,177,136,084**

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 profit/(loss), corresponding to the third-party investment in such companies, are presented under the caption non-controlling interests respectively in the Consolidated Statement of Financial Position, 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 43.

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 equity method, recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' equity (including net profit/(loss)) and by dividends received.

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 operating 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, Turkey, United States of America 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. Portucel – Papel Setúbal, S.A., Celcacia, 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 derivatives which operates in Portugal, Tunisia, Angola, Netherlands, France, Lebanon and Cape Verde, with cement production taking place at Maceira, Pataias, Outão, Gabés (Tunisia), Lobito (Angola) and Beirut (Lebanon) plants, the production and sale of ready-mixed, aggregates and precast concrete and the operations of quarries facilities via its subsidiaries of the sub-holding Secil Betões e Inertes, SGPS S.A..

The Group holds a 50% interest in Supremo Cimentos, S.A., a cement company operating in southern Brazil (Santa Catarina state), with a fully integrated factory of clinker and cement placed in Pomerode, as well as aggregate and concrete operations.

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 Euros, 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 financial position of all Group entities that have a functional currency different from the Group's reporting currency are translated into the presentation 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 reserve.

(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 (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 assumed acquisition cost 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 and Soporcel, 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 operational expenses.

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 revalue 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 deducted by costs at the point of harvest. The Group's biological assets mainly comprise the forests held for the production of timber, suitable for incorporating in the production process of BEKP, including among other species pine and cork.

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, the inherent cost of the rented forests and a discount rate.

All costs incurred in land preparation for first forestation are considered as a tangible asset, depreciated over their estimated useful life.

The discount rate corresponds to a market rate without inflation, determined on the basis of the Group's expected rate of return on its forests.

Changes in estimates of growth, growth period, price, cost and other assumptions are recognised as changes in fair value of biological assets.

At the time of harvest, wood is recognised at fair value less estimated costs since that point and the point of sale, as at this stage the power plants.

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, plus transaction expenses, except for the assets at fair value through profit and loss. 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, equity investments are recognised at their subsequently measured at 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. For equity investments hold by third parties classified under this category, 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, which 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.

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, among others.

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 tax

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the balance sheet date.

Deferred tax

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.

Tax business group

Group Semapa is subject to the special regime of governing business groups, comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code (CIT Code), in accordance with the legislative changes introduced by the reform of the Corporate Income Tax in effect since 1 January 2014.

As of 1 January 2014, Group Secil and Group Portucel were included in the tax business group led by Semapa as the dominant society in addition to the subsidiaries that already complied with the requirements and therefore were already within the tax consolidation perimeter.

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise income tax (CIT) as though they were taxed on an individual basis. However the liabilities are recognised as due to the dominant entity of the tax business group, currently Semapa, SGPS, S.A. which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

1.15 Inventory

Inventories are valued in accordance with the following criteria:

i) <u>Goods and raw materials</u>

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 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.

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 39).

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

Revenue

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.

Accrual accounting principle

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.

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 2014:

Effective Standards 31 December 2014	Effective date*
IAS 27 – Separate financial statements (2011 revision)	1 January 2014
IAS 28 – Investment in associates and joint ventures (2011 revision)	1 January 2014
IAS 32 – Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 – Impairment of assets: Recoverable amount disclosures for Non-financial assets	1 January 2014
IAS 39 – Financial instruments: Recognition and measurement: Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRS 10 – Consolidated financial statements	1 January 2014
IFRS 11 – Joint arrangements	1 January 2014
IFRS 12 – Disclosure of interests in other entities	1 January 2014
Improvements to IFRS 10, 12 and IAS 27: Investment entities	1 January 2014
Improvements to IFRS 10, 11and 12: Transition guidance	1 January 2014

** Periods beggining in or after*

The adoption of these standards did not have any relevant impact in the Group's consolidated financial statements beside the previous identified in this report namely regarding IFRS 11 (Note 1.2).

New standards and interpretations not mandatory as at 31 December 2014:

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 2015, which the Group decided not to early adopt in the current period, as follows:

Standards effective after 31 December 2014, not yet aproved by EU	Effective date *
IAS 1 – Presentation of Financial Statements: Disclosure initiative	1 January 2016
IAS 16 - Property, plant and equipment and IAS 38 – Intangible assets: Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 16 - Property, plant and equipment and IAS 41 – Agriculture: Bearer Plants	1 January 2016
IAS 19 – Employee benefits - Defined benefit plans – Employee contributions	1 July 2014
IAS 27 – Separate Financial Statements: Investment entities: Equity method in separate financial statements	1 January 2016
Improvements to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its Associate or Joint venture	1 January 2016
Improvements to IFRS 10 and 12 and IAS 28: Investment entities: applying the consolidation exception	1 January 2016
IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

** Periods beginning on or after*

Interpretations effective in 31 December 2014	Effective date *
IFRIC 21 – Government taxes ("Levies")	17 July 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 Sterling Pound (GBP), Polish Zloty (PLN) and Swiss Franc (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 trough a significant amount of receivables and albeit with lesser significance payables.

Group 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. Additionally, the Group holds a subsidiary in Poland, Portucel Finance Zoo, whose share capital amounts to PLN 208 million as well as a subsidiary in Mozambique, Portucel Mozambique, whose capital amounts to MZM 1,000 million and is therefore also through these investments exposed to foreign exchange risk. In addition to these transactions, 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 the current investments, hold and in development, located in Brazil and to the 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. This segment comprises assets located in Tunisia, Angola and Lebanon 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 2014, based on the financial assets and liabilities that amounted to a net amount of Euro 89,305,838, passive position (31 December 2013: 79,610,733) 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	Turkish Lira	Swiss Franc	Danish Krone	Brazilian Real
As of 31 December 2014								
Assets								
Cash and cash equivalents	46,250,987	40,701	107,618	175	44,556	1,122,652	(62)	210,555
Receivables	140,903,591	9,051,927	3,677,887	1,318,543	-	2,397,796	654,145	71,697,482
Joint Ventures	-	-	-	-	-	-	-	268,737,991
Other assets	631,612	-	-	-	-	-	-	-
Total Financial Assets	**187,786,189**	**9,092,628**	**3,785,505**	**1,318,718**	**44,556**	**3,520,448**	**654,083**	**340,646,028**
Liabilities								
Interest-Bearing liabilities	(7,440,529)	-	-	-	-	-	-	(145,113,564)
Payables	(64,434,060)	(149,781)	(2,044)	(215,408)	(26,427)	-	-	(8,333,504)
Total Financial Liabilities	**(71,874,589)**	**(149,781)**	**(2,044)**	**(215,408)**	**(26,427)**	**-**	**-**	**(153,447,068)**
Derivative financial instruments	**(234,880,000)**	**(7,100,000)**	**-**	**-**	**-**	**-**	**-**	**(128,100,000)**
Net financial position	**(118,968,400)**	**1,842,847**	**3,783,461**	**1,103,310**	**18,129**	**3,520,448**	**654,083**	**59,098,960**
As of 31 December 2013								
Total Financial Assets	141,170,144	14,049,616	10,567,986	1,262,508	142,770	3,008,500	799,153	99,943,157
Total Financial Liabilities	(20,436,617)	-	-	-	-	-	-	(174,346,159)
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**	**142,770**	**3,008,500**	**799,153**	**(202,503,002)**

Amounts in Foreign Currency	Australian Dollar	Norwegian Krone	Mozambican Metical	MAD	000 Lebanese Pounds	Tunisian Dinar	Angolan Kwanza
As of 31 December 2014							
Assets							
Cash and cash equivalents	-	397	14,916,957	152,654	68,366,501	4,716,090	1,174,023,168
Receivables	-	2,187,749	50,281	-	27,168,040	45,021,421	218,183,600
Joint Ventures	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	5,300,326	-
Total Financial Assets	**-**	**2,188,146**	**14,967,238**	**152,654**	**95,534,540**	**55,037,837**	**1,392,206,768**
Liabilities							
Interest-Bearing liabilities	-	-	(11,269,000)	-	(10,510,404)	(45,072,264)	(1,235,072,772)
Payables	(13,029)	-	(7,812,477)	(59,798)	(31,734,449)	(47,362,157)	(105,735,560)
Total Financial Liabilities	**(13,029)**	**-**	**(19,081,477)**	**(59,798)**	**(42,244,853)**	**(92,434,420)**	**(1,340,808,332)**
Derivative financial instruments	-	-	-	-	-	-	-
Net financial position	**(13,029)**	**2,188,146**	**(4,114,239)**	**92,856**	**53,289,688**	**(37,396,583)**	**51,398,436**
As of 31 December 2013							
Total Financial Assets	4,424	1,212,854	19,771,878	142,770	58,855,151	32,356,355	460,887,774
Total Financial Liabilities	(642)	-	(6,428,720)	-	(34,857,814)	(98,938,852)	(1,256,882,298)
Derivative financial instruments	-	-	-	-	-	-	-
Net financial position	**3,782**	**1,212,854**	**13,343,158**	**142,770**	**23,997,337**	**(66,582,497)**	**(795,994,524)**

The exchange rate Derivative financial instruments aim hedge the currency risk of future transactions in foreign currency.

As of 31 December 2014, a variation, negative or positive, of 10% of all currency rates to Euro would have an impact on results amounting to Euro (2,286,369)/951,531, respectively (31 December 2013: Euro (9,344,470)/7,645,475), and on equity of Euro (2,675,922)/3,126,130 (31 December de 2013: Euro (2,491,906)/ 2,038,831), considering the effect of exchange rate hedging contracts in place.

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 2014 and 2013, 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 2014						
Assets						
Non-current						
Other non-current assets	-	-	-	-	-	-
Current						
Cash equivalents	580,329,895	22,641,877	-	-	-	602,971,772
Total Financial Assets	**580,329,895**	**22,641,877**	**-**	**-**	**-**	**602,971,772**
Liabilities						
Non-current						
Interest bearing liabilities	14,688,934	143,667,656	337,261,905	436,307,115	350,897,437	1,282,823,047
Other liabilities	-	-	-	-	-	-
Current						
Interest bearing liabilities	121,411,381	109,648,649	474,039,763	6,726,530	-	711,826,323
Total Financial Liabilities	**136,100,315**	**253,316,305**	**811,301,668**	**443,033,645**	**350,897,437**	**1,994,649,370**
Difference	**444,229,580**	**(230,674,428)**	**(811,301,668)**	**(443,033,645)**	**(350,897,437)**	**(1,391,677,598)**

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 equivalents	635,804,983	13,284,740	-	-	-	649,089,723
Total Financial Assets	**635,804,983**	**13,284,740**	**-**	**1,250,000**	**-**	**650,339,723**
Liabilities						
Non-current						
Interest bearing liabilities	168,736,749	289,349,842	708,199,116	387,228,403	350,525,105	1,904,039,215
Other liabilities	298,350	-	-	-	-	298,350
Current						
Interest bearing liabilities	95,207,272	12,957,389	116,900,532	815,296	-	225,880,489
Total Financial Liabilities	**264,242,371**	**302,307,231**	**825,099,648**	**388,043,699**	**350,525,105**	**2,130,218,054**
Difference	**371,562,612**	**(289,022,491)**	**(825,099,648)**	**(386,793,699)**	**(350,525,105)**	**(1,479,878,331)**

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 2014 would have a negative impact in the profit before tax of approximately Euro 4,810,540 (31 December 2013: Euros 6,023,834), and would have a positive impact in equity of approximately Euro Euro 2,192,721 (31 December de 2013: Euro 5,024,846).

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 costumer.

The Group renegotiates periodically the receivables in accordance with its own management risk policy.

As of 31 December 2014 and 31 December 2013, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances; before impairment charges:

				Total	
Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	31/12/2014	31/12/2013
Not overdue	158,430,073	28,807,578	2,787,023	190,024,674	196,280,736
1 to 90 days	16,466,090	13,891,779	2,473,008	32,830,877	42,379,750
91 to 180 days	235,691	2,893,867	20,223	3,149,781	3,800,067
181 to 360 days	267,370	1,811,552	18,802	2,097,724	5,040,115
361 to 540 days	557,138	939,046	165,343	1,661,527	1,980,060
541 to 720 days	30,691	1,090,128	146,372	1,267,191	1,165,428
more than 721 days	115,425	11,906,728	635,749	12,657,902	10,089,961
	176,102,478	61,340,678	6,246,520	243,689,676	260,736,117
Litigation - doubtful debts	1,462,164	10,095,034	-	11,557,198	13,802,277
Impairments (Note 22)	(987,873)	(24,820,209)	(632,898)	(26,440,980)	(25,519,809)
Receivables balance (Note 24)	**176,576,769**	**46,615,503**	**5,613,622**	**228,805,894**	**249,018,585**

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 2014 and 2013, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	31-12-2014	31-12-2013
AA	-	67,629
AA-	49,279,195	44,004,478
A+	100,064,147	48,100,000
A	82,591,756	4,319,156
A-	55,460	142,092,332
BBB+	77,881	-
BBB	20,109,900	85,024
BBB-	27	51,009,260
BB	80,758,978	57,405,087
BB-	152,144,881	199,685,152
B+	39,907,523	-
B	52,664	30,669,404
Others	77,517,989	71,652,201
	602,560,401	649,089,723

The caption others comprise short-term investments in 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	31/12/2014		31/12/2013	
	Gross amount	Fair Value of Credit Insurance	Gross amount	Fair Value of Credit Insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	33,774,424	14,974,534	42,283,067	18,995,304
Overdue - more than 3 months	5,582,994	1,506,206	11,189,797	1,140,900
	39,357,418	16,480,740	53,472,864	20,136,204
Accounts receivable overdue and impaired				
Overdue - less than 3 months	47,944	-	96,684	-
Overdue - more than 3 months	26,334,037	-	25,423,125	-
	26,381,981	-	25,519,809	-

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for all accounts receivable from costumers 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 2014 and 2013 is detailed as follows:

Amounts in Euro	31-12-2014	31-12-2013
Non-Current		
Available-for-sale financial assets (Note 21)	229,136	346,257
Other non-current assets	4,914,177	6,053,886
Current		
Receivables and other current assets (Note 24)	270,639,851	261,985,377
Derivative financial instruments (Note 24)	-	809,343
Cash and cash equivalents	602,560,401	649,089,723
	878,343,565	918,284,586
Credit risk exposures relating to off balance sheets itens		
Warranties (Note 39)	16,565,918	30,047,815
	16,565,918	30,047,815

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, assuring the adequate liquidity.

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 2014						
Liabilities						
Interest-bearing liabilities						
Bond loans	322,460	479,551,764	43,561,012	648,392,083	442,154,097	**1,613,981,416**
Commercial paper	43,579,878	216,899	129,966,067	95,410,892	20,371,656	**289,545,392**
Bank loans	4,868,544	9,105,100	52,855,313	183,832,818	46,004,114	**296,665,889**
Financial leases	80,369	155,269	865,434	3,305,282	1,041,239	**5,447,593**
Other loans	371,925	226,771	2,754,959	5,641,512	-	**8,995,167**
Derivative financial instruments	-	407,410	10,607,527	8,483,036	-	**19,497,973**
Accounts payable and other liabilities	82,775,572	86,980,001	16,485,840	1,444,899	-	**187,686,312**
Total Liabilities	**131,998,748**	**576,643,214**	**257,096,152**	**946,510,522**	**509,571,106**	**2,421,819,742**
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	11,532,801	9,434,301	237,622,045	359,740,763	232,257,884	**850,587,795**
Financial leases	58,891	48,434	724,882	2,098,861	719,522	**3,650,590**
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	96,894,170	15,989,723	-	**289,673,461**
Total Liabilities	**112,413,062**	**118,296,869**	**448,474,011**	**1,490,417,400**	**675,949,570**	**2,845,550,912**

As of 31 December 2014 and 2013, bank loans granted and not withdrawn amount to Euro 758,311,960 and Euro 455,399,509 respectively.

2.1.5 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

At the end of 2014, Portucel Group managed an area of more than 123 thousand acres of land, from north to south of Portugal and Azores, through 1,398 units located in 171 municipalities, according to the principles laid down in its Forestry Policy. Eucalyptus trees and the forestation areas in progress with similar kind of species occupy 73% 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 Group is also managing, in a development stage, the forestation of 356,000 hectares in Mozambique, namely in the provinces of Manica and Zambésia (as at December 2014, 58 thousand acres were ready to plant and were already plant 3 thousand acres) under a concession agreement reached with the Mozambique government. The mentioned agreement also provides the construction of an industrial BEKP production unit, together with the construction of an electricity production unit.

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 program which guarantees 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.

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 Portuguese 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 3% of Portugal's total forested area, 52% of all certified Portuguese forests according with PECF standards and 36% of all certified Portuguese forests according with FSC standards.

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:

(i) 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 adequate biodiversity levels.
(ii) 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.
(iii) 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:

(i) To improve the productivity of the eucalyptus forests
(ii) To enhance the quality of the fibre produced from the eucalyptus specie
(iii) To implement a sustained forestry management program from an economic, environmental and social perspectives
(iv) To enhance practices and processes that reduce wood production costs

The activity of Portucel Group is exposed to risks related to forest fires, namely:

(i) The destruction of current and future wood, stocks of owned by the Group and by third parties;
(ii) 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

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 wildfires.

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 wood supplied by the Group's forestry's represents less than 20% of the Group's needs, meaning the Group needs to buy wood in Iberian market and outside that.

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 from African and South American countries.

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 with Iberian suppliers, 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 Group power plants seek 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 one that is obtained in 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 2014, 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 21,900,000 (2013: Euro 20,700,000).

For other raw materials including chemicals, the main risk identified is the lack of availability of products under the increasing demand for these products in emerging markets, particularly in Asia and markets which supply them, you can create specific imbalances of supply and demand.

The Group seeks to mitigate these risks through proactive sourcing, which seeks to identify sources of supply geographically dispersed, yet seeking to ensure supply term that assures volume levels, price and quality consistent with its requirements contracts.

Finally, another resource required for the production process is water. The concern with the use of this resource, which the Group assumes as finite, is significant. Over the past few years investments have been made aimed at reducing the use of water in the process, which decreased more than 12% between 2010 and 2013. In addition, the quality levels achieved in the effluent treatment are among the highest and effluent volumes between 2010 and 2013 have been reduced by more than 11% as a result of investment in process improvement, aimed at minimizing the environmental impact of the Group.

Market price for BEKP and UWF paper

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 these recent years, in relevant capital expenditure to increase productivity and the quality of the products it sells.

In the year ended 31 December 2014, 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 negative impact on its earnings of Euro 11,400,000 and Euro 58,500,000, respectively (2013: Euros 13,700,000 e Euros 57,300,000, 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 and the increase level of unemployment, 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 fibber.

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.

Energy

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.

Country risk - Mozambique

As the investment project in Mozambique gains relevance, exposure to specific risk in this country increases.

The exposure to this risk means that the planning of investments in terms of timing, choice of suppliers / partners and geographic location is made considering this effect. The Group monitories the achievement of each step in a way that can assume with reasonable certainty that no risk that there will be effects due to condition them.

In the period ended 31 de December de 2014, the costs incurred with this project amounted to Euro 9,668,260 (31 December 2013: Euro 4,703,839), mainly related to plantation, land preparation and the identification of eucalyptus species with adequate industrial use to be planted in the areas awarded by the Mozambique State.

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 of BEKP from southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with still significantly lower production costs than the northern hemisphere, 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 71% 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 for the Group in the USA.

Concentration of customer portfolio

At 31 December 2014, the Group's 10 main BEKP customer groups accounted for 13% of the period's production of BEKP and 69% 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.

However, the Group considers that there is little exposure to the risks of customer concentration regarding the sale of BEKP.

At 31 December 2014, the Group's 10 main customer groups for UWF paper represented 54% of this product's sales during the period, although the group's 10 main individual customers do not exceed 22% 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 about 113 countries and 900 individual customers, thereby allowing a dispersion of the risk of sales concentration amongst a reduced number of markets and/or customers.

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.

To date, the legislative changes that are known relate to the evolution of the system of allocation of EU emission trading of CO2 emission rights (CELE), established by Directive 2003/87/CE, and recently amended by Directive 2009 / 29/CE (new CELE Directive), which outlines the legal framework of the CELE for the period 2014-2017 and which was transposed into national law by Decree-Law 38/2013 of 15 March, which came to result in reducing the scope of free allocation of CO2 emission rights allowances.

With this scenario, it is expected an increase the costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO2 that, annually, is absorbed by the forests of this industry.

In order to reduce the impact of this change, the Group has been following a strategy of carrying out a series of environment related investments that, among other advantages, have resulted in a continued reduction of the CO2 emissions, in spite of 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 secured the environmental insurances demanded by the referred law, thus guaranteeing compliance and reducing exposure to environmental risks.

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.

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:

(i) the Decree-Law 23/2010 and Act 140/2012 revised by Act 325-A/2012, applicable to the PRE – Production in Special Regime in cogeneration; and

(ii) 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 in cogeneration 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.

Risks associated to transport and logistics

The Group exports over 95% of its production. As a consequence, transportation and logistics costs are materially relevant. A continuous rise in transport costs may have a significant impact in the Group's earnings.

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.

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.

Energy costs

A significant part of the Group's costs relates to energy costs. Energy is a cost factor with a substantial weight on the business carried on by the Group. The Group hedges to a certain degree against the energy price risk through the usage of alternative fuels at its factories and long-term electric power supply contracts for certain of its energy requirements. However significant fluctuations in electricity and fuel costs can have a negative impact on the Group's business, financial situation and operating profit.

Country risks - Tunisia, Lebanon and Angola

Secil is exposed to the country risk of Tunisia, Lebanon and Angola where the Group holds investments in production units.

Environmental legislation

In recent years, environmental legislation in Portugal and in the European Union has become increasingly restrictive regarding the control of effluents. Group Secil complies with the prevailing legislation and for that the Group has performed significant investments in the recent years. 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.

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

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.

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 and assumptions that if different may have an impact in the estimated recoverable value (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 2014. The income tax returns of Semapa, Portucel and Secil up to 2011 have already been audited and the 2012 income tax is currently under inspection by the tax authorities.

3.3 Actuarial assumptions

Liabilities relating to defined-benefit plans are calculated based on actuarial assumptions (Note 29). Changes to those assumptions can have a material impact on the aforesaid liabilities.

As of 31 December 2014, a decrease of 1% in the discount rate used in the actuarial assumptions would mean an overall increase of liabilities amounting to approximately Euro 9,8 million in their assessed value.

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 2014, an increase of 0.5% in the discount rate of 8% used to value those assets, would decrease their value by Euro 4.3 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 asses 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.

Operating segments

Financial information by operating segment for the year ended 31 December 2014 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	1,542,279,415	429,556,788	26,319,691	-	1,998,155,894
Operational results	203,005,028	24,386,156	1,271,879	(2,627,968)	226,035,095
Net financial results (Note 10)	(34,152,250)	(14,691,141)	(1,082,364)	(53,950,982)	(103,876,737)
Group share of (loss) / gains of associated companies and joint ventures	-	26,109	-	-	26,109
Income tax expense (Note 11)	8,026,349	5,241,439	371,721	16,442,794	30,082,303
Retained profit for the year	**176,879,127**	**14,962,563**	**561,236**	**(40,136,156)**	**152,266,770**
Retained profit for the year- Attributable to non-controlling interest	(33,287,124)	(6,181,737)	(63)	-	(39,468,924)
Retained profit for the year- Attributable to Semapa´s Shareholders	**143,592,003**	**8,780,826**	**561,173**	**(40,136,156)**	**112,797,846**
OTHER INFORMATION					
Segment assets	2,634,596,448	1,194,801,758	91,643,716	183,602,565	4,104,644,487
Deferred tax assets (Note 28)	23,418,573	12,120,684	34,629	24,143,661	59,717,547
Total assets for post-employment benefits (Note 29)	1,477,709	-	-	-	1,477,709
Investment in associates and joint ventures (Note 19)	-	87,086,273	-	-	87,086,273
Total segment liabilities	1,333,804,313	587,427,930	32,881,830	913,707,561	2,867,821,634
Depreciation, amortisation and impairment losses (Note 8)	126,773,895	42,568,263	2,587,038	358,379	172,287,575
Provisions (Note 30)	(1,336,655)	7,465,205	(7,055)	5,510,000	11,631,495
Capital expenditures (Note 17)	53,048,639	16,682,119	5,575,887	103,925	75,410,570

Financial information by operating 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	409,258,719	29,134,978	-	1,969,003,127
Operational results	218,294,578	10,704,595	3,690,620	4,762,677	237,452,470
Net financial results (Note 10)	(14,003,083)	(22,648,421)	(1,055,349)	(47,552,985)	(85,259,838)
Group share of (loss) / gains of associated companies and joint ventures	-	(98,824)	-	-	(98,824)
Income tax expense (Note 11)	1,772,509	6,228,860	(75,053)	31,433,328	39,359,644
Retained profit for the year	**206,064,004**	**(5,813,790)**	**2,560,218**	**(11,356,980)**	**191,453,452**
Retained profit for the year- Attributable to non-controlling interest	(39,164,136)	(6,099,579)	(64,265)	-	(45,327,980)
Retained profit for the year- Attributable to Semapa´s Shareholders	**166,899,868**	**(11,913,369)**	**2,495,953**	**(11,356,980)**	**146,125,472**
OTHER INFORMATION					
Segment assets	2,763,442,348	1,180,151,209	94,600,128	226,662,086	4,264,855,771
Deferred tax assets (Note 28)	30,726,594	13,301,328	1,015,684	39,488,109	84,531,715
Total assets for post-employment benefits (Note 29)	351,494	-	-	-	351,494
Investment in associates and joint ventures (Note 19)	-	102,761,132	-	-	102,761,132
Total segment liabilities	1,435,446,931	611,848,108	36,395,285	971,167,862	3,054,858,186
Depreciation, amortisation and impairment losses (Note 8)	118,092,342	47,200,014	2,513,079	338,449	168,143,884
Provisions (Note 30)	13,964,192	4,966,448	253,648	(3,900,000)	15,284,288
Capital expenditures (Note 17)	24,070,267	34,305,359	8,440,522	247,872	67,064,020

Geographical segments

2014	Pulp and paper	Cement and Derivatives	Environment	Total Amount	Total %
Sales and services rendered:					
Portugal	226,565,846	147,106,104	19,280,164	**392,952,114**	19.67%
Rest of Europe	959,585,168	3,386,455	6,773,738	**969,745,361**	48.53%
America	187,818,459	23,693,529	-	**211,511,988**	10.59%
Africa	126,115,295	165,675,045	265,789	**292,056,129**	14.62%
Asia	41,971,590	89,695,655	-	**131,667,245**	6.59%
Overseas	223,057	-	-	**223,057**	0.01%
	1,542,279,415	**429,556,788**	**26,319,691**	**1,998,155,894**	**100.00%**

2013	Pulp and paper	Cement and Derivatives	Environment	Total Amount	Total %
Sales and services rendered:					
Portugal	315,561,357	149,539,866	21,482,795	**486,584,018**	24.71%
Rest of Europe	870,854,286	2,669,150	7,297,799	**880,821,235**	44.73%
America	180,951,461	20,398,224	-	**201,349,685**	10.23%
Africa	116,184,894	146,219,678	354,384	**262,758,956**	13.34%
Asia	46,675,217	90,431,801	-	**137,107,018**	6.96%
Overseas	382,215	-	-	**382,215**	0.02%
	1,530,609,430	**409,258,719**	**29,134,978**	**1,969,003,127**	**100.00%**

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 2014 and 2013, the caption other income comprises:

Amounts in Euro	2014	2013
Grants - CO2 emission allowances	14,266,181	8,213,315
Impairment reversal	1,493,080	2,700,692
Gains on disposals of emission allowances	1,561,769	978,774
Supplementary income	1,437,764	1,448,774
Gains on disposals of non-current assets	1,481,070	1,522,569
Gains on inventories	1,014,128	2,290,849
Gains on disposals of current assets	26,006	418,611
Government grants	453,104	478,043
Own work capitalised	22,119,246	162,595
Revenues from waste management	956,663	842,679
Negative goodwill	-	4,225,832
Other operating income	14,242,372	26,487,615
	59,051,383	**49,770,348**

As at 31 December 2014 the caption “Own work capitalised” comprises Euro 21,641,617 regarding the preparation of land for forestation. These costs are related with the Mozambique project, which is being developed by Portucel Group in accordance with the accounting policy described in Note 1.11.

The amount presented under the caption Grants – CO_2 emissions allowances regards to the recognition of the grant, due to the allocation of free allowances (Note 1.6.1).

6. Cost, expenses and losses

As of 31 December 2014 and 2013, Costs, expenses and losses were detailed as follows:

Amounts in Euro	2014	2013
Cost of sales and services rendered		
Cost of inventories sold and consumed (Note 23)	(814,782,892)	(798,598,900)
Materials and services consumed		
Energy and fluids	(163,994,728)	(172,794,391)
Inventory transportation	(190,968,064)	(180,118,659)
Professional fees	(36,999,638)	(29,657,331)
Repair and maintenance	(54,056,011)	(49,366,341)
Fees	(59,832,201)	(58,699,430)
Insurance	(13,270,231)	(13,834,601)
Subcontracts	(8,329,791)	(16,832,022)
Others	(58,025,002)	(56,001,645)
	(585,475,666)	**(577,304,420)**
Variation in production	(13,436,632)	3,039,169
Payroll costs		
Statutory bodies (Note 7)	(11,765,345)	(19,614,534)
Other remunerations	(128,585,112)	(131,589,550)
Pension costs (Note 29)	(6,589,036)	1,592,301
Other payroll costs	(47,742,144)	(45,243,857)
	(194,681,637)	**(194,855,640)**
Other costs and losses		
Membership fees	(708,031)	(657,032)
Donations	(1,750,723)	(2,399,201)
Research and development	-	(1,250)
Cost with CO2 emission allowances	(16,466,535)	(7,679,146)
Inventories and other receivables impairment (Note 22)	(6,534,927)	(4,535,173)
Losses on inventories	(1,920,435)	(4,270,535)
Indirect taxes	(7,687,521)	(7,721,101)
Losses on disposal of non-current assets	(1,449,611)	(80,996)
Other operating costs	(4,988,619)	(5,111,989)
	(41,506,402)	**(32,456,423)**
Provisions (Note 30)	(11,631,495)	(15,284,288)
Total of Costs, Expenses and Losses	**(1,661,514,724)**	**(1,615,460,502)**

The caption Other payroll costs, in 2014 and 2013, was detailed as follows:

Amounts in Euro	2014	2013
Other Payroll cost		
Social Security contribution	(29,456,610)	(28,837,820)
Insurance	(3,731,156)	(3,604,138)
Social responsibilities	(5,810,447)	(5,724,758)
Other payroll costs	(8,743,931)	(7,077,141)
	(47,742,144)	**(45,243,857)**

7. Remuneration of statutory bodies

As of 31 December 2014 and 2013, the caption Remuneration of statutory bodies was detailed as follows:

Amounts in Euro	2014	2013
Members of Semapa´s board of directors	5,514,431	12,691,003
Corporate bodies from other group companies	6,250,914	6,923,531
	11,765,345	**19,614,534**

8. Depreciation, amortisation and impairment losses

As of 31 December 2014 and 2013, the caption Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	2014	2013
Depreciation of property, plant and equipment		
Land	(3,596,259)	(4,495,950)
Buildings	(17,594,847)	(21,068,894)
Other tangible assets	(156,092,553)	(147,230,413)
Government grants	6,342,325	7,274,528
	(170,941,334)	(165,520,729)
Amortisation and impairment losses of intangible assets		
Industrial property and other rights	(27,930)	(49,196)
CO2 emission rights	70,202	(2,160,626)
	42,272	(2,209,822)
Impairment losses in assets held for sale	(60,016)	(60,016)
Impairment losses in investment properties	(18,791)	(18,790)
Impairment (losses)/reversals in tangible assets		
Land	(105,316)	(770,000)
Buildings	382,061	407,497
Equipments and other tangibles	(1,063,032)	1,230,297
Assets under constrution	(523,419)	(1,202,321)
	(1,309,706)	(334,527)
	(172,287,575)	**(168,143,884)**

9. Group share of (loss)/gains of associated companies

In 2014 and 2013, the Group recorded its share of the net income/ (loss) of associated companies as follows:

Amounts in Euro	2014	2013
Joint Ventures		
Supremo Cimentos, S.A.	(883,384)	(544,340)
Related Parties		
Setefrete, SGPS, S.A.	723,055	341,641
J.M.J. - Henriques, Lda.	(1,660)	(3,257)
Ave-Gestão Ambiental e Val. Energética, S.A.	149,764	107,132
Sociedade de Inertes, Lda.	38,334	-
	26,109	**(98,824)**

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 2014 and 2013, Net financial results comprise:

Amounts in Euro	2014	2013
Interest paid on loans from shareholders (Note 35)	(347,181)	(297,197)
Interest paid on borrowings	(91,601,898)	(88,166,692)
Interest paid on loans from associated companies and joint ventures (Note 35)	2,111,120	4,861
Other interest earned	4,216,153	5,124,304
Fair value in available-for-sale financial assets (Note 21)	(146,429)	119,336
Financial assets at fair value through profit and loss (Note 20)	(31,438)	1,527,083
Gains / (losses) on financial instruments - hedging (Note 34)	(4,468,837)	(10,107,021)
Gains / (losses) on financial instruments - trading (Note 34)	(1,680,808)	(112,634)
Expenses with loans issuing and other comissions	(11,269,780)	(3,357,862)
Foreign exchange gains / (losses)	(767,453)	9,514,177
(Costs)/ gains with compensatory interest	862,522	8,713,178
Other financial expenses	(942,537)	(9,066,564)
Other financial income	189,829	845,193
	(103,876,737)	**(85,259,838)**

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.

The caption Gains / (losses) on trading and hedging financial instruments comprise the results from the instruments detailed in Note 34.

11. Income tax

Group Semapa is subject to the special regime of governing business groups comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the IRC Code, as in effect since 1 January 2014.

As of 1 January 2014, the tax business group led by Semapa as the dominant society comprises Group Secil and Group Portucel, in addition to the subsidiaries that already complied with the requirements and therefore where already within the tax consolidation perimeter.

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise income tax (CIT) as though they were taxed on an individual basis. However the liabilities are recognised as due to the dominant entity of the tax business group, currently Semapa, SGPS, S.A. which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

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 5% of the share capital.

As of 31 December 2014 and 2013, income tax expense comprises:

Amounts in Euro	2014	2013
Current tax	(12,623,447)	(49,085,637)
CESE	(838,036)	-
Provision for current tax	40,632,950	(46,907,232)
Deferred tax	2,910,836	135,352,513
	30,082,303	**39,359,644**

The reconciliation of the effective tax rate in the years ended 31 December 2014 and 2013 is as follows:

Amounts in Euro	2014	2013
Profit before tax	122,184,467	152,093,808
Expected income tax	29,935,194	40,304,859
State Surcharge	9,283,778	8,133,477
Differences (a)	8,294,827	(35,638,983)
Prior year tax adjustments	(26,001,146)	(20,712,443)
Recoverable tax losses carried forward	(36,041,557)	(40,138,055)
Non recoverable tax losses	28,726,424	54,101,957
Impairment and reversal of provisions	(19,585,378)	(15,928,917)
Impact of the change in the income tax rate	(24,943,384)	(22,567,504)
Provision for current tax	3,928,859	(4,934,058)
Tax benefits	(83,099)	(4,760,630)
Other	(3,596,821)	2,780,653
	(30,082,303)	**(39,359,644)**
Effective tax rate	-24.62%	-25.88%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(26,109)	98,824
Capital gains / (losses) for tax purposes	(321,025,819)	(132,788,340)
Capital gains / (losses) for accounting purposes	320,328,181	(5,667,036)
Impairment of taxed provisions	17,688,914	3,648,332
Tax benefits	(5,850,495)	(3,061,898)
Dividends received from non EU companies	-	1,958,476
Reversal of taxed provisions	(3,225,071)	(6,828,841)
Intra-group earning´s subject to taxation	17,915,382	(2,022,464)
Employees benefits	(688,538)	(2,296,573)
Others	8,739,990	12,472,790
	33,856,435	(134,486,730)
Tax effect (2014: 24.5% e 2013: 26.5%)	**8,294,827**	**(35,638,983)**

12. Earnings per share

There are no convertible financial instruments over Semapa' shares, so there is no dilution of earnings.

Amounts in Euro	2014	2013
Profit attributable to Semapa's shareholders	112,797,846	146,125,472
Weighted average number of ordinary shares in issue	111,241,402	112,884,470
Basic earnings per share	1.014	1.294
Diluted earnings per share	1.014	1.294

Regarding Semapa SGPS, S.A. 2014 profit for the year, determined by the individual financial statements and in accordance with the Portuguese accounting standards - SNC (Note 44), the Board of Directors proposes the distribution of a dividend per share of Euro 0.375.

The weighted average number of shares is shown after deducting 11,827,975 treasury shares owned by Semapa, SGPS, as at 31 December 2014, of which 6,380,000 were acquired at 29 September 2014.

13. Non-controlling interests

As of 31 December 2014 and 2013, non-controlling interests shown in the Income statement are detailed as follows:

	Income	
Amounts in Euro	**2014**	**2013**
Portucel, SA	33,284,403	39,158,459
Raiz - Instituto de Investigação da Floresta e Papel	2,721	5,677
Secil Betões e Inertes Group	(7,614)	(19,045)
Société des Ciments de Gabés	142,776	(10,231)
IRP - Indústria de Rebocos de Portugal, S.A.	94,566	62,040
Secil - Companhia de Cimento do Lobito, S.A.	(2,618,003)	(2,420,268)
Ciments de Sibline, S.A.L.	8,566,966	8,656,037
Cimentos Madeira Group	23,711	(142,679)
ETSA - Investimentos, SGPS, SA	261	64,265
Others	(20,863)	(26,275)
	39,468,924	**45,327,980**

As of 31 December 2014 and 2013, non-controlling interests in the Consolidated Balance sheet are detailed as follows:

	Equity	
Amounts in Euro	**31-12-2014**	**31-12-2013**
Portucel, SA	244,605,787	251,024,189
Raiz - Instituto de Investigação da Floresta e Papel	235,255	238,543
Secil Betões e Inertes Group	57,686	65,300
Société des Ciments de Gabés	1,265,100	1,274,671
IRP - Indústria de Rebocos de Portugal, S.A.	518,762	474,195
Secil - Companhia de Cimento do Lobito, S.A.	2,957,344	5,235,200
Ciments de Sibline, S.A.L.	80,304,435	64,590,037
Cimentos Madeira Group	5,339,388	5,316,422
ETSA - Investimentos, SGPS, SA	6,568	6,505
Others	1,134,089	1,048,756
	336,424,414	**329,273,818**

The movement in the non-controlling interests', by operating segments, in the years ended 31 December 2014 and 2013 is as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
Balance as of 1 January 2013	**256,252,106**	**77,639,268**	**2,226,675**	**336,118,049**
Acquisitions / (Disposals)	(4,301,179)	-	(2,283,902)	(6,585,081)
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	6,099,579	64,265	45,327,980
Balance as of 31 December 2013	**251,262,730**	**78,004,586**	**6,502**	**329,273,818**
Acquisitions / (Disposals)	(1,805,914)	15,432	-	(1,790,482)
Dividends	(37,779,790)	(2,339,345)	-	(40,119,135)
Currency translation reserve	380,390	9,688,907	-	10,069,297
Financial instruments	(478,378)	-	-	(478,378)
Actuarial gains and losses	(19,113)	25,467	-	6,354
Other movements in equity	(6,010)	25	-	(5,985)
Profit for the year	33,287,126	6,181,732	66	39,468,924
Balance as of 31 December 2014	**244,841,042**	**91,576,804**	**6,568**	**336,424,414**

14. Application of previous year's profit

	Application of year's net profit	
Amounts in Euro	2013	2012
Dividends distribution	37,477,644	-
Other reserves	108,647,828	-
Retained earnings	-	126,516,088
Profit for the year	**146,125,472**	**126,516,088**
Dividends per share	**0.3320**	**-**

The legal reserves are constituted by the maximum amount, to which is added the share premium reserve.

15. Goodwill

As of 31 December 2014 and 2013 Goodwill is made up as follows:

Entity	Acq Year	31-12-2014	31-12-2013
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
		296,680,236	**296,680,236**

Goodwill is attributed to the Group's cash generating units (CGU's) that correspond to the operating segment, as follows:

Amounts in Euro	31-12-2014	31-12-2013
Cement and derivates	124,692,243	124,692,243
Pulp and paper	135,565,059	135,565,059
Environment	36,422,934	36,422,934
	296,680,236	**296,680,236**

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.

As a result of the performed CGU's impairment tests, the recoverable value was determined based on value in use, according to the discounted cash flows method. The impairment tests were based on the historical performance of these units as well as the development of their business expectations with the actual production structure, using the budgets for the following year and an estimate of cash flows for the next period of 4 years.

The main assumptions used for impairment testing, these UGC's were as follows:

Operating Segment	Risk-free interest rate	WACC	Growth rate	Tax rate
Pulp and paper				
Explicit planning period	1.20%	8.30%	-	29.00%
Perpetuity	3.02%	9.71%	2.25%	22.50%
Cement and derivatives				
Portugal				
Explicit planning period	1.20%	7.71%	-	27.50%
Perpetuity	3.02%	8.65%	2.25%	22.50%
Madeira				
Explicit planning period	1.20%	7.98%	-	21.50%
Perpetuity	3.02%	8.71%	2.25%	21.00%
Tunisia				
Explicit planning period	3.02%	9.49%	-	25.00%
Perpetuity	3.02%	9.49%	2.25%	25.00%
Lebanon				
Explicit planning period	3.02%	10.91%	-	15.00%
Perpetuity	3.02%	10.91%	2.25%	15.00%
Angola				
Explicit planning period	3.02%	8.95%	-	30.00%
Perpetuity	3.02%	8.95%	2.25%	30.00%
Brazil				
Explicit planning period	3.02%	10.36%	-	34.00%
Perpetuity	3.02%	9.72%	2.25%	34.00%
Environment				
Explicit planning period - ITS and Sebol	1.20%	7.45%	-	25.50%
Explicit planning period - Other companies	1.20%	7.55%	-	22.50%
Perpetuity	3.02%	8.80%	2.25%	22.50%

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 2014 and 2013, changes under the Other intangible assets heading were as follows:

Amounts in Euro	Brands	Expenditures on research and development	Industrial properties and other rights	CO2 emission allowances	Assets under construction	Total
Acquisition cost						
Amount as of 1 January 2013	**257,665,526**	**11,737**	**231,045**	**20,468,573**	**10,634**	**278,387,515**
Change of perimeter	-	-	-	272	-	272
Acquisition / attributions	-	-	-	13,350,723	33,253	13,383,976
Disposals	-	-	-	(1,791,891)	-	(1,791,891)
Adjustments, transfers and write-off's	-	-	20,551	(17,442,650)	(19,451)	(17,441,550)
Exchange rate adjustment	(2,002,776)	-	-	-	-	(2,002,776)
Amount as of 31 December 2013	**255,662,750**	**11,737**	**251,596**	**14,585,027**	**24,436**	**270,535,546**
Change of perimeter	-	-	-	-	-	-
Acquisition / attributions	-	-	-	20,957,864	30,340	20,988,204
Disposals	-	-	-	(1,985,025)	-	(1,985,025)
Adjustments, transfers and write-off's	-	-	22,226	(12,705,121)	(22,228)	(12,705,123)
Exchange rate adjustment	3,247,380	-	-	-	-	3,247,380
Amount as of 31 December 2014	**258,910,130**	**11,737**	**273,822**	**20,852,745**	**32,548**	**280,080,982**
Accumulated amortisation and impairment losses						
Amount as of 1 January 2013	**-**	**(9,011)**	**(165,353)**	**(3,257,212)**	**-**	**(3,431,576)**
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	-	-	-	4,985,673	-	4,985,673
Amount as of 31 December 2013	**-**	**(10,844)**	**(212,725)**	**(432,181)**	**-**	**(655,750)**
Amortisation and impairment losses	-	-	(27,930)	70,202	-	42,272
Adjustments, transfers and write-off's	-	-	-	361,977	-	361,977
Amount as of 31 December 2014	**-**	**(10,844)**	**(240,655)**	**(2)**	**-**	**(251,501)**
Net book value as of 1 January de 2013	**257,665,526**	**2,726**	**65,692**	**17,211,361**	**10,634**	**274,955,939**
Net book value as of 31 December de 2013	**255,662,750**	**893**	**38,871**	**14,152,846**	**24,436**	**269,879,796**
Net book value as of 31 December de 2014	**258,910,130**	**893**	**33,167**	**20,852,743**	**32,548**	**279,829,481**

The amount shown under the caption Brands comprises:

Pulp and Paper segment

- Euro 151,488,000, regarding the initial valuation of Navigator and Soporset 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 107,422,130, regarding the initial valuation of the brands Secil Portugal (Euro 71,700,00), Sibline (Lebanon- Euro 26,730,929) and Gabès (Tunisia – Euro 8,991,201), 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 of Secil Group.

Sibline and Gabés cement brands are subject to exchange rate update in accordance with the accounting policy described in Note 1.5.

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.

Brands are subject to impairment tests to determine the recoverable amount based on its value in use, in accordance with the discounted cash flow method.

The main assumptions used in the valuation of brands of Pulp and Paper segment performed in the first semester of 2014, 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%	29.5%
	USA	5.62%	8.69%	29.5%
Soporset	Europe	5.62%	8.69%	29.5%
	USA	5.62%	8.69%	29.5%

** Each risk-free rate comprises its own country risk*

The main assumptions used in the valuation of brands of Cement and derivatives performed in the first semester of 2014, for the purposes of impairment testing, were as follows:

Brand	Markets	Risk-free interest rate*	Discount rate	Tax rate
Cement - Secil Portugal	Portugal	5.57%	9.31%	29.5%
Cement - Ciments de Sibline	Lebanon	7.52%	11.08%	15.0%
Cement - Société des Ciments de Gabés	Tunísia	6.17%	9.86%	25.0%

** Each risk-free rate comprises its own country risk*

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, 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 2014 and 2013 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 2013	366,070,621	979,628,684	4,764,735,913	47,271,743	6,157,706,961
Change of consolidation perimeter	-	-	927,798	-	927,798
Acquisition	445,249	2,794,524	18,062,766	45,761,481	67,064,020
Disposals	(37,668)	(155,220)	(14,742,083)	(357,629)	(15,292,600)
Adjustments, transfers and write-off's	2,232,810	13,744,273	56,820,476	(61,997,253)	10,800,306
Exchange rate adjustment	(6,123,467)	(5,224,453)	(20,923,028)	(1,133,363)	(33,404,311)
Amount as of 31 December 2013	362,587,545	990,787,808	4,804,881,842	29,544,979	6,187,802,174
Change of consolidation perimeter	-	-	(1,510,000)	614,010	(895,990)
Acquisition	2,922,164	1,727,815	6,390,668	64,369,923	75,410,570
Disposals	(86,721)	(141,970)	(9,583,263)	-	(9,811,954)
Adjustments, transfers and write-off's	1,829,544	(1,684,354)	31,544,181	(33,516,519)	(1,827,148)
Exchange rate adjustment	2,854,345	6,510,403	19,643,904	690,398	29,699,050
Amount as of 31 December 2014	370,106,877	997,199,702	4,851,367,332	61,702,791	6,280,376,702
Accumulated depreciations and impairment losses					
Amount as of 1 January 2013	(43,727,687)	(605,732,246)	(3,282,798,371)	(102,292)	(3,932,360,596)
Change of consolidation perimeter	-	-	(773,165)	-	(773,165)
Depreciation and impairment losses	(5,163,478)	(17,820,063)	(141,663,458)	(1,202,321)	(165,849,320)
Disposals	-	145,397	14,495,338	-	14,640,735
Adjustments, transfers and write-off's	(628,275)	(5,574,178)	(10,804,953)	(264,999)	(17,272,405)
Exchange rate adjustment	1,482,699	2,547,724	11,414,283	76,319	15,521,025
Amount as of 31 December 2013	(48,036,741)	(626,433,366)	(3,410,130,326)	(1,493,293)	(4,086,093,726)
Change of consolidation perimeter	-	-	629,167	-	629,167
Depreciation and impairment losses	(3,585,182)	(17,305,012)	(156,639,760)	(523,419)	(178,053,373)
Disposals	358	127,521	7,871,803	-	7,999,682
Adjustments, transfers and write-off's	(341,108)	111,605	1,095,970	(267,501)	598,966
Exchange rate adjustment	(363,536)	(3,184,179)	(12,064,592)	(104,973)	(15,717,280)
Amount as of 31 December 2014	(52,326,209)	(646,683,431)	(3,569,237,738)	(2,389,186)	(4,270,636,564)
Net book value as of 1 January 2013	322,342,934	373,896,438	1,481,937,542	47,169,451	2,225,346,365
Net book value as of 31 December 2013	314,550,804	364,354,442	1,394,751,516	28,051,686	2,101,708,448
Net book value as of 31 December 2014	317,780,668	350,516,271	1,282,129,594	59,313,605	2,009,740,138

During the first semester of 2013, the Portucel Group acquired the remaining shares of Soporgen, S.A., representing 82% of its share capital
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 in 2019. 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 2014, the net book value of these equipment’s was Euro 6,054,054 (31 December 2013: Euro 7,567,567) (Note 31).

The Group reviews the useful lives of the assets in use on a regular basis. In 2014, Portucel Group changed the useful life of certain assets of manufacturing equipment with more years in use. The inherent rationale behind this amendment is based on the current expectations of the Group as to its future strategy and estimated impacts of the expected use of such assets. Therefore the referred assets will be depreciated until the end of 2015, which increased the depreciation expenses in 2014 by EUR 12.7 million.

As of 31 December 2014, assets under construction included Euro 11,865,280 (31 December 2013: Euro 1,742,592), 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.

The caption Land comprises forest land where the Group has installed part of its forestry assets, amounting to Euro 78,885,556, and the remainder being installed on leased land. This caption also comprises Euro 1,609,030 related to the land where it will be built the Pellets factory in the USA and Euro 838,692 for the costs capitalized to the preparation of land for the initial forestation in Mozambique, already in operation, which is being depreciated over the period the concession agreement.

Commitments related to Fixed Tangible Assets acquisitions, as well as those that are given as a guarantee are detailed in Notes 39 and 40 respectively.

18. Biological assets

As of 31 December 2014 and 2013, changes in biological assets were as follows:

Amounts in Euro	31/12/2014	31/12/2013
Amount at the beginning of the year	**111,339,306**	**109,055,925**
Changes in fair value		
Logging in the period	(22,802,445)	(21,464,033)
Growth	6,435,679	5,649,166
New plantations	5,962,035	4,715,403
Other changes in fair value	13,034,848	13,382,845
Total changes in fair value	**2,630,117**	**2,283,381**
	113,969,423	**111,339,306**

The amounts show as other changes in fair value mainly relates to the management costs for the forestry assets (silviculture, structure and income costs) and are as follows:

Amounts in Euro	31-12-2014	31-12-2013
Cost of asset management		
Forestry	3,284,945	3,492,029
Struture	2,871,559	2,738,631
Fixed and variable costs	8,272,481	10,578,728
	14,428,985	**16,809,388**
Expectation changes		
New business area	-	789,932
Wood price	4,264,832	9,942,796
Equity rate cost	2,667,904	(8,423,326)
Other variations	(752,571)	(1,015,229)
Other expectations change	(7,574,302)	(4,720,716)
	(1,394,137)	**(3,426,543)**
	13,034,848	**13,382,845**

Biological assets as of 31 December 2014 and 2013 are as follows:

Amounts in Euro	31-12-2014	31-12-2013
Eucalyptus	106,489,354	104,551,003
Pine	4,901,496	5,033,860
Cork	995,962	1,547,972
Other species	176,494	206,471
Eucalyptus (Mozambique)	1,406,117	-
	113,969,423	**111,339,306**

These values , calculated in accordance with the expected extraction of their productions, correspond to the following future production expectations:

Amounts in Euro	31/12/2014	31/12/2013
Eucalyptus (Portugal) - wood potencial extration k m3ssc	11,409	10,610
Pine (Portugal) - wood potencial extration k ton	496	450
Pine (Portugal) - pinecones potencial extration k ton	n/a	1.6
Cork (Portugal) - cork potencial extration k @	636	644
Eucalyptus (Portugal) - wood potencial extration k m3ssc (1)	406	-

(1) Evaluation for areas with one or more years of age as at 31 December 2014

Additionally, there are no biological assets whose title is restricted and / or pledged as security for liabilities or non-reversible commitments for the purchase of biological assets.

19. Investment in associates and joint-ventures

The following movements were registered in this caption during the years ended 31 December 2014 and 2013:

Amounts in Euro	31/12/2014	31/12/2013
Opening balance	**102,761,132**	**114,317,067**
Change in consolidation perimeter	(38,975)	(1,790,832)
Acquisition	-	649
Group share of (loss) / gains of associated companies (Note 9)	26,109	(98,824)
Dividends received	(665,104)	(713,506)
Exchange rate adjustments	(14,996,889)	(8,953,422)
Closing balance	**87,086,273**	**102,761,132**

As of 31 December 2014 and 2013 the caption Investments in associates and joint ventures presented in the consolidated balance sheet, including goodwill, comprises:

	Book Value			
Entities	% Held	31-12-2014	% Held	31-12-2013
Joint Ventures				
Supremo Cimentos, S.A.	50.00%	83,440,864	50.00%	99,321,138
Associated companies				
Setefrete, SGPS, S.A.	25.00%	3,091,925	25.00%	2,918,120
MC - Materiaux de Construction	49.36%	2,223	49.36%	2,211
J.M.J. - Henriques, Lda.	50.00%	380,161	50.00%	381,825
Sociedade de Inertes, Lda.	49.00%	-	49.00%	648
Ave, S.A.	35.00%	171,100	35.00%	137,190
		87,086,273		**102,761,132**

As of 31 December 2014 and 2013, Goodwill included in carrying amount of these investments is detailed as follows:

Amounts in Euro	31-12-2014	31-12-2013
Joint Ventures		
Supremo Cimentos, S.A.	27,436,872	39,020,688
Related Parties		
Setefrete, SGPS, S.A.	2,227,750	2,227,750
	29,664,622	**41,248,438**

At 31 December 2014 and 31 December 2013, the financial information relating to associated companies was as follows:

Amounts in Euros		31 December 2014 Total assets	Total liabilities	Equity	Net profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	b)	3,989,252	3,500,394	488,858	427,896	12,379,830
MC- Materiaux de Construction	b)	622,391	500,547	121,844	(5,134)	7,603,069
J.M.J. - Henriques, Lda.	b)	1,076,917	316,595	760,322	(3,320)	-
Setefrete, SGPS, S.A.	a)	5,664,562	2,207,862	3,456,700	2,892,221	102,813

a) 31 December 2013 figures, ajusted from dividend distribution during the year ended 31 December 2014
b) 31 December 2014 figures

Amounts in Euros		31 December 2013 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
MC- Materiaux de Construction	b)	699,140	572,858	126,282	25,693	4,753,814
J.M.J. - Henriques, Lda.	b)	1,074,797	311,147	763,650	(6,514)	-
Setefrete, SGPS, S.A.	a)	4,731,052	1,969,573	2,761,479	1,347,994	102,813

a) 31 December 2012 figures, ajusted from dividend distribution during the year ended 31 December 2014
b) 31 December 2013 figures

At 31 December 2014 and 31 December 2013, the financial information relating to joint-ventures was as follows:

	31 December 2014		31 December 2013	
Amounts in Euro	Supremo	Secil Unicon	Supremo	Secil Unicon
Assets				
Non-current Assets	352,113,354	7,548	232,205,779	136,113
Current Assets	23,840,709	3,262,276	45,599,036	3,298,948
	375,954,063	**3,269,824**	**277,804,815**	**3,435,061**
Liabilities				
Non-current liabilities	204,306,369	1,296,278	103,394,455	1,258,418
Current Liabilities	59,639,710	10,302,039	53,809,460	10,918,349
	263,946,079	**11,598,317**	**157,203,915**	**12,176,767**
Non-Controlling interest	**-**	**(2,578,045)**	**-**	**(2,399,579)**
Net Asset	**112,007,984**	**(5,750,448)**	**120,600,900**	**(6,342,127)**

Amounts in Euro	Supremo	Secil Unicon	Supremo	Secil Unicon
Revenue	54,437,178	4,520,661	51,486,109	5,334,722
Operational Results	4,162,771	(266,677)	2,246,107	(2,363,562)
Profit before tax	(520,951)	(869,024)	(1,193,707)	(3,031,281)
Non-controlling interests	-	(178,465)	-	(620,769)
Net profit for the year	(1,766,768)	(702,941)	(1,088,680)	(2,428,477)

20. Financial assets at fair value through profit or loss

The following movements were registered in this caption during the years ended 31 December 2014 and 2013:

Amounts in Euro	31-12-2014	31-12-2013
Fair value at the beginning of the year	**482,923**	**9,026,930**
Acquisitions	-	451,466
Disposals	-	(10,522,556)
Changes in fair value (Note 10)	(31,438)	1,527,083
Fair value at the end of the year	**451,485**	**482,923**

As of 31 December 2014 and 2013, financial assets at fair value through profit or loss comprise:

	Fair Value	
Amounts in Euro	31-12-2014	31-12-2013
CEMG Holding Fund	435,665	435,665
Others	15,820	47,258
	451,485	**482,923**

The classification of financial assets at fair value through profit or loss in accordance with the fair value hierarchy defined in IFRS 13 is shown in Note 34.

21. Available-for-sale financial assets

The following movements were registered in this caption during the years ended 31 December 2014 and 2013:

Amounts in Euro	31/12/2014	31/12/2013
Fair value at the beginning of the year	**346,257**	**226,921**
Acquisitions	29,308	-
Changes in fair value (Note 10)	(146,429)	119,336
	229,136	**346,257**

As of 31 December 2014 and 2013 the fair value of available-for-sale financial assets comprises:

	Fair value	
Amounts in Euro	31-12-2014	31-12-2013
Banco Espírito Santo, S.A.	-	117,121
Liaision Technologie	229,136	229,136
	229,136	**346,257**

The classification of assets available for sale, according to the fair value hierarchy defined in IFRS 13 , is shown in Note 34.

22. Impairment in non-current and current assets

In the years ended 31 December 2014 and 2013, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Other non--current assets	Tangible assets	Investments in associates	Total
As of 1 January 2013	**1,855,975**	**102,292**	**2,002**	**1,960,269**
Increases	-	-	-	-
Reversals	-	-	-	-
Direct utilisations	-	-	-	-
As of 31 December 2013	**1,855,975**	**102,292**	**2,002**	**1,960,269**
Increases	-	-	-	-
Reversals	-	-	-	-
Direct utilisations	-	-	-	-
As of 31 December 2014	**1,855,975**	**102,292**	**2,002**	**1,960,269**

During the year ended 31 December 2014 and 2013, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts receivable	Other receivables	Total
As of 1 January 2013	**6,731,048**	**22,067,186**	**6,259,562**	**35,057,796**
Exchange rate adjustment	(474,147)	(224,425)	(10,750)	(709,322)
Increases (Note 6)	1,385,741	2,479,913	669,519	4,535,173
Reversals (Note 5)	(208,961)	(2,453,875)	(37,856)	(2,700,692)
Direct utilisations	(113,976)	(215,466)	(106,318)	(435,760)
Transfers	-	3,866,476	47,241	3,913,717
As of 31 December 2013	**7,319,705**	**25,519,809**	**6,821,398**	**39,660,912**
Exchange rate adjustment	448,889	176,545	5,609	631,043
Increases (Note 6)	3,762,853	2,099,407	672,667	6,534,927
Reversals (Note 5)	(134,302)	(1,354,781)	(3,997)	(1,493,080)
Direct utilisations	(12,959)	-	-	(12,959)
As of 31 December 2014	**11,384,186**	**26,440,980**	**7,495,677**	**45,320,843**

23. Inventories

As of 31 December 2014 and 2013 the caption Inventories comprised:

Amounts in Euro	31-12-2014	31-12-2013
Raw materials	191,112,218	186,080,443
Work in progress	12,584,288	14,300,654
Byproducts and waste	1,029,165	1,057,351
Finished and intermediate products	80,864,588	95,405,480
Advances to inventories' suppliers	85,893	114,917
	285,676,152	**296,958,845**

Note: Values are presented net of impairment losses (Note 22)

During the year ended 2014 and 2013, movements in Raw materials, finished products and goods and Advances to inventories were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Opening balance	281,600,840	305,738,288
Acquisitions	805,244,751	774,461,452
Closing balance	(272,062,699)	(281,600,840)
Cost of inventories sold and consumed (Note 6)	**814,782,892**	**798,598,900**

As of 31 December 2014 and 2013, location of inventories by geographical segment, were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Portugal	207,800,836	226,784,101
Other European countries	3,240,119	4,075,841
USA	19,794,719	18,153,100
Africa	25,428,214	24,985,008
Asia	29,412,264	22,960,795
	285,676,152	**296,958,845**

24. Receivables and other current assets

As of 31 December 2014 and 2013 the caption Receivables and other current assets comprised:

Amounts in Euro	31-12-2014	31-12-2013
Accounts receivable	228,805,894	249,018,585
Accounts receivable - related parties (Note 35)	26,424,774	3,564,813
Derivative financial instruments (Note 34)	-	809,343
Other receivables	10,582,250	9,401,979
Accrued income	4,826,933	5,870,869
Deferred costs	12,872,553	10,713,278
	283,512,404	**279,378,867**

Note: The presented figures are net of impairment losses

As of 31 December 2014 and 2013, Other receivables comprised:

Amounts in Euro	31-12-2014	31-12-2013
Other receivables		
Advance payments to suppliers	3,235,050	2,423,057
Financial incentives to be received	111,320	161,930
Others	7,235,880	6,816,992
	10,582,250	**9,401,979**

As of 31 December 2014 and 2013, movements under the caption Financial Incentives to be received were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Opening Balance	161,930	620,062
Receipts	(11,055)	(458,132)
Increases / (Regularization)	(39,555)	-
	111,320	**161,930**

As of 31 December 2014 and 2013, captions Accrued income and Deferred costs comprised:

Amounts in Euro	31/12/2014	31/12/2013
Accrued income		
Interest receivable	688,579	815,153
Other	4,138,354	5,055,716
	4,826,933	**5,870,869**
Deferred costs		
Insurance	81,470	213,459
Rents and leases	323,931	231,768
Post-employment plans (Note 29)	1,477,709	351,494
Other	10,989,443	9,916,557
	12,872,553	**10,713,278**
	17,699,486	**16,584,147**

In 2013, the Portucel Group completed the steps necessary for the conversion of defined benefit plans existing in subsidiaries Soporcel, SA, PortucelSoporcel Florestal, SA, Empremédia, 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.

As at 31 December 2014, the excess funding for some of the funds allocated to the defined benefit plans referred to above, amounting to Euro 1,477,709, that were recognised as current assets by enabling secure a lower need for future contribution by the Group to finance those pension schemes (Note 29).

25. State and other public entities

At 31 December 2014 and 2013, there were no arrears debts to the State and other public entities.

As mentioned in Note 11, as of 1 January 2014 the tax group dominated by Semapa, SGPS, S.A. , comprises the Portuguese entities (that comply with the conditions laid down in Article 69 of the CIT Code) of Group Portucel and Group Secil. Thus, although those companies ascertain and record the income tax as if they were taxed on an individual basis, the overall corporate income tax as well as the overall clearance/payment is performed by the parent company, in this case Semapa SGPS, S.A..

The balances relating to these entities were as follows:

Current assets

Amounts in Euro	31-12-2014	31-12-2013
Corporate Income Tax - CIT	7,896,313	5,443,965
Personnel Income Tax- witheld on salaries	117,959	92,547
Value added tax	22,853,766	8,605,067
Value added tax - refunds requested	46,233,607	48,205,017
Other	241,814	302,846
	77,343,459	**62,649,442**

Current liabilities

Amounts in Euro	31-12-2014	31-12-2013
Corporate Income Tax - CIT	8,511,110	13,824,468
Personnel Income Tax- witheld on salaries	2,837,817	21,285,576
Value added tax	46,306,617	35,195,835
Social Security	3,671,735	3,566,379
Additional tax payments	57,222,485	72,996,021
Other	654,521	1,392,886
	119,204,285	**148,261,165**

As of 31 December 2014 and 2013, the caption Corporate Income tax – CIT comprise (net between current assets and current liabilities) is detailed as follows:

Amounts in Euro	31-12-2014	31-12-2013
Year income tax	15,331,981	49,744,574
Exchange rate differences	310,891	(126,872)
Payments on account and additional payments on account	(8,555,404)	(35,769,480)
Witholding tax	(1,521,336)	(5,687,314)
Prior years corporate income tax	(4,951,335)	219,595
	614,797	**8,380,503**

The movement of provisions for additional tax liabilities, in the year ended 31 December 2014 and 2013 is as follows:

Amounts in Euro	31-12-2014	31-12-2013
Opening Balance	72,996,021	73,598,135
Increases	4,805,601	60,844,584
Decreases	(20,579,137)	(61,446,698)
	57,222,485	**72,996,021**

As of 31 December 2014 and 2013 the additional tax liabilities are detailed as follows:

Amounts in Euro	31/12/2014	31/12/2013
Pulp and paper segment		
CIT (RETGS) Previous to 2014	39,529,505	48,734,015
RFAI 2009 and 2010	-	9,520,985
CIT (liquidation) 2010	-	4,448,387
Others	4,512,094	923,590
Cement and derivatives segment		
CIT (RETGS) 2005	3,505,462	3,371,025
CIT (RETGS) 2013	4,509,438	4,100,000
Others	5,165,986	1,898,019
	57,222,485	**72,996,021**

26. Share capital and treasury share

As of 31 December 2014 and 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 2014 and 2013, the following entities had substantial holdings in the company's capital:

Name	Number of shares	%	
		31-12-2014	31-12-2013
Longapar, SGPS, S.A.	22,225,400	18.78	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.	8,437,349	7.13	10.03
Norges Bank (The Central Bank of Norway)	5,649,215	4.77	4.77
Cimigest, SGPS, S.A.	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	11,827,975	10.00	4.60
Other shareholders with less than 2% participation	21,981,748	18.58	21.68
	118,332,445	**100.00**	**100.00**

As of 31 Decemebr 2014, Semapa - Sociedade de Investimento e Gestão, SGPS, SA holds 11,827,975 treasury shares, 6,380,000 of which were acquired in September 2014.

27. Reserves and retained earnings

As of 31 December 2014 and 2013 the captions Fair value reserve, Translation reserve and Other reserves comprised:

Amounts in Euro	31-12-2014	31-12-2013
Fair value of financial instruments	(8,795,241)	(12,961,836)
Other fair value reserves	(1,281,742)	(1,281,742)
Total amount of fair value reserve	**(10,076,983)**	**(14,243,578)**
Translation reserve	**(46,975,997)**	**(49,274,921)**
Legal reserve	23,666,489	23,666,489
Others reserves	1,009,795,777	901,147,950
Total amount of other reserves	**1,033,462,266**	**924,814,439**
Total	**976,409,286**	**861,295,940**

Fair value of financial instruments

The negative amount of Euro 8,795,241 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 2014. 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 11,827,975 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.

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 2014, the accumulated negative amount of these differences, regarding additional stake acquisition in subsidiaries, amounts to Euro 416,498,687 (31 December 2013: 415,434,936 negative amount).

Remeasurements (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 2014, the group recorded positive remeasurements, net of deferred taxes, amounting to Euro 42,755.

28. Deferred taxes

The following movement took place in the caption Deferred tax assets and liabilities during the year ended 31 December 2014:

	As of 1	Exchange	Income Statement		Retained	Transfers	Assets held	As of 31
Amounts in Euro	January 2014	adjustment	Increases	Decreases	earnings		for sale	December 2014
Temporary differences originating deferred tax assets								
Tax losses carried forward	173,292,004	-	(3,552,635)	(55,727,117)	-	(2,334,789)	-	111,677,463
Taxed provisions	22,213,073	391,971	6,081,891	(345,685)	-	(22,691)	-	28,318,559
Harmonisation of depreciation criteria	79,034,444	-	3,717,990	(31,268,347)	-	-	-	51,484,087
Underfunding of pension funds	7,556,072	28,389	63,129	(1,149,665)	306,837	-	-	6,804,762
Financial Instruments	3,998,980	-	-	-	2,844,971	-	-	6,843,951
Deferred accounting gains on inter-group transactions	22,406,393	-	3,627,447	(2,522,514)	-	-	-	23,511,326
Fiscal investment incentives	18,202,295	-	-	(1,677,803)	-	-	-	16,524,492
Fair value of business combinations	1,325,414	180,096	-	-	-	-	-	1,505,510
Other temporary differences	3,925,472	-	1,963,413	(2,353,245)	(2,441,837)	22,689	-	1,116,492
	331,954,147	**600,456**	**11,901,235**	**(95,044,376)**	**709,971**	**(2,334,791)**	**-**	**247,786,642**
Temporary differences originating deferred tax liabilities								
Fixed tangible asset revaluation	(13,382,568)	-	(781)	2,881,210	-	(1)	-	(10,502,140)
Retirements benefits	(5,613,255)	-	(233,738)	590,975	(712,245)	(2)	-	(5,968,265)
Derivative Financial Instruments	(765,769)	-	-	318,411	302,630	-	-	(144,728)
Valuation of biological assets	(1,583,281)	-	(477,515)	1,583,281	-	-	-	(477,515)
Harmonisation of depreciation criteria	(480,137,095)	(136,793)	(35,373,891)	16,829,692	-	-	-	(498,818,087)
Deferred accounting losses on inter-group transactions	(13,287,292)	90,090	(905,093)	10,264,632	-	1	-	(3,837,662)
Fair Value of intangible assets - brands	(255,662,750)	(3,247,380)	-	-	-	-	-	(258,910,130)
Fair Value of tangible assets	(172,591,241)	-	-	15,271,550	-	-	-	(157,319,691)
Fair value of business combinations	(177,114,709)	(3,875,013)	-	4,538,376	-	-	(30,311)	(176,481,657)
Other temporary differences	(377,664)	-	(2,655)	97,312	-	2	-	(283,005)
	(1,120,515,624)	**(7,169,096)**	**(36,993,673)**	**52,375,439**	**(409,615)**	**-**	**(30,311)**	**(1,112,742,880)**
Deferred tax assets	84,531,715	289,905	3,215,879	(23,830,280)	749,919	-	-	64,957,138
Effect of change in tax rate	-	-	(1,641,308)	(3,531,065)	(67,218)	-	-	(5,239,591)
	84,531,715	**289,905**	**1,574,571**	**(27,361,345)**	**682,701**	**-**	**-**	**59,717,547**
Deferred tax liabilities	(320,768,260)	(1,130,787)	(10,082,988)	14,748,099	(102,271)	-	(15,550)	(317,351,757)
Effect of change in tax rate	-	-	6,977,380	17,055,119	(14,807)	-	-	24,017,692
	(320,768,260)	**(1,130,787)**	**(3,105,608)**	**31,803,218**	**(117,078)**	**-**	**(15,550)**	**(293,334,065)**

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended 31 December 2013:

Amounts in Euro	As of 1 January 2013	Exchange adjustment	Income Statement Increases	Income Statement Decreases	Retained earnings	Transfers	Assets held for sale	Changes in perimeter	As of 31 December 2013
Temporary differences originating deferred tax assets									
Tax losses carried forward	29,869,430	-	172,823,006	(29,400,432)	-	-	-	-	173,292,004
Taxed provisions	24,243,212	(527,609)	2,647,429	(4,854,187)	-	-	-	704,228	22,213,073
Harmonisation of depreciation criteria	91,592,483	-	16,379,437	(29,078,982)	-	-	-	141,506	79,034,444
Underfunding of pension funds	12,056,167	(42,848)	1,397	(4,298,800)	(159,844)	-	-	-	7,556,072
Derivative Financial Instruments	5,531,711	-	-	-	(1,532,731)	-	-	-	3,998,980
Deferred accounting gains on inter-group transactions	18,649,634	-	4,026,169	(269,410)	-	-	-	-	22,406,393
Growing Forest Valuation	2,649,273	-	-	(2,649,273)	-	-	-	-	-
Tax investment incentives	19,092,548	-	568,529	(1,458,782)	-	-	-	-	18,202,295
Fair value of business combinations	1,385,387	(59,973)	-	-	-	-	-	-	1,325,414
Other temporary differences	1,816,270	-	2,148,151	(38,949)	-	-	-	-	3,925,472
	206,886,115	**(630,430)**	**198,594,118**	**(72,048,815)**	**(1,692,575)**	**-**	**-**	**845,734**	**331,954,147**
Temporary differences originating deferred tax liabilities									
Tangible asset revaluation	(17,815,985)	-	-	4,442,144	-	-	(8,727)	-	(13,382,568)
Pensions and other post employment benefits	(6,541,894)	-	(252,795)	(64,282)	1,245,716	-	-	-	(5,613,255)
Derivative Financial Instruments	(106,309)	-	-	(169,999)	(196,321)	-	-	(293,140)	(765,769)
Fair Value of biological assets	-	-	(1,583,281)	-	-	-	-	-	(1,583,281)
Tax investment incentives	(80,063,106)	-	-	80,063,106	-	-	-	-	-
Harmonisation of depreciation criteria	(461,535,474)	2,368,975	(36,801,857)	16,349,174	-	-	-	(517,913)	(480,137,095)
Deferred accounting losses on inter-group transactions	(222,066,542)	450,248	(2,491,744)	210,876,040	-	-	(55,294)	-	(13,287,292)
Fair Value of intangible assets - Brands	(257,665,526)	2,002,776	-	-	-	-	-	-	(255,662,750)
Fair Value of tangible assets	(187,862,791)	-	-	15,271,550	-	-	-	-	(172,591,241)
Fair value of business combinations	(190,089,104)	7,193,335	-	5,808,622	-	-	(27,562)	-	(177,114,709)
Other temporary differences	(875,212)	-	(116,989)	599,028	-	15,509	-	-	(377,664)
	(1,424,621,943)	**12,015,334**	**(41,246,666)**	**333,175,383**	**1,049,395**	**15,509**	**(91,583)**	**(811,053)**	**(1,120,515,624)**
Deferred tax assets	**60,691,168**	**(156,761)**	**44,014,129**	**(19,803,442)**	**(479,784)**	**-**	**-**	**266,405**	**84,531,715**
Deferred tax liabilities	**(435,381,612)**	**3,274,133**	**(4,184,456)**	**115,326,281**	**267,803**	**4,111**	**(32,390)**	**(42,130)**	**(320,768,260)**

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 2014 and 2013:

31 December 2014	Pulp and paper	Cement and derivates	Holdings	Total
Group liability for past services				
Active	13,900,653	62,558	-	13,963,211
Retirees	56,287,819	27,166,002	1,360,557	84,814,378
Market value of the pension funds	(71,666,181)	(26,354,855)	-	(98,021,036)
Equity		258,680		258,680
Insurance policies	-	(221,975)	-	(221,975)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(795,095)	-	(795,095)
Unfunded pensions liabilities	**(1,477,709)**	**115,315**	**1,360,557**	**(1,837)**
Other unfunded liabilities				
Healthcare assistance	-	69,288	-	69,288
Retirement and death liabilities	-	469,737	-	469,737
Long-service award liabilities	-	497,822	-	497,822
Total net liabilities	**(1,477,709)**	**1,152,162**	**1,360,557**	**1,035,010**
Total unfunded liabilities	**-**	**1,152,162**	**1,360,557**	**2,512,719**
Over Funds (Note 24)	**(1,477,709)**	**-**	**-**	**(1,477,709)**

31 December 2013	Pulp and paper	Cement and derivates	Holdings	Total
Group liability for past services				
Active	12,107,512	142,821	-	12,250,333
Retirees	57,099,529	27,218,833	1,355,943	85,674,305
Market value of the pension funds	(69,558,535)	(25,499,746)	-	(95,058,281)
Equity	-	270,061	-	270,061
Insurance policies	-	(177,467)	-	(177,467)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(887,173)	-	(887,173)
Unfunded pensions 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 net liabilities	**(351,494)**	**2,566,329**	**1,355,943**	**3,570,778**
Total unfunded liabilities	**-**	**2,566,329**	**1,355,943**	**3,922,272**
Over Funds (Note 24)	**(351,494)**	**-**	**-**	**(351,494)**

As of 31 December 2014 the Pulp and Paper segment presents an overfunding allocated to its liabilities, amounting to Euro 1,477,709 (as of 31 December 2013: Euros 351,494) (Note 24).

Semapa

As at 31 December 2014, 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 1,360,557 corresponds to the liability of Semapa to one beneficiary who chose not to join the deliberation held in 27 December 2012.

Sub-group Portucel

Retirement and pension supplements

Until 2013, several retirement and survivor plans together with retirement bonus, coexisted within the Group. For certain categories of active employees, in addition to the plans described below, additional plans also existed, financed through independent funds assigned to cover those additional responsibilities.

Under the prevailing Social Benefits Regulation, permanent employees of Portucel that chose not to move to the defined contribution plan, together with the retired employees as of the transition date (1 January 2009) and from 1 January 2014, former emplyees of Soporcel, Portucel Soporcel Florestal, Raiz, Empremédia and Portucel Soporcel Lusa, are entitled, after retirement or events of disability, to a monthly retirement pension or disability supplement. This 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, Portucel Soporcel Florestal, Empremédia, Portucel Soporcel 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 a decrease in the liabilities related to defined benefit plans arise, together with a decrease in the corresponding plan funds, that were be partially allocated to the initial constitution of the defined contribution plans.

In 2014, the terms of this amendment were reviewed for employees who explicitly expressed their will for one of the presented options. The best estimation as at 31 December 2014 was booked in the consolidated financial statements, amounting to Euro 1,814,062.

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 arisen 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 2014, the liability related with post-employment benefit plans for two members of Portucel's Board of Directors was Euro 1,424,279 (31 December 2013: Euro 1,340,168)

Retirement bonuses

Until 2013 Portucel S.A. assumed a liability for the payment of a retirement bonus, equal to 6 months of salary, if the employee retires at the regular age of retirement (65 years).

In 2013, with the changes associated with increasing the age of retirement and recently published the result of changes in the Company Agreement of Portucel and its Rules of Social Perks, this benefit was settled, and the liability recognized been recognized as a reduction of expenses defined benefit post-employment plans.

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 since 1 January of that year.

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., Beto Madeira, S.A. and Brimade, 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.

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 Secil Group Pension Fund is the financial support for the payment of benefits provided for in pension plans of each associate (now jointly managed).

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 Societé 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. Similarly, the liability assumed by Secil Martingança, SA are guaranteed directly by this entity.

Since 26 June 2012 the responsibilities of Cimentos Madeira, Lda and Betomadeira - Betões and Britas da Madeira, S.A. related to all retirees and pensioners that were receiving a pension, 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

The subsidiary 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.

LIABILITES FOR RETIREMENT AND DEATH BENEFITS

The Group, 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 Societé 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 2014 and 2013 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	31-12-2014	31-12-2013
Social Benefits formula	Decree-Law nº 187/2007 of May 10	Decree-Law nº 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%	1.00%
Wage growth rate - other companies	2.00%	2.00%
Technical interest rate	3.50%	4.50%
Assets rate of return	3.50%	4.50%
Pensions growth rate - Cement segment	0.45%	0.45%
Pensions growth rate - other segments	0.75%	1.75%
Semapa pensions reversability rate	50.00%	50.00%
Number of Semapa complement annual payments	12	12
Healthcare costs growth rate	-	4.60%
Cost to the health insurance	-	300.00

As at 31 December 2014, the Group revised the technical interest rate used in calculating the post-employment liabilities from 4.5% to 3.5%.

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	2010	2011	2012	2013	2014
Present value of liabilities	246,197,433	247,545,062	155,057,532	99,516,232	100,073,116
Fair value of plan assets and reserve account	119,815,373	120,542,657	145,554,473	95,945,454	99,038,106
Surplus / (deficit)	**(126,382,060)**	**(127,002,405)**	**(9,503,059)**	**(3,570,778)**	**(1,035,010)**
Net actuarial gains / (losses)	**(4,990,550)**	**1,060,676**	**11,654,475**	**(6,786,377)**	**343,040**

FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During 2014 and 2013, fund's assets/insurance policies registered the following movements:

	31-12-2014		31-12-2013	
Amounts in Euro	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	**95,058,281**	**177,467**	**144,542,282**	**171,754**
Change to a defined contribution plan	-	-	(54,863,112)	-
Exchange rate adjustment	-	1,036	-	(17,366)
Endowments made in the year	372,000	48,255	4,883,979	41,114
Expected return	8,271,463	25,132	6,349,031	9,904
Differences between actual and expected returns	35,608	-	789,969	-
Pensions paid	(5,716,316)	-	(6,643,868)	-
Retirement charged	-	(29,915)	-	(27,939)
Closing balance	**98,021,036**	**221,975**	**95,058,281**	**177,467**

As at 31 December 2014 and 2013, fund's assets were made up as follows:

Amounts in Euro	31-12-2014	%	31-12-2013	%
Bonds	51,276,557	52.3%	9,976,519	10.5%
Shares	20,009,896	20.4%	70,220,121	73.9%
Liquidity	17,192,322	17.5%	7,266,399	7.6%
Public debt	9,106,088	9.3%	328,789	0.3%
Property	145,253	0.1%	6,836,363	7.2%
Other aplications	290,919	0.3%	430,090	0.5%
	98,021,036	**100.0%**	**95,058,281**	**100.0%**

Movements in obligations for pension plans and other post-employment benefits

Movements occurred in liabilities assumed by the Group, shown in the consolidated balance sheet as of 31 December 2014, are as follows:

Amounts in Euro	Opening balance	Exchange Rate	Assumptions change	Curtailment and/or Settlement	Costs and Incomes	Actuarial Losses and incomes	Payments	Closing balance
Post-employment benefits								
Assumed by the group	7,318,837	-	364,843	-	305,702	116,419	(1,015,880)	7,089,921
Autonomous fund	90,605,801	-	3,657,702	(915,178)	5,027,513	(971,853)	(5,716,317)	91,687,668
Insurance policy	270,061	1,485	-	-	15,127	1,921	(29,914)	258,680
Retirement and death	449,539	27,939	(36,424)	-	76,818	(34,445)	(13,690)	469,737
Healthcare assistance	514,795	-	4,739	-	1,880	(16,708)	(435,418)	69,288
Long service award	534,666	-	-	-	86,997	-	(123,841)	497,822
	99,693,699	**29,424**	**3,990,860**	**(915,178)**	**5,514,037**	**(904,666)**	**(7,335,060)**	**100,073,116**

Costs incurred in pensions and other post-employment benefits

As of 31 December 2014 and 2013 costs incurred in pensions and other post-employment benefits, were detailed as follows:

	31/12/2014					
Amounts in Euro	Current services	Interest cost	Expected return on the plan assets	Curtailments and settlements	Period Contributions	Impact in the profit for the year
Post-employment benefits						
Assumed by the Group	-	305,702	-	-	-	305,702
Autonomous Fund	404,248	5,740,332	(6,921,809)	732,143	-	(45,086)
Insurance policy	33,060	-	-	-	-	33,060
Retirement and Death	-	43,758	-	-	-	43,758
Healthcare assistance	-	1,880	-	-	-	1,880
Long-service award	64,525	22,472	-	-	-	86,997
Contributions to defined contribution plans	-	-	-	-	6,162,725	6,162,725
	501,833	6,114,144	(6,921,809)	732,143	6,162,725	6,589,036

	31/12/2013					
Amounts in Euro	Current services	Interest cost	Expected return on the plan assets	Curtailments and settlements	Period Contributions	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)
Insurance policy	8,110	14,641	(9,241)	-		13,510
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	(3,153,927)	-	(2,372,303)
Contributions to defined contribution plans	-	-	-	-	1,804,059	1,804,059
	3,148,991	7,698,788	(12,427,593)	(1,816,546)	1,804,059	(1,592,301)

Actuarial Gains/ losses) in the Statement of comprehensive consolidated income

Actuarial gains and losses recognised in the year 2014, in the statement of comprehensive consolidated income, are detailed as follows:

Amounts in Euro	Assumptions change	Other gains and losses	Expected Income vs Real	Gross value	Deferred taxes	Impact on equity
Post-employment benefits						
Assumed by the Group	(364,843)	(116,419)	-	(481,262)	(41,083)	(522,345)
Autonomous Fund	(3,657,702)	2,077,312	2,321,854	741,464	(251,177)	490,287
Retirement and Death	36,424	34,445	-	70,869	(4,457)	66,412
Healthcare assistance	(4,739)	16,708	-	11,969	(3,568)	8,401
	(3,990,860)	2,012,046	2,321,854	343,040	(300,285)	42,755

30. Provisions

During the course of the years ended 31 December 2014 and 2013, the following movements took place in the caption Provisions:

Amounts in Euro	Legal claims	Tax claims	Environmental restauration	Others	Total
As of 1 January 2013	**1,263,124**	**-**	**6,953,588**	**29,203,955**	**37,420,667**
Increases (Note 6)	131,396	-	-	22,074,720	22,206,116
Reversals (Note 6)	(86,511)	-	(119,981)	(6,715,336)	(6,921,828)
Direct utilisations	-	-	(51,528)	(4,360,819)	(4,412,347)
Exchange adjustments	-	-	-	(178,626)	(178,626)
Financial discounts	-	-	356,097	-	356,097
Transfers and adjustments	-	30,700,077	-	-	30,700,077
As of 31 December 2013	**1,308,009**	**30,700,077**	**7,138,176**	**40,023,894**	**79,170,156**
Increases (Note 6)	322,453	-	-	21,565,399	21,887,852
Reversals (Note 6)	(1,732,873)	-	(157,298)	(8,366,186)	(10,256,357)
Direct utilisations	-	-	(89,485)	(2,609,877)	(2,699,362)
Exchange adjustments	-	-	-	375,349	375,349
Financial discounts	-	-	288,355	-	288,355
Transfers and adjustments	3,045,879	(6,592,413)	-	(3,283,991)	(6,830,525)
As of 31 December 2014	**2,943,468**	**24,107,664**	**7,179,748**	**47,704,588**	**81,935,468**

Provisions for Legal claims were established according to the risk assessments carried out internally by the Group with the support of its legal counsels, based on the probability of the decision being favourable or unfavourable to the Group.

The amount stated as Tax claims results from the Group's judgement at the balance sheet date, about the potential disagreement with the tax authorities, considering most recent updates about this events.

The amount shown as Others is related with provisions for multiple risks of different natures, which may originate cash outflows in the future.

31. Interest-bearing liabilities

As of 31 December 2014 and 2013, Group's net debt was as follows:

Amounts in Euro	31-12-2014	31-12-2013
Interest-bearing liabilities		
Non-current	1,276,083,559	1,895,951,695
Current	712,556,265	227,691,887
	1,988,639,824	**2,123,643,582**
Cash and cash equivalents		
Cash	411,371	389,375
Short term bank deposits	27,351,689	133,635,453
Other short term investments	575,208,712	515,454,270
	602,971,772	**649,479,098**
Market Value of shares held by the Group	274,337,016	188,865,104
Interest bearing net debt	**1,111,331,036**	**1,285,299,380**

As of 31 December 2014 and 2013, the caption other short-term investments were as follows:

Amounts in Euro	31/12/2014	31/12/2013
Short-term deposits (less than 3 month)	575,199,169	515,445,454
Other	9,543	8,816
	575,208,712	515,454,270

Non-current interest-bearing liabilities

As of 31 December 2014 and 2013, non-current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Non-current		
Bond loans	952,432,984	1,254,323,428
Commercial paper	113,150,000	211,400,000
Bank loans	211,626,775	431,795,608
Expenses with loans issuing	(10,438,194)	(15,196,037)
Interest-bearing bank debt	**1,266,771,565**	**1,882,322,999**
Financial leases	3,670,480	4,147,876
Other loans - IAPMEI	2,201,997	2,372,303
Other loans - QREN	3,439,517	7,108,517
Other interest-bearing debts	**9,311,994**	**13,628,696**
Non current interest-bearing liabilities	**1,276,083,559**	**1,895,951,695**

Bond loans

As of 31 December 2014 and 2013, current and non-current bond loans were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Bond Loans		
Portucel 2010 / 2015	60,000,000	100,000,000
Portucel 2010 / 2015 - 2nd emission	100,000,000	100,000,000
Portucel Senior Notes Due 2020	350,000,000	350,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	1,087,000	50,000,000
Semapa 2012 / 2015	299,961,000	300,000,000
Semapa 2014 / 2019	149,300,000	-
Semapa 2014 / 2020	80,000,000	-
SBI 2007 / 2017	40,000,000	40,000,000
Secil 2012 / 2017	60,000,000	60,000,000
Secil 2013 / 2016	40,000,000	40,000,000
Secil 2013 / 2018	40,000,000	40,000,000
NSOSPE	28,409,973	39,323,428
	1,423,757,973	**1,294,323,428**

Bond Loans Semapa

In April 2014 Semapa issued a bond loan amounting to Euro 150 million with maturity of 5 years (2019).

In November 2014 Semapa issued a bond loan amounting to Euro 80 million with maturity of 6 years (2020) and repurchased Euro 48.9 million of "Obrigações Semapa 2006/2016 – 2ª emissão", which were first issued by Euro 50 million.

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”. On 31 December 2014 the unit market value of these bonds was Euro 101,109.

Semapa SGPS, S.A. has one bond loan amounting to Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation “Obrigações Semapa 2006/2016”. On 31 December 2014 the unit market value of these bonds was Euro 88,333.

Bond Loans Portucel

In December 2009 Portucel contracted a loan with the term "Obrigações Portucel / 2010-2015 ', amounting to Euro 100,000,000, indexed to the 3 month Euribor with two scheduled reimbursements, 40% at the end of the fourth year and 60% in the maturity. Thus, during the first half of 2014, Portucel reimbursed Euro 40 million, and the remaining Euro 60,000,000 is outstanding as at 31 December 2014.

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.

In May 2013, Portucel performed an international bond issue amounting to Euro 350,000,000, which matures in 7 years at a rate of 5.375 %. This issue is designated “Portucel Senior Notes due 2020”.

Bond Loans Secil

In May 2013, Secil contracted two denominated bonds " Secil - 2013/2016 " and " Secil - 2013/2018 " in the amount of Euro 40,000,000 each, the first with a single repayment at maturity (2016) , and the second with three annual repayments falling due the first in 2016.

Bond Loan NSOSPE

Also, during 2012, the subsidiary NSOSPE (Brazil) issued debenture loans amounting to Real 128,100,000 with a maturity of 5 years (2017).

Commercial paper

In 2013, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 100,000,000 with 7 years maturity which amounts Euro 20,000,000 as at 31 December 2014.

In 2006, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 93,150,000 as at 31 December 2014.

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 (September 2020) increased to a maximum amount of Euro 100 million, after renegotiation. As at 31 December 2014 no issues were in place.

In 2014, Semapa contracted a commercial paper program amounting to Euro 120 million for a period of four years . As at 31December 2014 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 2014, 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 2014, 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	31-12-2014	31-12-2013
1 to 2 years	295,118,864	682,383,746
2 to 3 years	260,886,621	516,041,029
3 to 4 years	45,957,422	200,108,304
4 to 5 years	33,534,130	39,560,389
More than 5 years	647,354,236	468,906,388
	1,282,851,273	**1,906,999,856**

Current interest-bearing liabilities

As of 31 December 2014 and 2013, current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Current		
Bond loans	471,324,989	40,000,000
Bank loans	225,938,889	161,510,145
Expenses with bond loans issuing	(2,251,787)	-
Interest-bearing bank debt	**695,012,091**	**201,510,145**
Shareholders short- term loans (Note 35)	1,578,323	11,789,356
Financial leases	880,771	931,539
Other loans - QREN	2,981,730	1,811,398
Other debts	12,103,350	11,649,449
Other interest-bearing debts	**17,544,174**	**26,181,742**
Current interest-bearing liabilities	**712,556,265**	**227,691,887**

As of 31 December 2014 and 2013, non-current bank loans were as follows:

Amount in Euro	31-12-2014	31-12-2013	Reference rate
Non-current			
Holdings			
Caixa Geral de Depósitos	-	50,000,000	Euribor 6m
Banco BIC	8,571,429	14,285,715	Euribor 3m
Banco do Brasil	14,500,000	-	Euribor 3m
Cement and derivatives segment			
Amen Bank	3,454,091	4,246,069	TMM
Novo Banco	-	714,287	Euribor 6m
Banco Santander Totta	-	32,500,000	Several
Banque Mediterranee	7,450,252	7,880,347	Several
UBCI Credit	3,323,699	4,677,205	TMM
Banco BIC	24,250,000	-	Euribor 6m
Other	15,592,384	42,724,129	Several
Paper and pulp segment			
BEI	124,940,476	129,642,856	Euribor 6m
Banco Santander Totta	-	125,000,000	Euribor 6m
Banco do Brasil	-	15,000,000	Euribor 6m
Environment segment			
Banco BPI	6,433,333	4,000,000	Several
Banco Espírito Santo	-	1,000,000	Euribor 3m
Banco BIC	3,111,111	-	Euribor 6m
Caixa Económica Montepio Geral	-	125,000	Euribor 6m
Total	**211,626,775**	**431,795,608**	

As of 31 December 2014 and 2013, current bank loans were as follows:

Amount in Euro	31/12/2014	31/12/2013	Reference rate	Spread
Current				
Holdings				
Banco BPI	-	2,500,000	Euribor 1m	4.000%
NCG Banco	-	8,000,000	Euribor 6m	2.000%
Caixa Geral de Depósitos	-	50,000,000	Euribor 6m	5.000%
Caixa Económica Montepio Geral	-	935,000	Euribor 3m	3.000%
Banco BIC	5,714,286	5,714,285	Euribor 3m	5.250%
Cement and derivatives segment				
Novo Banco	29,244,942	3,214,286	Euribor 6m	Variável
Banco Santander Totta	2,671,306	32,500,000	Euribor 6m	5.000%
Banco Popular Portugal	15,000,000	-	Euribor 6m	2.750%
Banco BIC	1,350,000	-	Euribor 6m	2.375%
Other	24,767,659	28,696,850	Several	Variável
Paper and pulp segment				
Banco Santander Totta (Commercial Paper)	125,000,000	-	Euribor 6m	0.75%
Other	19,735,140	19,702,381	Several	Variável
Environment segment				
Banco BBVA	-	1,417,593	Euribor 3m	4.000%
Banco BPI	1,566,667	6,000,000	Euribor 3m	Variável
Novo Banco	-	800,000	Euribor 3m	6.000%
Banco Santander Totta	-	1,750,000	Euribor 3m	3.550%
Caixa Económica Montepio Geral	-	250,000	Euribor 3m	4.500%
Banco BIC	888,889	-	Euribor 3m	3.250%
Other	-	29,750	Euribor 3m	0.850%
Total	**225,938,889**	**161,510,145**		
	437,565,664	**593,305,753**		

Market values of shares held by the Group

As of 31 December 2014 and 2013, the market value of shares held by the Group used in the above calculation of interest bearing net debt, was detailed as follow:

Valores em Euros	31-12-2014	31-12-2013
Fair Value of Semapa's treasury shares	118,575,449	44,346,517
Fair Value of Portucel's treasury shares	155,761,567	144,401,466
Fair Value of BES Shares	-	117,121
	274,337,016	**188,865,104**

Liabilities related to financial leasing

As of 31 December 2014 and 2013, 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	31-12-2014	31-12-2013
Less than 1 year	1,012,130	1,068,480
1 to 2 years	970,608	981,199
2 to 3 years	898,627	966,137
3 to 4 years	948,844	962,809
4 to 5 years	227,078	1,011,603
More than 5 years	822,494	525,104
	4,879,781	**5,515,332**
Future interest	(328,530)	(435,917)
Liabilities present value	**4,551,251**	**5,079,415**

As at 31 December 2014 and 31 December 2013, Group's assets acquired under financial lease , was as follows:

	31-12-2014			31-12-2013		
Amounts in Euro	Acquisition Value	Accumulated Depreciation	Net Book Value	Acquisition Value	Accumulated Depreciation	Net Book Value
Building	2,000,815	(49,048)	**1,951,767**	2,000,815	(11,158)	**1,989,657**
Machinery and equipment	4,365,548	(2,252,534)	**2,113,014**	4,365,548	(1,679,936)	**2,685,612**
Machinery and equipment - IFRIC 4 (Note 17)	14,000,000	(7,945,946)	**6,054,054**	14,000,000	(6,432,433)	**7,567,567**
Transport equipment	402,532	(213,427)	**189,105**	1,048,032	(745,816)	**302,216**
	20,768,895	**(10,460,955)**	**10,307,940**	**21,414,395**	**(8,869,343)**	**12,545,052**

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

As at 31 December 2014 and 2013, bank credit facilities granted and not drawn amounted to Euro 758,311,960 and Euro 455,399,509 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, as of 31 December 2014 and 2013 the group complies with the financial ratios limits imposed under its financing contracts.

32. Payables and other current liabilities

As of 31 December 2014 and 2013, the caption Payables and other current liabilities comprised:

Amounts in Euro	31-12-2014	31-12-2013
Accounts payable to suppliers	184,937,519	202,140,900
Accounts payable to suppliers of fixed assets	5,441,311	6,603,159
Instituto do Ambiente	17,733,481	10,823,446
Derivative financial instruments (Note 34)	22,496,057	27,439,147
Other creditors	18,945,042	8,478,126
Related parties (Note 35)	2,508,166	2,826,922
Accrued costs	79,722,639	63,848,213
Deferred income	11,774,684	9,988,437
	343,558,899	**332,148,350**

As of 31 December 2014 and 2013, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	31-12-2014	31-12-2013
Accrued costs		
Insurance costs	46,961	24,738
Payroll expenses	33,588,888	25,715,055
Interests payable	18,512,920	19,813,303
Accrued - energy costs	12,117,687	6,625,787
Transport services	367,881	802,295
Bank services	197,948	548,229
Audit fees	71,266	177,599
Consulting fees	1,730,712	2,291,568
IT Services	435,450	179,027
Other	12,652,926	7,670,612
	79,722,639	**63,848,213**
Deferred Income		
Government grants	5,792,660	5,382,301
Grants - CO2 emission allowances	5,712,446	3,814,584
Others	269,578	791,552
	11,774,684	**9,988,437**

In 2006 the Group Portucel and API- Agência Portugesa para o Investimento (currently designated AICEP- Agência para o investimento e comércio externo em Portugal) 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 75 million and Euro 102 million, respectively.

On 18 June 2014, the subsidiary of CelCacia - Cacia Celulose S.A. Group, signed with AICEP- Agência para o investimento e comércio externo em Portugal, two contracts with financial and tax incentives, aiming to promote the investment in the capacity expansion project of Cacia pulp mill, amounting to Euro 56.3 million. The approved incentives comprise Euro 11.260 million of refundable financial incentives and Euro 6.756 million of tax incentives. The contract includes an additional grant, which is the conversion of the refundable incentive into non-refundable, up to 75 %, if some objectives are achieved.

The caption Government grants comprises an amount of Euro 5,792,660 (31 December 2013: Euro 5,382,301) regarding loans classified as current liabilities, from the referred financial incentive contracts, with the remaining share to be recognised, as at 31 December 2014, in the amount of Euro 31,641,551 classified in Other non-current liabilities.

As of 31 December 2014 and 2013 the movements in government grants, current and non-current, were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Opening Balance	43,222,942	49,323,038
Utilization	(5,819,584)	(6,131,208)
(Regularization/payments)	30,853	31,112
	37,434,211	**43,222,942**

As at 31 December 2014 and 31 December 2013, the caption Non-current liabilities were detailed as follows:

Amounts in Euro	31-12-2014	31-12-2013
Non-current liabilities		
Government grants	31,641,551	37,840,641
Equipments - Omya (IFRIC 4)	6,910,099	8,418,495
Other	-	585,000
	38,551,650	**46,844,136**

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. As at this date the Company was unable to conclude the sale of the referred assets.

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 2014 and 2013, the reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities included therein is detailed as follows:

31 December 2014	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 / 32	Note 24 / 32	Note 24	Note 20	Note 21	Note 32	Note 24 / 32
Assets							
Financial assets at fair value through profit or loss	-	-	-	451,485	-	-	-
Financial assets held-for-sale	-	-	-	-	229,136	-	-
Other non - current assets	-	-	4,914,177	-	-	-	-
Current assets	-	-	270,639,851	-	-	-	12,872,553
Cash and cash equivalents	-	-	602,971,772	-	-	-	-
Total assets	**-**	**-**	**878,525,800**	**451,485**	**229,136**	**-**	**12,872,553**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,276,083,559	-
Other liabilities	-	-	-	-	-	-	38,551,650
Current interest-bearing liabilities	-	-	-	-	-	712,556,265	-
Current liabilities	1,342,225	21,153,832	-	-	-	291,554,677	29,508,165
Total liabilities	**1,342,225**	**21,153,832**	**-**	**-**	**-**	**2,280,194,501**	**68,059,815**

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 / 32	Note 24 / 32	Note 24	Note 20	Note 21	Note 32	Note 24 / 32
Assets							
Financial assets at fair value through profit or loss	-	-	-	482,923	-	-	-
Financial assets held-for-sale	-	-	-	-	346,257	-	-
Other non - current assets	-	-	6,053,886	-	-	-	-
Current assets	549,601	259,742	267,856,246	-	-	-	10,713,278
Cash and cash equivalents	-	-	649,479,098	-	-	-	-
Total assets	**549,601**	**259,742**	**923,389,230**	**482,923**	**346,257**	**-**	**10,713,278**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,895,951,695	-
Other liabilities	-	-	-	-	-	-	46,844,136
Current interest-bearing liabilities	-	-	-	-	-	227,691,887	-
Current liabilities	-	27,439,147	-	-	-	283,897,320	20,811,883
Total liabilities	**-**	**27,439,147**	**-**	**-**	**-**	**2,407,540,902**	**67,656,019**

As of 31 December 2014 and 2013 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 2014 according to the following 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	31-12-2014	Level 1	Level 2
Financial assets at fair value recognised in reserves			
Hedging (Note 24)	-	-	-
Financial assets at fair value through profit or loss			
Shares (Note 20)	451,485	451,485	-
Financial assets held-for-sale			
Shares (Note 21)	229,136	229,136	-
	680,621	680,621	-

Amounts in Euro	31/12/2013	Level 1	Level 2
Financial assets at fair value recognised in reserves			
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	31/12/2014	Level 1	Level 2
Financial liabilities at fair value recognised in reserves			
Hedging (Note 32)	(21,153,832)	-	(21,153,832)
Financial liabilities at fair value through profit or loss			
Trading (Note 32)	(1,342,225)	-	(1,342,225)
	(22,496,057)	-	(22,496,057)

Amounts in Euro	31/12/2013	Level 1	Level 2
Financial assets at fair value recognised in reserves			
Hedging (Note 32)	(27,439,147)	-	(27,439,147)
Financial assets at fair value through profit or loss			
Trading	-	-	-

Derivative financial instruments

As of 31 December 2014, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Variation Fair Value	Variation Fair Value (Cover)	Total
As of 1 January 2014	546,601	(27,179,405)	(26,632,804)
Maturity / Settlement	(211,018)	7,672,098	7,461,080
Changes in fair value recognised in results (Note 10)	(1,680,808)	(4,468,837)	(6,149,645)
Changes in fair value recognised in reserves	-	2,822,312	2,822,312
As of 31 December 2014	(1,342,225)	(21,153,832)	(22,496,057)

Details and maturity of the Derivative Financial Instruments

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 2014 and 2013, relating to financial instruments were as follows:

			31-12-2014			31-12-2013
Amounts in Euro	Amount	Maturity	Positive	Negative	Net	Net
Hedging						
Interest rate collar (SWAP's)	225,000,000	2015	-	(7,646,928)	(7,646,928)	(11,075,860)
Coverage of net investment (USD)	25,050,000	2015	-	(576,895)	(576,895)	259,742
Exchange rate forwards - future sales (USD)	151,200,000	2015	-	(1,233,629)	(1,233,629)	-
Hedging price of pulp (USD)	-	2014	-	-	-	(38,316)
Interest rate swaps (SWAP´S) EUR	165,000,000	2015/17	-	(5,046,807)	(5,046,807)	(5,571,693)
Interest and exchange rate swaps (BRL)	128,100,000	2017	-	(6,649,573)	(6,649,573)	(10,753,278)
			-	**(21,153,832)**	**(21,153,832)**	**(27,179,405)**
Trading						
Exchange rate forwards (USD)	58,630,000	2015	-	(1,231,143)	(1,231,143)	669,424
Exchange rate forwards (GBP)	7,100,000	2015	-	(111,082)	(111,082)	(119,823)
			-	**(1,342,225)**	**(1,342,225)**	**549,601**
			-	**(22,496,057)**	**(22,496,057)**	**(26,629,804)**

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. 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 2014 the Company has in place financial foreign exchange instruments classified as trading with a notional amount of Euro 1,342,225 negative value (31 December 2013: Euros 549,601 positive values).

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 2014, 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 2014, the amount reflected in the Translation reserve amounts to Euro 2,329,120 negative value (31 December 2013: Euros 213,354 positive value).

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.

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 2014, the total amount of loans with associated interest rate hedges (excluding the interest rate and exchange rate hedging described below) were Euro 390 million (2014: 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 in order to limit the net exchange risk associated with sales and estimated future purchases in USD.

In this context, throughout 2014, the Group arranged a set of financial structures to cover a portion of the net currency exposure of 2015 estimated sales in USD. The arranged Derivative financial instruments were collars with no associated costs, amounting to USD 151, 2 million with maturities ranging from 1 January to 31 December 2015.

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 2014 and 2013, related parties receivables and payables comprised:

Amounts in Euro	31-12-2014 Other receivables (Note 24)	31-12-2014 Other payables (Note 32)	31-12-2014 Interest-bearing liabilities (Note 31)	31-12-2013 Other receivables (Note 24)	31-12-2013 Other payables (Note 32)	31-12-2013 Interest-bearing liabilities (Note 31)
Shareholders						
Cimo SGPS, S.A.	-	-	-	-	-	231,148
Longapar, SGPS, S.A.	-	1,160	-	-	1,160	7,192,833
OEM SGPS, SA	-	-	1,578,323	-	-	1,486,152
Cimigest, SGPS, S.A.	-	-	-	-	-	2,879,223
Other related entities						
Ave-Gestão Ambiental, S.A.	96,083	368,405	-	102,995	342,586	-
Cotif Sicar	-	86,794	-	-	19,560	-
Inertogrande	207,967	-	-	204,678	-	-
J.M.J. Henriques, Lda.	117,959	-	-	114,683	-	-
Sociedade de Inertes, Lda	-	-		-	-	-
Secil Prebetão, S.A.	158,211	31,565	-	210,470	22,047	-
Secil Unicon - S.G.P.S., Lda	47,533	-	-	44,328	-	-
Seribo, S.A.	-	310,286	-	-	305,476	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	363,410	-	-	479,084	-
Supremo Cimentos, S.A.	24,493,948	-	-	1,001,030	-	-
Margem - Companhia de Mineração, S.A.	1,303,073	-	-	1,327,162	-	-
Other related parties	-	18,514	-	79,345	18,180	-
Other subsidiaries shareholders	-	1,328,032	-	480,122	1,638,829	-
Total	**26,424,774**	**2,508,166**	**1,578,323**	**3,564,813**	**2,826,922**	**11,789,356**

As of 31 December 2014 and 2013, transactions between shareholders comprised:

Amounts in Euro	2014 Service purchase	2014 Net Financial costs (Note 10)	2013 Service purchase	2013 Net Financial costs (Note 10)
Shareholders				
Cimigest SGPS, S.A.	(107,740)	(82,006)	(1,607,740)	(8,297)
Cimo SGPS, S.A.	-	(8,260)	-	(30,669)
Longapar, SGPS, S.A.	-	(210,687)	-	(228,694)
OEM SGPS, S.A.	-	(46,228)	-	(29,537)
	(107,740)	**(347,181)**	**(1,607,740)**	**(297,197)**

As of 31 December 2014 and 2013, transactions between other related parties comprised:

Amounts in Euro	2014 Service purchase	2014 Sales of goods and services rendered	2014 Operating income	2014 Net Financial costs (Note 10)
Other related entities				
Ave-Gestão Ambiental, S.A.	(4.266.591)	68.591	70.452	-
Seribo, S.A.	-	-	-	(4.810)
Secil Prebetão, S.A.	(56.275)	750.329	2.710	2.817
Setefrete, S.A.	(3.771.650)	-	18.023	-
Supremo Cimentos, S.A.	-	13.952.975	3.321	2.113.447
Margem - Comp.ª Mineração, S.A.	-	-	21.544	-
Others	-	-	3.600	(334)
	(8.094.516)	**14.771.895**	**119.650**	**2.111.120**

Amounts in Euro	2013 Service purchase	Sales of goods and services rendered	Operating income	Net Financial costs (Note 10)
Other related entities				
Ave - Gestão Ambiental, S.A.	(3.409.317)	127.753	565.011	-
Seribo, S.A.	-	-	-	(4.810)
Inertogrande	-	-	1.800	-
J.M.J. Henriques, Lda.			1.323.942	-
Secil Prebetão, S.A.	(91.220)	730.767	2.116	-
Secil Unicon - SGPS, Lda.	-	-	-	2.492
Setefrete, S.A.	(2.197.148)	-	29.574	-
Supremo Cimentos, S.A.	-	11.669.303	11.633	-
Others	-	-	-	7.179
	(5.697.685)	**12.527.823**	**1.934.076**	**4.861**

36. 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 2014 and 2013, were as follows:

Valores em Euros	31-12-2014 Revenue	31-12-2014 Expenses of the period	31-12-2014 Capitalisation of the period	31-12-2013 Revenue	31-12-2013 Expenses of the period	31-12-2013 Capitalisation of the period
Atmospheric emissions	-	859,405	281,390	-	959,171	2,643,482
Management of residual waters	-	41,570	-	-	38,608	-
Residual managements	(948,593)	1,596,054	350,590	(898,929)	1,549,914	6,690,176
Protection of Nature	-	511,908	21,378	-	506,726	37,201
Protection of soils and underground waters	-	7,058,517	25,859	-	10,997,849	-
Materials recycling	-	1,487,517	-	-	1,934,516	-
Liquid effluent treatment	-	630,594	-	-	1,323,972	-
Expenses with electrofilters	-	757,940	-	-	592,635	-
Solid waste landfill	-	599,353	-	-	527,971	-
Sewerage	-	466,013	-	-	41,309	-
Recovery boiler	-	-	31,610	-	-	198,469
Generator of the oil boiler	-	-	75,684	-	-	677,911
Security facilities improvement	-	-	129,407	-	-	701,806
Other environmental protection activities	-	854,029	213,993	-	1,424,028	199,495
	(948,593)	**14,862,900**	**1,129,911**	**(898,929)**	**19,896,699**	**11,148,540**

37. Audit fees

In the years ended 31 December 2014 and 2013, expenses with statutory audit and audit services, comprised:

Amounts in Euro	2014	2013
Statutory audit services		
Statutory auditors services	374,623	983,374
Auditor services in foreign subsidiaries	220,999	266,456
Tax consultancy services	67,714	106,638
Other reliability assurance services	139,720	260,892
	803,056	**1,617,360**

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.

38. Number of employees

At 31 December 2014 and 2013, the number of employees in service of the Group's various companies, was as follows:

Segment	31-12-2014	31-12-2013	Var. 14/13
Pulp and paper	2,325	2,258	67
Cement and derivatives	2,034	2,087	(53)
Environment	285	286	(1)
Holdings and others	24	22	2
	4,668	4,653	15

39. Commitments

As of 31 December 2014 and 2013, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Warranties		
IAPMEI (in the perimeter of QREN)	1,807,337	2,299,046
Clearance products	2,715,419	1,673,096
AT - Portuguese Tax Authorities	2,312,169	15,715,687
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,633,394	2,547,495
Direcção Geral de Alfândegas	800,000	854,414
APDL - Administração do Porto de Leixões	706,062	676,920
Simria	327,775	327,775
Instituto de Conservação da Natureza - Arrábida	280,639	454,958
Secretaria Regional do Ambiente e Recursos Naturais	274,595	274,595
IAPMEI (in the perimeter of PEDIP)	415,934	99,760
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,421
Comissão de Coordenação e Desenv. Regional Centro	845,173	845,173
Comissão de Coordenação e Desenv. Regional LVT	1,134,778	994,338
Comissão de Coordenação e Desenv. Regional Algarve	480,804	480,804
Others	1,595,436	2,567,333
	16,565,918	30,047,815
Other commitments		
Of purchase		
Tangible fixed assets	25,459,825	11,532,501
Others	8,226,283	7,021,582
Forestry land rents	63,308,069	43,365,670
Mortgage loan guarantee	1,495,271	1,634,452
	98,489,448	63,554,205
	115,055,366	93,602,020

Liabilities assumed due to operating leases

As of 31 December 2014 and 2013 debt's reimbursement plans for operating leases are as follows:

Amount in Euro	31/12/2014	31/12/2013
Less than 1 year	325,685	2,249,157
Over 1 year and less than 5 years	4,316,595	3,312,203
	4,642,280	**5,561,360**
Costs incurred in the year	**2,868,488**	**3,465,540**

40. 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 2014 the bank loan outstanding amounted to Euro 714,286.

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. was incorporated in 29 November 2005 – approximately 51% held by the SECIL Group and, indirectly, 49% by the Angolan State - 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, was 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.

Secil Lobito is updating this project to the current Angolan reality. Following the answer given by ANIP to the request made by Secil Lobito on July 2014 the Company expects to renegotiate during 2015 some of the clauses of the agreement signed on December 2007.

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 (50% held by Semapa Group) renewed two loans denominated " Cédulas de crédito bancário" amounting to Real 50 million each. Additionally, in April 2014 the Company contracted two loans denominated "cédulas de crédito bancário" amounting to Real 25 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.

41. Contingent assets

Non-tax matters

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 and appeal to the Administrative Supreme Court (STA) was performed, which has brought down the action to Central Administrative Court (TCA) on July 4, 2013.

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.

On 24 May 2014, the Administrative and Fiscal Court of Almada denied the request of the Group to present testimonial proves, requesting written allegations. On 30 June 2014, the Group presented its complaint to the conference about this position, whilst present on the same date the written allegations requested by the Court.

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 as detailed:

Amounts in Euro	Period	Amonts requested	1st refund	Decreases in the perimeter of RERD	Process in favor of the Group	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	-	-	(139,023)	627,372
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)**	**(139,023)**	**22,146,247**
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	**-**	**-**	**(497,669)**	**8,253,795**
		41,715,751	**(8,210,545)**	**(2,468,472)**	**(636,692)**	**30,400,042**

Group Portucel - RFAI Energia – Euros 10.118.065

Part of the investment considered relevant in terms of RFAI tax incentives, as foreseen in the Law nº10/2009 of 10 March, regards the biomass cogeneration units acquired by Portucel. It is the Portuguese tax authorities understanding that Portucel cannot benefit from the mentioned tax incentives regarding the mentioned units, as the company's main activity is not the production of energy. Therefore, the group amended 2011 corporate income tax in the caption of tax benefits considered in the calculation.

The debt was paid, lying in discussion with Tax authorities administratively.

The Group's will proceed with the defence of its position in Court in the event that the administrative process referred above is denied.

42. Exchange Rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 31 December 2014.

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 2014 and 2013, against the Euro, were as follows:

	31-12-2014	31-12-2013	Valuation/ (depreciation)		31-12-2014	31-12-2013	Valuation/ (depreciation)
TND (tunisian dinar)				DKK (danish krone)			
Average exchange rate for the year	2.2516	2.1576	(4.36%)	Average exchange rate for the year	7.4548	7.4579	0.04%
Exchange rate at the end of the year	2.2490	2.2615	0.55%	Exchange rate at the end of the year	7.4453	7.4593	0.19%
LBN (libanese pound)				HUF (hungarian florim)			
Average exchange rate for the year	2,000.80	2,002.10	0.06%	Average exchange rate for the year	308.5600	296.8869	(3.93%)
Exchange rate at the end of the year	1,830.30	2,079.00	11.96%	Exchange rate at the end of the year	315.5400	297.4000	(6.10%)
USD (american dollar)				AUD (australian dollar)			
Average exchange rate for the year	1.3285	1.3281	(0.03%)	Average exchange rate for the year	1.4719	1.3783	(6.79%)
Exchange rate at the end of the year	1.2141	1.3791	11.96%	Exchange rate at the end of the year	1.4829	1.5423	3.85%
GBP (sterling pound)				MZM (mozambican metical)			
Average exchange rate for the year	0.8061	0.8493	5.09%	Average exchange rate for the year	40.8981	39.8081	(2.74%)
Exchange rate at the end of the year	0.7789	0.8337	6.57%	Exchange rate at the end of the year	38.5100	41.5600	7.34%
PLN (polish zloty)				BRL (brazilian real)			
Average exchange rate for the year	4.1834	4.1981	0.35%	Average exchange rate for the year	3.1225	2.8685	(8.85%)
Exchange rate at the end of the year	4.2732	4.1543	(2.86%)	Exchange rate at the end of the year	3.2207	3.2526	0.98%
SEK (swedish krone)				MAD (moroccan dirame)			
Average exchange rate for the year	9.0990	8.6505	(5.18%)	Average exchange rate for the year	11.1712	11.1559	(0.14%)
Exchange rate at the end of the year	9.3930	8.8591	(6.03%)	Exchange rate at the end of the year	11.0503	11.2276	1.58%
CZK (czech krone)				NOK (norwegian krone)			
Average exchange rate for the year	27.5355	25.9792	(5.99%)	Average exchange rate for the year	8.3547	7.8060	(7.03%)
Exchange rate at the end of the year	27.7350	27.4270	(1.12%)	Exchange rate at the end of the year	9.0420	8.3630	(8.12%)
CHF (swiss franc)				AOA (angolan kwanza)			
Average exchange rate for the year	1.2146	1.2312	1.34%	Average exchange rate for the year	132.1210	128.1283	(3.12%)
Exchange rate at the end of the year	1.2024	1.2276	2.05%	Exchange rate at the end of the year	126.3854	136.8127	7.62%
TRY (turkish lira)							
Average exchange rate for the year	2.9065	2.5335	(14.72%)				
Exchange rate at the end of the year	2.8320	2.9605	4.34%				

43. Companies included in the consolidation

Instrumental companies included in consolidation

		Direct and indirect % of equity held by Semapa		
Name	Head Office	Direct	Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon			
Subsidiaries				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
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
NSOSPE - Empreendimentos e Participações, S.A.	Rio de Janeiro	74.85	25.15	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

		Direct and indirect % of equity held by ETSA			% shares held by Semapa
Name	Head Office	Direct	Indirect	Total	
Parent - company:					
ETSA - Investimentos, SGPS, SA	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 – Direct	Indirect	Total	% of shares held by Semapa
Parent - company:					
Portucel, S.A.	Setúbal	47.49	33.69	81.18	81.18
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	81.18
Portucel Florestal, SA	Setúbal	100.00	-	100.00	81.18
PS Parques Industriais, SA	Setúbal	100.00	-	100.00	81.18
PortucelSoporcel Internacional SGPS SA	Setúbal	100.00	-	100.00	81.18
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	25.00	75.00	100.00	81.18
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25.00	75.00	100.00	81.18
PortucelSoporcel International Finance, BV	The Netherlands	25.00	75.00	100.00	81.18
Colombo Energy Inc.	EUA	25.00	75.00	100.00	81.18
Portucel Finance, Zoo	Poland	25.00	75.00	100.00	81.18
PortucelSoporcel Floresta, SGPS, SA	Setúbal	100.00	-	100.00	81.18
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	81.18
PortucelSoporcel Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	81.18
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios ACE	Portugal	-	64.80	64.80	52.60
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	81.18
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	81.18
Atlantic Forests, SA	Setúbal	-	100.00	100.00	81.18
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00	76.31
Bosques do Atlantico, SL	Spain	-	100.00	100.00	81.18
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100.00	-	100.00	81.18
Soporcel Pulp - Sociedade Portuguesa de Celulose, SA	Figueira da Foz	-	100.00	100.00	81.18
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100.00	100.00	81.18
CELCACIA - Celulose de Cacia, S.A.	Aveiro	0.01	99.99	100.00	81.18
Portucel International GmbH	Germany	-	100.00	100.00	81.18
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	81.18
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100.00	100.00	81.18
Portucel Papel Setúbal, S.A.	Setúbal	-	100.00	100.00	81.18
Portucel Soporcel North America Inc.	USA	-	100.00	100.00	81.18
PortucelSoporcel Sales & Marketing NV	Belgium	25.00	75.00	100.00	81.18
PortucelSoporcel Lusa, Lda	Figueira da Foz	-	100.00	100.00	81.18
PortucelSoporcel Fine Paper , S.A.	Setúbal	-	100.00	100.00	81.18
PortucelSoporcel Afrique du Nord	Morocco	-	100.00	100.00	81.18
PortucelSoporcel Switzerland	Switzerland	25.00	75.00	100.00	81.18
PortucelSoporcel España, SA	Spain	-	100.00	100.00	81.18
PortucelSoporcel International, BV	The Netherlands	-	100.00	100.00	81.18
PortucelSoporcel France, EURL	France	-	100.00	100.00	81.18
PortucelSoporcel United Kingdom, Ltd	UK	-	100.00	100.00	81.18
PortucelSoporcel Italia, SRL	Italy	-	100.00	100.00	81.18
PortucelSoporcel Deutschland, GmbH	Germany	-	100.00	100.00	81.18
PortucelSoporcel Handels, GmbH	Austria	-	100.00	100.00	81.18
PortucelSoporcel Poland SP Z O	Poland	-	100.00	100.00	81.18
PortucelSoporcel International	Switzerland	-	100.00	100.00	81.18
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	81.18
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100.00	100.00	81.18
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	81.18
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	81.18
PortucelSoporcel Participações, SGPS SA	Setúbal	25.14	74.86	100.00	81.18
EucaliptusLand, SA	Setúbal	-	100.00	100.00	81.18
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	81.18
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	81.18
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	81.18
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	40.59
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	81.18
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15	73.99
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	75.14
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	74.25
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	81.18
PortucelSoporcel Serviços Partilhados, SA	Figueira da Foz	-	100.00	100.00	81.18
PortucelSoporcel Abastecimento de Madeira, ACE	Setúbal	60.00	40.00	100.00	81.18

Subsidiary companies of sub-group Secil – under full consolidation

Name	Head Office	% direct and indirect equity held by Secil - Direct	Indirect	Total	% of shares held by Semapa
Parent - company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	-	99.998	99.998	99.998
Subsidiaries:					
Somera Trading Inc.	Panamá	-	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
Sociedade de Inertes, Lda	Nacala	-	99.00	99.00	98.998
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.	Setúbal	100.00	-	100.00	99.998
Unibetão - Indústrias de Betão Preparado, S.A.	Lisboa	-	100.00	100.00	99.998
Britobetão - Central de Betão, Lda.	Évora	-	91.00	91.00	90.998
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.	Santarém	-	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
Prescor Produção de Escórias Moídas, 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.	Beirut	28.64	22.41	51.05	51.049
Soime, S.A.L.	Beirut	-	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.	Funchal	-	29.14	29.14	29.142
Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos, S.A.	Setúbal	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

44. Shareholders equity and net profit reconciliation with the individual financial statements

The individual financial statements of Semapa, SGPS, S.A. are prepared in compliance with all standards that comprised in the Portuguese GAAP (SNC).

The reconciliation between the consolidated and individual net profit for the years of 2014 and 2013 is presented as follows:

Amounts in Euro	2014	2013
Net profit for the year - SNC	**112,508,253**	**134,981,089**
Fair Value difference in subsidiaries and non-controlling interests acquisitions	-	15,299,888
Hedging derivative financial instruments treatment	289,629	(4,155,523)
Other	(36)	18
Net profit for the year - IFRS	**112,797,846**	**146,125,472**

The reconciliation between the consolidated and individual shareholders' equity as at 31 December 2014 and 2013 presents itself as follows:

Amounts in Euro	31-12-2014	31-12-2013
Total Equity - Portuguese GAAP - SNC	**1,012,769,016**	**994,690,288**
Government grants recognised in shareholders equity	(19,606,311)	(21,202,254)
Differences in non-controlling interest acquisitons	(92,764,266)	(92,764,266)
Total Equity - IFRS	**900,398,439**	**880,723,768**

45. Subsequent events

Arbitration process EDP - Soporgen

On 30 January 2015, Group Portucel was notified of the court decision on the dispute with Group EDP regarding the acquisition of the representing remaining shares in Soporgen, under which the Group was previously reporting the existence of a contingent asset amounting to Euro 5,348,706. The decision of the arbitral court was contrary to the Group's claims, not subject to appeal.

Acquisition of AMS by the Portucel Group

As communicated to the market on 10 February 2015, Portucel acquired as at 6 February 2015 the share capital of AMS BR Star Paper, SA, a tissue paper manufacturer located in Vila Velha de Rodão.

46. 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 DIRECTOS

Chairman:

Pedro Mendonça de Queiroz Pereira

Members:

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana Baptista

Francisco José Melo e Castro Guedes

Jorge Maria Bleck

Manuel Custódio de Oliveira

Vitor Manuel Galvão Rocha Novais Gonçalves

Vitor Paulo Paranhos Pereira

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 2014 (which shows total assets of Euro 4,104,644,487 and total shareholder's equity of Euro 1,236,822,853 including non-controlling interests of Euro 336,424,414 and a net profit of Euro 112,797,846), 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

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 451º 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 2014, 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 245º-A of the Portuguese Securities Market Code.

23 March 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, 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

Year 2014

Shareholders,

1. As laid down by law, established in the articles of association and in carrying out the mandate entrusted to us, we hereby deliver our report on the audit activities performed in 2014 and issue our opinion on the Management Report and the Consolidated Financial Statements submitted by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the year ended 31 December 2014.

2. During the year, we monitored the company's activity and that of its main subsidiaries and affiliated companies on a regularly basis, with the frequency and to the extent that we deemed appropriate, namely through regular meetings with the Company's Management and Directors. We oversaw the reviewing of the accounting records and the supporting documentation, and the efficacy of the risk management, internal control and audit systems. We ensured compliance with the law and the Articles of Association. We did not run up against any constraints in the exercise of our duties.

3. We met several times with the statutory auditor and the external auditor, PricewaterhouseCoopers & Associados, SROC, Lda. to monitor the audits conducted and supervise their independence. We have analysed the legal Accounts Certificate and Audit Report, which merit our agreement.

4. Within the scope of our competences, we found that:

a) the Consolidated Income Statement, the Consolidated Financial Statement, the Statement of Comprehensive Income, the Statement of Consolidated Changes in Equity and the Consolidated Cash Flow Statement and its Notes give a true and fair view of the financial position of the company, in respect of its results, comprehensive income, changes in equity and cash flow;

b) the accounting policies and valuation criteria applied are in conformity with the International Financial Reporting Standards (IFRS),as adopted in the European Union, and ensure that a true and fair assessment of the company's assets and results is given, and the findings and recommendations of the external auditor have been followed through;

c) the Management Report clearly shows the development of the business and the situation of the company and its subsidiaries included in the consolidation, highlighting key aspects of the activity;

d) the Corporate Governance Report covers all of the points referred to in Article 245 A of the Securities Code.

5. Consequently, taking into account the information delivered by the Company's Board of Directors and Company Departments, and the conclusions of the Legal Accounts Certificate and Audit Report, we are of the opinion that:

a) the Management Report should be approved;

b) the Consolidated Financial Statements should be approved.

6. Finally, the members of the Audit Board are grateful to the Board of Directors, the senior managers and other company staff for their collaboration.

Lisbon, 24 March 2015

The Chairman of the Audit Board

Miguel Camargo de Sousa Eiró

Member of the Audit Board

Duarte Nuno D'Orey da Cunha

Member of the Audit Board

Gonçalo Nuno Palha Gaio Picão Caldeira

PART 5

SEPARATE FINANCIAL STATEMENTS

INCOME STATEMENT BY NATURE
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Note	2014	2013
REVENUES AND COSTS			
Sales and services rendered	5	13,337,721	9,488,889
Gains / (losses) of subsidiaries, associates and joint ventures	6	146,141,225	115,768,091
Cost of materials and services consumed	7	(3,354,078)	(4,963,755)
Payroll costs	8	(5,480,416)	(9,716,612)
Provisions [increase / (decrease)]	9	(5,539,798)	(19,112)
Fair value [increase / (decrease)]	10	(246,715)	(47,987)
Other operating income	11	17,563	7,577,474
Other costs and losses	11	(852,650)	(1,283,235)
Profit before depreciation, net finance costs and taxes		**144,022,852**	**116,803,753**
(Expenses) / reversals of depreciation and amortisation	12	(358,379)	(338,449)
Operating profit (before net finance costs and taxes)		**143,664,473**	**116,465,304**
Interest and similar income	13	1,332,585	28,904,121
Interest and similar expense	13	(48,912,413)	(48,123,272)
Profit before tax		**96,084,645**	**97,246,153**
Income tax expense	14	16,423,608	37,734,936
Profit for the year		**112,508,253**	**134,981,089**
Earnings per share			
Basic earnings per share, Eur	15	1.01	1.20
Diluted earnings per share, Eur	15	1.01	1.20

BALANCE SHEET
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Note	31/12/2014	31/12/2013
ASSETS			
Non-current assets			
Property, plant and equipment	16	952,197	1,206,653
Goodwill	17	237,577,174	55,935,308
Financial investments - equity method	6	1,650,369,364	1,365,690,197
Other financial assets		-	432,643,043
Deferred tax assets	27	24,461,315	39,488,109
		1,913,360,050	**1,894,963,310**
Current assets			
State and other public entities	18	4,661,700	479,067
Receivables and other current assets	19	25,513,452	24,698,853
Deferred assets	20	226,068	249,363
Financial assets held for trading	21	404,062	552,786
Other financial assets	22	8,234,474	5,709,974
Cash and cash equivalents	4	306,952	389,907
		39,346,708	**32,079,950**
Total Assets		**1,952,706,758**	**1,927,043,260**
EQUITY AND LIABILITIES			
Equity			
Share capital	23	118,332,445	118,332,445
Treasury shares	23	(108,444,835)	(47,164,986)
Share premiums	24	3,923,459	3,923,459
Legal reserves	24	23,666,489	23,666,489
Other reserves	24	1,000,223,596	902,720,151
Retained earnings	24	(78,037,726)	(77,969,159)
Adjustments on financial assets	24	(31,951,021)	(38,718,974)
Other changes in equity	24	(27,451,644)	(25,080,226)
		900,260,763	**859,709,199**
Profit for the year		112,508,253	134,981,089
Total Equity		**1,012,769,016**	**994,690,288**
Liabilities			
Non-current liabilities			
Provisions	9	10,258,910	4,719,112
Interest-bearing liabilities	25	538,605,710	794,053,167
Pensions and other post-employment benefits	26	1,360,557	1,355,943
Passivos por impostos diferidos	27	1,357,372	-
		551,582,549	**800,128,222**
Current liabilities			
Payables and other current liabilities	28	137,296	57,564
State and other public entities	18	1,205,873	18,030,013
Interest-bearing liabilities	25	341,139,510	78,952,925
Other current liabilities	29	45,864,162	35,178,062
Deferred liabilities	20	8,352	6,186
		388,355,193	**132,224,750**
Total liabilities		**939,937,742**	**932,352,972**
Total equity and liabilities		**1,952,706,758**	**1,927,043,260**

STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY 2013 TO 31 DECEMBER 2014

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	Dividends paid in advance	Total
Equity as of 1 January 2013	1		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			-	-	-	-	-	-	(33,236,194)	-	-	-	(33,236,194)
Fair value changes on derivatives financial instruments			-	-	-	-	-	-	-	589,038	-	-	589,038
Actuarial gains / (losses)			-	-	-	-	-	(37,773)	-	-	-	-	(37,773)
Transfer to reserves and retained earnings			-	-	-	-	-	(109,655,322)	-	-	109,655,322	-	-
	2		-	-	-	-	-	(109,693,095)	(33,236,194)	(2,068,454)	109,655,322	-	(35,342,421)
Profit for the year	3										134,981,089	-	134,981,089
Comprehensive income	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 2013	6=1+2+3+5		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

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	Dividends paid in advance	Total
Equity as of 1 January 2014	6		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
Changes in the period													
Reconhecimento dos subsídios ao investimento no capital próprio das subsidi		6	-	-	-	-	-	-	-	(8,717,617)	-	-	(8,717,617)
Realização de excedente de revalorização de activos fixos tangíveis e intangíveis													
Ajustamentos por impostos diferidos		24	-	-	-	-	-	-	6,767,953	-	-	-	6,767,953
Income and expenses recognised directly in equity		30	-	-	-	-	-	-	-	6,346,199	-	-	6,346,199
Share of other comprehensive income of subsidiaries		26	-	-	-	-	-	(68,567)	-	-	-	-	(68,567)
Actuarial gains / (losses)		24	-	-	-	-	97,503,446	-	-	-	(97,503,446)	-	-
	7		-	-	-	-	97,503,446	(68,567)	6,767,953	(2,371,419)	(97,503,445)	-	4,327,968
Profit for the year	8										112,508,253	-	112,508,253
Comprehensive income	9=7+8										15,004,808	-	116,836,221
Operations with shareholders in the period													
Acquisitions Treasury Shares				(61,279,849)									(61,279,849)
Reserves paid		24	-	-	-	-	-	-	-	-	(37,477,644)	-	(37,477,644)
	10		-	(61,279,849)	-	-	-	-	-	-	(37,477,644)	-	(98,757,493)
Equity as of 31 December 2014	6+7+8+10	23 e 24	118,332,445	(108,444,835)	3,923,459	23,666,489	1,000,223,596	(78,037,726)	(31,951,021)	(27,451,644)	112,508,253	-	1,012,769,016

CASH FLOW STATEMENT
AS OF 31 DECEMBER 2014 and 2013

Amounts in Euro	Note	2014	2013
OPERATING ACTIVITIES - Direct Method			
Payments to suppliers		(4,241,680)	(5,848,649)
Payments to personnel		(23,147,434)	(52,812,345)
Cash flow from operations		**(27,389,114)**	**(58,660,994)**
Income tax received / (paid)		(9,052,407)	781,851
Other receipts / (payments) relating to operating activities		50,938,245	15,149,796
Cash flow from operating activities (1)		**14,496,724**	**(42,729,347)**
INVESTING ACTIVITIES			
Outflows			
Property, plant and equipment		(3,328)	(52,269)
Financial investments		(34,360,115)	(2,320,466)
Inflows			
Property, plant and equipment		(2,103)	-
Financial investments	6	67,605,000	67,579,457
Interest and similar income		1,146,839	622,406
Dividends	6	95,360,270	106,939,990
Cash flow from investing activities (2)		**129,746,563**	**172,769,118**
FINANCING ACTIVITIES			
Inflows			
Proceeds from borrowings		1,918,251,500	2,252,335,000
Other financing transactions		6,375,072	119,619
Outflows			
Repayments of borrowings		(1,913,826,245)	(2,286,983,583)
Interest and similar expense		(47,469,576)	(45,341,070)
Dividends / reserves paid	24	(37,477,644)	(28,785,540)
Other financing transactions	23	(61,279,849)	-
		(8,899,500)	(21,047,751)
Cash flow from financing activities (3)		**(144,326,242)**	**(129,703,325)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(82,955)**	**336,446**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	389,907	53,461
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**306,952**	**389,907**

INDEX TO THE INDIVIDUAL FINANCIAL STATEMENTS

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

(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 where approved by the Board of Directors on 5 March 2015.

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 Portuguese GAAP ("Sistema de Normalização Contabilística – 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 Counsel as at July 19, the International Accounting Standards (IAS) and the International Financing Reporting Standards (IFRS) issued by IASB and the corresponding interpretations SIC-IFRIC.

The accounting policies and measurement criteria adopted at 31 December 2014 are comparable to those used on the financial statements as of 31 December 2013.

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 2014 and 2013 present the following differences between these two sets of financial statements:

Amounts in Euro	31-12-2014	31-12-2013
Total assets	2,151,937,729	2,337,812,512
Total liabilities	1,927,883,892	2,122,505,214
Total equity (before non-controlling interests)	(112,370,577)	(113,966,520)
Total revenues	1,984,818,173	1,959,514,238

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 16).

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 recognised 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 17).

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 6).

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 profit/(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 6.

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 subsidiary are measured using the currency of the economic environment in which the entity operates (functional currency) (Note 34). 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 individual income statement for the year.

3.4.3 Subsidiaries

The results and the balance sheet of the subsidiaries 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 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 or at fair value with changes in fair value recognised in the income statement. 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 profit and loss.

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 changes 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 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code (IRC) , in accordance with the legislative changes introduced by the reform of the Corporate Income Tax in effect since 1 January 2014.

As of 1 January 2014, the subsidiaries of Group Secil and Group Portucel were included in the tax business group led by Semapa as the dominant society in addition to the subsidiaries that already complied with the requirements and therefore were already within the tax consolidation perimeter.

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise income tax (CIT) as though they were taxed on an individual basis. However the liabilities are recognised as due to the dominant entity of the tax business group, currently Semapa, SGPS, S.A. which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

Pursuant to prevailing legislation, 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 profit 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 14).

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

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 19).

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 comprises 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 4).

3.11 Share capital and treasury shares

Ordinary shares are classified in shareholders' equity (Note 23).

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 25).

3.13 Borrowing costs

Borrowing costs relating to loans are generally recognised as financial costs, in accordance with the accrual accounting principle (Note 13).

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 9).

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 24).

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 recognised, when incurred, directly in equity (Note 26).

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 can receive 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 19 and 29, 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 Department, 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, namely interest rate collars to manage the interest rate risk. 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 costumer.

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 assets, liabilities, revenue and costs. 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 and assumptions that if different may have an impact in the estimated recoverable value.

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. Cash and cash equivalents

As of 31 December 2014 and 2013, Cash and cash equivalents were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Cash	4,300	4,690
Short term bank deposits	302,652	385,217
	306,952	**389,907**

5. Sales and services rendered

The amount of Euro 13.337.721 and Euro 9,488,889 recognised in Services rendered for the periods ended 31 December 2014 and 2013 respectively, refer to management services provided by Semapa to its subsidiaries in financial, accounting, tax and IT areas, among others, provided in the domestic market (Note 31).

6. Financial investments – equity method

As of 31 December 2014 and 2013, financial investments accounted for using the equity accounting method were as follows:

	31/12/2014				31/12/2013			
Amounts in Euro	% held	Investments	Share premium	Total	% held	Investments	Share premium	Total
Aboutbalance, SGPS, S.A.	100.00%	45,510	-	**45,510**	100.00%	46,990	-	**46,990**
ETSA Investimentos, SGPS, S.A.	99.99%	58,770,565	-	**58,770,565**	99.99%	58,224,899	-	**58,224,899**
Great Earth - Projectos, S.A.	100.00%	-	-	**-**	100.00%	114,511,652	-	**114,511,652**
Inspiredplace, S.A.	100.00%	46,827	-	**46,827**	100.00%	46,988	-	**46,988**
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	79.32%	28,787,237	-	**28,787,237**	54.42%	6,953,096	-	**6,953,096**
Portucel, S.A.	47.50%	630,637,024	-	**630,637,024**	47.29%	644,354,473	-	**644,354,473**
Secil - Companhia Geral de Cal e Cimento, S.A.	100.00%	400,304,315	-	**400,304,315**	-	-	-	**-**
Seinpar Investments, B.V.	100.00%	212,487,548	317,056,500	**529,544,048**	100.00%	154,655,485	384,661,500	**539,316,985**
Seinpart - Participações, SGPS, S.A.	49.00%	26,632	-	**26,632**	49.00%	27,985	-	**27,985**
Semapa Inversiones, S.L.	100.00%	187,338	-	**187,338**	100.00%	204,267	-	**204,267**
Seminv - Investimentos, SGPS, S.A.	100.00%	2,019,868	-	**2,019,868**	100.00%	2,002,862	-	**2,002,862**
		1,333,312,864	**317,056,500**	**1,650,369,364**		**981,028,697**	**384,661,500**	**1,365,690,197**

The movement in the caption "Financial investments – equity method", in the years ended 31 December 2014 and 2013 is as follows:

Amounts in Euro	31-12-2014	31-12-2013
Opening Balance	**1,365,690,197**	**1,535,924,975**
Incorporations and share capital increases	485,091,540	-
Acquisitions (Note 31)	3,202	1,862,599
Goodwill (Note 17)	(181,641,866)	-
Badwill	-	422,317
Translation differences	(8,717,617)	(2,657,492)
Gains / (losses) of subsidiaries, associates and joint ventures	146,141,225	115,344,718
Dividends paid	(95,360,270)	(106,939,990)
Share premium	-	107,785
Reimbursement:		
Share premium	(67,605,000)	(67,572,000)
Adjustments to financial assets	6,767,953	(33,236,194)
Direct utilizations of negative equity provision (Note 9)	-	(77,566,521)
Closing Balance	**1,650,369,364**	**1,365,690,197**

In 2014, Semapa performed share capital increases in the subsidiaries Great Earth - Projects, SA and NSOSPE - Empreendimentos e Participações, SA, amounting to Euros 485,091,540.

Additionally, in 2014, the subsidiary Great Earth - Projects, S.A. was merged into its own subsidiary Secil – Companhia Geral de Cal e Cimento, S.A.. Thus, Semapa started to hold a direct equity share of 99.998% in Secil , with an inherent Goodwill amounting to Euros 181,641,866 (Note 17).

The Gains / (losses) of financial investments accounted for using the equity method, in the years ended 31 December 2014 and 2013 were as follows:

Amounts in Euro	2014	2013
Appropriated results		
Aboutbalance, SGPS, S.A.	(1,480)	(3,376)
Cimentospar - Participações Sociais, SGPS, S.A.	-	(12,497,419)
ETSA Investimentos, SGPS, S.A.	561,173	2,495,952
Great Earth - Projectos, S.A.	(138,330)	(42,557,841)
Inspiredplace, S.A.	(161)	(3,376)
Interholding Investments, B.V.	-	(6,045,593)
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	(5,703,394)	1,089,901
Portucel, S.A.	84,004,008	97,639,259
Secil - Companhia Geral de Cal e Cimento, S.A.	7,912,378	-
Seinpar Investments, B.V.	59,508,298	69,226,043
Seinpart - Participações, SGPS, S.A.	(1,353)	(1,191)
Semapa Inversiones, S.L.	(16,928)	6,035,634
Seminv - Investimentos, SGPS, S.A.	17,014	(33,275)
	146,141,225	**115,344,718**
Gains / (losses) on disposal of financial investments		
ETSA Investimentos, SGPS, S.A.	-	1,056
	-	**1,056**
Badwill on acquisition of financial investments		
ETSA Investimentos, SGPS, S.A.	-	422,317
	-	**422,317**
	146,141,225	**115,768,091**

As of 31 December 2014, financial information of the investments held by the Group, after adjustments related to the harmonisation of accounting principles, was as follows:

	31 December 2014				
Amounts in Euro	Total assets	Total liabilities	Equity	Profit for the year	Revenue
Aboutbalance, SGPS, S.A.	53,589	8,079	45,510	(1,479)	841
ETSA Investimentos, SGPS, S.A.	91,643,716	32,866,582	58,777,134	2,560,217	29,134,978
Inspiredplace, S.A.	49,907	3,079	46,828	(161)	2,060
Interholding Investments, B.V.	2,233	51,143	(48,910)	(29,798)	-
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	83,935,973	47,644,012	36,291,961	(7,190,247)	1,033,400
Portucel, S.A.	2,640,342,954	1,312,657,326	1,327,685,628	176,876,406	1,542,279,415
Secil - Companhia Geral de Cal e Cimento, S.A.	1,194,801,758	794,489,229	400,312,529	7,912,540	429,556,788
Seinpar Investments, B.V.	529,592,002	47,954	529,544,048	59,508,298	59,587,751
Seinpart - Participações, SGPS, S.A.	57,665	3,317	54,348	(2,762)	495
Semapa Inversiones, S.L.	2,429,668	2,242,330	187,338	(16,928)	79,760
Seminv - Investimentos, SGPS, S.A.	2,023,154	3,287	2,019,867	17,014	247

As of 31 December 2013, financial information of the investments held by the Group, after adjustments related to the harmonisation of accounting principles, was as follows:

Amounts in Euro	31 December 2013 Total assets	Total liabilities	Equity	Profit for the year	Revenue
Aboutbalance, SGPS, S.A.	47,915	927	46,988	(3,376)	-
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
Inspiredplace, S.A.	47,915	927	46,988	(3,376)	-
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

7. *Consumed materials and services*

The caption “Consumed materials and services” is detailed as follows for the years ended 31 December 2014 and 2013:

Amounts in Euro	2014	2013
Professional fees	1,921,587	3,775,696
Materials	40,280	36,930
Energy and fluids	67,355	58,386
Travel, lodging and transportation	292,209	80,450
Other services	1,154,074	1,114,091
External services re-charge	(121,427)	(101,798)
	3,354,078	**4,963,755**

8. *Payroll expenses*

As of 31 December 2014 and 2013, payroll expenses, were made up as follows:

Amounts in Euro	2014	2013
Statutory bodies (Note 32)	2,455,375	7,013,395
Other remunerations	1,811,553	1,965,988
Post-employment benefits (Note 26)		
Expenses recognised in the year	58,228	65,634
Indemnities	79,403	-
Other payroll costs	1,075,857	671,595
Payroll total costs / (gains)	**5,480,416**	**9,716,612**

The number of employees working for the Company on 31 December 2014 and 2013 was 24 and 20, respectively.

9. Provisions

As of 31 December 2014 and 2013, the provisions for negative equity and other risks amounted to Euro 10,258,910 and Euro 4,719,112, respectively.

During the course of the years ended 31 December 2014 and 2013, the following movements took place in the caption “Provisions increase / (decrease)”:

Amounts in Euro	Negative equity	Others	Total
Balance as of 1 January 2013	**77,566,521**	**4,700,000**	**82,266,521**
Increases	19,112	-	19,112
Direct Utilizations (Note 6)	(77,566,521)	-	(77,566,521)
Balance as of 31 December 2013	**19,112**	**4,700,000**	**4,719,112**
Increases	29,798	5,510,000	5,539,798
Balance as of 31 December 2014	**48,910**	**10,210,000**	**10,258,910**

10. Changes in fair value

In the years ended 31 December 2014 and 2013, changes in fair value were as follows:

Amounts in Euro	2014	2013
Financial assets held for trading		
- Gains / (losses) (Note 21)	(178,032)	431
Derivative financial instruments		
- Gains / (losses) (Note 30)	(68,683)	(48,418)
	(246,715)	**(47,987)**

The change 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 21.

Gains / (losses) under the caption “Derivative financial instruments – Gains / (losses)” comprise the results from the instruments detailed in Note 30.

11. Other operating income and other operating expenses

“Other operating income” is detailed as follows for the years ended 31 December 2014 and 2013:

Amounts in Euro	2014	2013
Gains on disposals of tangible fixed assets	17	8,000
Indemnities received due to acquisition agreements revocation	-	7,568,634
Others	17,546	840
	17,563	**7,577,474**

In 2013, 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 2014 and 2013:

Amounts in Euro	2014	2013
Taxes	(632,346)	(650,410)
Donations	(172,000)	(238,000)
Membership fees	(45,246)	(21,246)
Others	(3,058)	(373,579)
	(852,650)	**(1,283,235)**

12. Depreciation, amortisation and impairment losses

As of 31 December 2014 and 2013 changes in depreciation, amortisation and impairment losses were as follows:

Amounts in Euro	2014	2013
Depreciation of property, plant and equipment		
Buildings (Note 16)	(190,974)	(181,289)
Equipment and other tangible assets (Note 16)	(167,405)	(157,160)
(Expenses) / reversals of depreciation and amortisation	**(358,379)**	**(338,449)**

13. Net financial results

As of 31 December 2014 and 2013 Net financial results were detailed as follows:

Amounts in Euro	2014	2013
Interest and similar income:		
Interest income from bank deposits	13,226	46,794
Interest income on loans to associated companies (Note 31)	260,327	28,099,257
Interest income on loans to other related parties (Note 31)	1,162	-
Compensatory Interests	43,659	-
Gains on derivative financial instruments (Note 30)	1,013,194	757,418
Other financial income	1,017	652
	1,332,585	**28,904,121**
Interest and similar expenses:		
Interest paid on borrowings	(6,590,243)	(10,252,706)
Interest paid on loans from shareholders (Note 31)	(347,181)	(297,197)
Interest paid on loans from subsidiaries (Note 31)	(1,001)	(1,157,789)
Losses on derivative financial instruments (Note 30)	(5,627,108)	(5,357,936)
Interest paid from other loans	(32,114,621)	(27,699,782)
Other financial expenses	(4,232,259)	(3,357,862)
	(48,912,413)	**(48,123,272)**

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 30.

14. 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 was changed to75% (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 comprises Group Secil and Group Portucel.

As of 31 December 2014 and 2013, income tax expense comprises:

Amounts in Euro	2014	2013
Current tax	32,807,775	(1,753,173)
Deferred tax (Note 27)	(16,384,167)	39,488,109
	16,423,608	**37,734,936**

The reconciliation of the effective tax rate in the years ended 31 December 2014 and 2013 is as follows::

Amounts in Euro	2014	2013
Profit before tax	96,084,645	97,246,153
Expected income tax	23,540,738	25,770,231
Differences (a)	(113,065,397)	(25,566,783)
Prior year corporate income tax	(29,866)	(464,931)
Non-Recoverable tax losses carried forward	103,455,545	-
Recoverable tax losses carried forward	(33,141,576)	(39,781,860)
Tax rate change effect	2,453,281	-
Autonomous taxation	363,667	2,218,105
Other tax adjustments	-	90,302
	(16,423,608)	**(37,734,936)**
Effective tax rate	(17.09%)	(38.80%)
Effective tax rate without the equity method	(94.06%)	(7.26%)

(a) This amount is made up essentially of:

Amounts in Euro	2014	2013
Effects arising from the application of the equity method		
- Equity Method (Note 6)	(146,141,225)	(115,768,091)
Non-deductible financial depreciations	37,648	-
Adjustments and taxed provisions (Note 9)	5,539,798	19,112
Post-employment benefits (Note 8 and 26)	58,228	65,634
Pensions paid (Note 26)	(122,181)	(122,180)
Capital gains / (losses) for tax purposes	(321,448,174)	-
Capital gains / (losses) for accounting purposes (Note 11)	(17)	-
Non-deductible financial expenses	-	19,036,787
Other	584,507	290,313
	(461,491,416)	(96,478,425)
Tax Effect (24.50%) (2013: 26.50%)	**(113,065,397)**	**(25,566,783)**

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 2014. Additionally, the periods until 2012 have already been reviewed.

15. Earnings per share

There are no convertible financial instruments over Semapa' shares, so there is no dilution of earnings.

Amounts in Euro	2014	2013
Profit attributable to Semapa's shareholders	112,508,253	134,981,089
Weighted average number of ordinary shares in issue	111,241,402	112,884,470
Basic earnings per share	1.01	1.20
Diluted earnings per share	1.01	1.20

The weighted average number of shares is shown after deducting 11,827,975 treasury shares owned by Semapa, SGPS, as at 31 December 2014, 6,380,000 of which were acquired at 29 September 2014.

16. Property, plant and equipment

The following movements were registered in the years ended 31 December 2014 and 2013 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 2013	**1,721,502**	**1,010,524**	**176,165**	**2,908,191**
Acquisitions	-	20,713	227,159	247,872
Disposals	-	(27,250)	-	(27,250)
Write-off's 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**
Acquisitions	2,353	35,795	65,777	103,925
Disposals and regularisations	-	(348)	-	(348)
Transfers	85,602	72,607	(158,209)	-
Amount as of 31 December 2014	**1,872,176**	**1,256,523**	**102,292**	**3,230,991**
		1,256,523		
Accumulated depreciation and impairment losses				
Amount as of 1 January 2013	**(803,963)**	**(704,706)**	**(102,292)**	**(1,610,961)**
Acquisitions (Note 12)	(181,289)	(157,160)	-	(338,449)
Disposals	-	27,250	-	27,250
Write-off's and Regularisations	-	1,399	-	1,399
Amount as of 31 December 2013	**(985,252)**	**(833,217)**	**(102,292)**	**(1,920,761)**
Acquisitions (Note 12)	(190,974)	(167,405)	-	(358,379)
Disposals	-	348	-	348
Write-off's and Regularisations	-	(2)	-	(2)
Amount as of 31 December 2014	**(1,176,226)**	**(1,000,276)**	**(102,292)**	**(2,278,794)**
Net book value as of 1 January 2013	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
Net book value as of 31 December 2014	695,950	256,247	-	952,197

17. Goodwill

As of 31 December 2014 and 2013 Goodwill is made up as follows:

Entity	Acq Year	31-12-2014	31-12-2013
Portucel, S.A.	2010	55,935,308	55,935,308
Secil - Companhia Geral de Cal e Cimento, SA	2014	181,641,866	-
		237,577,174	**55,935,308**

The following movements were registered in the caption Goodwill during 2014 and 2013:

Amounts in Euro	31-12-2014	31-12-2013
Opening balance	**55,935,308**	**55,935,308**
Merges and acquisitions (Note 6)	181,641,866	-
Closing Balance	**237,577,174**	**55,935,308**

In accordance with NCRF 6, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described in Note 3.2.

As a result of the performed CGU's impairment tests, the recoverable value was determined based on value in use, according to the discounted cash flows method. The impairment tests were based on the historical performance of these units as well as the development of their business expectations with the actual production structure, using the budgets for the following year and an estimate of cash flows for the next period of 4 years.

The main assumptions used for impairment testing, for UGC's were as follow:

Operating Segment	Risk-free interest rate	WACC	Growth rate	Tax rate
Pulp and paper				
Explicit planning period	1.20%	8.30%	-	29.00%
Perpetuity	3.02%	9.71%	2.25%	22.50%
Cement and derivatives				
Portugal				
Explicit planning period	1.20%	7.71%	-	27.50%
Perpetuity	3.02%	8.65%	2.25%	22.50%
Madeira				
Explicit planning period	1.20%	7.98%	-	21.50%
Perpetuity	3.02%	8.71%	2.25%	21.00%
Tunisia				
Explicit planning period	3.02%	9.49%	-	25.00%
Perpetuity	3.02%	9.49%	2.25%	25.00%
Lebanon				
Explicit planning period	3.02%	10.91%	-	15.00%
Perpetuity	3.02%	10.91%	2.25%	15.00%
Angola				
Explicit planning period	3.02%	8.95%	-	30.00%
Perpetuity	3.02%	8.95%	2.25%	30.00%
Brazil				
Explicit planning period	3.02%	10.36%	-	34.00%
Perpetuity	3.02%	9.72%	2.25%	34.00%

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.

18. State and other public entities

As at 31 December 2014 and 2013, there were no arrear debts to the State and other public entities.

As mentioned in Note 14, as of 1 January 2014 the tax group dominated by Semapa, SGPS, S.A. , comprises the Portuguese entities (that comply with the conditions laid down in Article 69 of the CIT Code) of Group Portucel and Group Secil. Thus, although those companies ascertain and record the income tax as if they were taxed on an individual basis, the overall corporate income tax as well as the overall clearance/payment is performed by the parent company, in this case Semapa SGPS, S.A..

The balances relating to these entities were as follows:

Current Assets

Amounts in Euro	31-12-2014	31-12-2013
Corporate Income Tax - CIT	4,661,700	-
Value added tax - VAT	-	479,067
	4,661,700	**479,067**

Current Liabilities

Amounts in Euro	31-12-2014	31-12-2013
Corporate Income Tax - CIT	-	2,074,477
Personnel income tax - witheld on salaries	137,260	15,662,910
Value added tax - VAT	955,874	233,691
Social security	108,883	55,526
Other	3,856	3,409
	1,205,873	**18,030,013**

As of 31 December 2014 and 2013, the caption “Corporate Income tax - IRC” comprise:

Amounts in Euro	31/12/2014	31/12/2013
Corporate Income Tax	(4,001,569)	(2,331,708)
Payments on account	2,470	-
Special payments on account	774,735	144,662
Additional payments on account	6,401,695	-
Withholding tax	1,339,709	112,569
Prior years Corporate Income Tax	144,660	-
	4,661,700	**(2,074,477)**

19. Receivables and other current assets

At 31 December 2014 and 2013, “Other receivables and other current assets” comprised:

Amounts in Euro	31-12-2014	31-12-2013
Other receivables		
Accounts Payable	6,741	-
Related Parties (Note 31)		
Current Operations Accounts	8,983,980	24,632,959
Special Tax Regime for Group Companies (RETGS)	16,483,228	-
Other receivables	39,503	65,894
	25,513,452	**24,698,853**

20. Deferrals

As of 31 December 2014 and 2013, this caption comprised:

Amounts in Euro	31-12-2014	31-12-2013
Deferred assets		
Consumed materials and services	208,791	64,669
Interests	17,277	184,694
	226,068	**249,363**
Deferred liabilities		
Others	8,352	6,186
	8,352	**6,186**

21. Financial assets held for trading

As of 31 December 2014 and 2013, the “Financial assets held for trading” comprises:

	Fair Value	
Amounts in Euro	31-12-2014	31-12-2013
Banco Espírito Santo, S.A.	-	117,121
CEMG fund	404,062	435,665
	404,062	**552,786**

The following movements were registered in this caption during the years ended 31 December 2014 and 2013:

Amounts in Euro	31-12-2014	31-12-2013
Fair value Opening Balance	**552,786**	**100,889**
Acquisitions	29,308	451,466
Changes in fair value (Note 10)	(178,032)	431
Fair value Closing Balance	**404,062**	**552,786**

22. Other financial assets

As of 31 December 2014 and 2013, the captions “Other financial assets”, current (and non-current in 2013), were entirely comprised by receivables from group companies (Note 31). Current receivables are related with short term cash operations, with market interest rates, which are collected every three months. As at 31 December 2013, non-current receivables are related with loans granted to subsidiary Great Earth – Projectos, S.A. (Note 31).

23. Share capital and treasury shares

At 31 December 2014 and 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 2014 and 2013, the following entities had substantial holdings in the company's capital:

	31-12-2014		31-12-2013	
Name	Number of Shares	%	Number of Shares	%
Longapar, SGPS, S.A.	22,225,400	18.78	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.	8,437,349	7.13	11,865,210	10.03
Norges Bank (The Central Bank of Norway)	5,649,215	4.77	5,649,215	4.77
Cimigest, SGPS, S.A.	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	11,827,975	10.00	5,447,975	4.60
Other shareholders with less than 2% participation	21,981,748	18.58	25,653,887	21.68
	118,332,445	100.00	118,332,445	100.00

As of 31 Decemebr 2014, Semapa - Sociedade de Investimento e Gestão, SGPS, SA holds 11,827,975 treasury shares, 6,380,000 of which were acquired in September 2014.

24. 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 2014.

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, 2,727,975 shares on 2011 and 6,380,000 shares in 2014, 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:

	Application of year's net profit	
Amounts in Euro	2013	2012
Dividends paid	37,477,644	-
Others reserves	97,503,445	-
Retained earnings	-	(109,655,322)
Profit for the year	**134,981,089**	**(109,655,322)**

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 2014 and 2013:

Amounts in Euro	31-12-2014	31-12-2013
ETSA Investimentos, SGPS, S.A.	(759,269)	(743,761)
Great Earth - Projectos, S.A. (Note 5)	-	(29,268,553)
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	(1,169,606)	(3,097,152)
Portucel, S.A.	(9,504,432)	(7,140,044)
Secil - Companhia Geral de Cal e Cimento, S.A.	(20,372,006)	-
Seinpar Investments, B.V.	(8,655,804)	(6,979,569)
Seinpart - Participações, SGPS, S.A.	35,857,480	35,857,480
Semapa Inversiones, S.L.	(36,764,962)	(36,764,961)
Seminv - Investimentos, SGPS, S.A.	9,417,578	9,417,586
	(31,951,021)	**(38,718,974)**

The following movements were registered in the caption "Adjustments on Financial Assets" in the years ended 31 December 2014 and 2013:

Amounts in Euro	31-12-2014	31-12-2013
Opening balance	**(38,718,974)**	**(5,482,780)**
Investment grants recognised directly in the subsidiaries equity	(1,596,126)	(537,277)
Actuarial gains / (losses)	104,968	(5,381,892)
Fair value of derivative financial instruments	(1,889,975)	1,224,911
Translation reserve	11,016,541	(27,642,628)
Treasury shares acquired by subsidiaries	(863,378)	(1,074,918)
Other movements	(4,077)	175,610
Closing balance	**(31,951,021)**	**(38,718,974)**

Others changes in equity

As of 31 December 2014 and 2013, this caption is detailed as follows:

Amounts in Euro	31-12-2014	31-12-2013
Fair value of derivative financial instruments	(10,543,029)	(16,889,228)
Financial statements translation differences	(16,908,615)	(8,190,998)
	(27,451,644)	(25,080,226)

As at 31 December 2014 and 2013 the negative figures of Euro 10,543,029 and Euro 16,889,228 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 at 31 December 2014 and 2013 was negative and amounted to Euro 11,709,019 and Euro 17,910,561 (Note 29), respectively. Additionally, the intrinsic value of the referred derivative financial instruments amounted to Euro 6,553,475 and Euro 10,074,189, respectively. All of these amounts are recorded according to the policy described on Note 3.7.

As of 31 December 2014, the negative figure of Euro 16,908,615 (2013: Euros 8,190,998) refers to the translation 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.

25. Interest-bearing liabilities

As of 31 December 2014 and 2013, the Company's net debt was as follows:

Amounts in Euro	31-12-2014	31-12-2013
Interest-bearing liabilities		
Non-current	538,605,710	794,053,167
Current	341,139,510	78,952,925
	879,745,220	873,006,092
Cash and cash equivalents		
Cash	4,300	4,690
Short term bank deposits	302,652	385,217
	306,952	389,907
Market value of shares held by the Group	118,575,449	44,463,638
Interest-bearing net debt	760,862,819	828,152,547

Non-current interest-bearing liabilities

As of 31 December 2014 and 2013, non-current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Non Current		
Bonds loans	406,087,000	525,000,000
Commercial paper	113,150,000	211,400,000
Bank loans	23,071,429	64,285,715
Expenses with loans issuing	(3,702,719)	(6,632,548)
Non-current interest-bearing liabilities	538,605,710	794,053,167

Bond Loans

As of 31 December 2014 and 2013, non-current bond loans were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Non-current		
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	1,087,000	50,000,000
Semapa 2012 / 2015	-	300,000,000
Semapa 2014 / 2019	150,000,000	-
Semapa 2014 / 2020	80,000,000	-
	406,087,000	**525,000,000**
Current		
Semapa 2012 / 2015	300,000,000	-
	706,087,000	**525,000,000**

In April 2014 Semapa issued a bond loan amounting to Euro 150 million with maturity of 5 years (2019).

In November 2014 Semapa issued a bond loan amounting to Euro 80 million with maturity of 6 years (2020) and repurchased Euro 48.9 million of "Obrigações Semapa 2006/2016 – 2ª emissão", which were first issued by Euro 50 million.

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”. On 31 December 2014 the unit market value of these bonds was Euro 101.109.

Semapa SGPS, S.A. has one bond loan amounting to Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation “Obrigações Semapa 2006/2016”. On 31 December 2014 the unit market value of these bonds was Euro 88.333.

Commercial Paper

In 2013, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 100,000,000 with 7 years maturity which amounts Euro 20,000,000 as at 31 December 2014.

In 2006, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 93,150,000 as at 31 December 2014.

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 (September 2020) increased to a maximum amount of Euro 100 million, after renegotiation. As at 31 December 2014 no issues were in place.

In 2014, Semapa contracted a commercial paper program amounting to Euro 120 million for a period of 4 years . As at 31December 2014 no issues were in place.

Repayment terms of loans

The repayment terms for the loans recorded in bonds, bank loans and other loans, non-current, are detailed as follows:

Amounts in Euro	31-12-2014	31-12-2013
1 to 2 years	181,801,286	330,714,286
2 to 3 years	96,007,143	407,114,286
3 to 4 years	-	2,857,143
4 to 5 years	14,500,000	-
More than 5 years	250,000,000	60,000,000
	542,308,429	**800,685,715**

Current interest-bearing debt

As of 31 December 2014 and 2013, the current interest bearing debt was as follows:

Amounts in Euro	31-12-2014	31-12-2013
Current		
Bond Loans	300,000,000	-
Commercial Paper	34,750,000	-
Bank loans	5,714,286	67,149,285
Expenses with loans issuing	(915,878)	-
Interest-bearing bank debt	**339,548,408**	**67,149,285**
Shareholders short-term loans (Note 31)	1,578,323	11,789,356
Subsidiaries short-term loans (Note 31)	12,779	14,284
Other interest-bearing debts	**1,591,102**	**11,803,640**
Current interest-bearing liabilities	**341,139,510**	**78,952,925**

Liabilities assumed due to Operating Leases

As of 31 December 2014 and 2013 debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	31-12-2014	31-12-2013
Less than 1 year	98,988	73,441
1 to 2 years	75,681	54,183
2 to 3 years	65,699	44,201
3 to 4 years	44,445	22,947
4 to 5 years	15,151	-
More than 5 years	-	-
Total liabilities	**299,964**	**194,772**
Costs for the year*	**818,840**	**801,480**

** Property rentals included*

Bank credit facilities granted and not drawn

At 31 December 2014 and 2013, bank credit facilities granted and not drawn amounted to Euro 411,600,000 and Euro 159,915,000 respectively.

26. Pensions and other post-employment benefits

As at 31 December 2014 and 2013, the amount of liabilities presented in the balance sheet under the caption "Pension and other post-employment benefits" (Euro 1,360,557 and 1,355,943 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 2014 and 2013, changes in Company's liabilities were as follows:

Amounts in Euro	31-12-2014	31-12-2013
Opening Balance	**1,355,943**	**1,374,716**
Movements in the year:		
Expenses recognised in the income statement (Note 8)	58,228	65,634
Actuarial losses / (gains)	68,567	37,773
Pensions paid	(122,181)	(122,180)
Liabilities at year end	**1,360,557**	**1,355,943**

The actuarial studies were based on the following financial and demographic assumptions:

	31/12/2014	31/12/2013
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Pensions growth rate	2.25%	2.25%
Technical interest rate	3.50%	4.50%
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 nº 187/2007 of 10 May	Decret-Law nº 187/2007 of 10 May

As at 31 December 2014, Semapa revised the technical interest rate used in calculating the post-employment liabilities from 4.5% to 3.5%.

27. *Deferred Taxes*

In the year 2014, the changes in deferred taxes were as follows:

Amounts in Euro	As 1 January 2014	Income statement Increase	Income statement Decrease	As of 31 December 2014
Temporary differences originating deferred tax assets				
Tax losses carried forward	171,687,431	-	(55,204,979)	116,482,452
Temporary differences originating deferred tax liabilities				
Tax losses carried forward - inter-group	-	(6,463,678)	-	(6,463,678)
Deferred tax assets	39,488,109	-	(12,573,513)	26,914,596
Effect of change in tax rate (Note 14)	-	-	(2,453,281)	(2,453,281)
	39,488,109	**-**	**(15,026,794)**	**24,461,315**
Deferred tax liabilities	-	(1,357,372)		(1,357,372)
	-	**(1,357,372)**	**-**	**(1,357,372)**

The Company recognises deferred tax assets when there is a reasonable likelihood that future taxable profits will be generated to which the existent tax losses can be offset, in accordance with the accounting policies described in note 3.8.

The deferred tax liabilities refer to amounts that must be returned to the companies within the tax group, in the event of the recoverability of their tax losses under the Special Tax Regime for Group Companies (RETGS).

28. Accounts Payable

As of 31 December 2014 and 2013 the Accounts Payable comprises:

Amounts in Euro	31-12-2014	31-12-2013
Related Parties (Note 31)	38,100	-
Other Payable - national market	69,855	57,564
Other Payable - international market	29,341	-
	137,296	**57,564**

29. Payables and other current liabilities

As of 31 December 2014 and 2013 the caption "Payables and other current liabilities" comprises:

Amounts in Euro	31-12-2014	31-12-2013
Related parties (Note 31)		
Current Operations Accounts	1,847,902	6,412,442
Special Tax Regime for Group Companies (RETGS)	21,561,364	-
Accounts payable - fixed assets suplliers	41,462	56,303
Consultants and advisers	101,565	193,247
Derivative financial instruments (Note 24 and 30)	11,709,019	17,910,561
Other creditors	2,256,895	2,473,292
Accrued expenses	8,345,955	8,132,217
	45,864,162	**35,178,062**

At 31 December 2014 and 2013, the caption "Accrued expenses" comprised:

Amounts in Euro	31-12-2014	31-12-2013
Accrued expenses		
Payroll costs	781,651	862,993
Interest payable	7,160,193	6,777,295
Others	404,111	491,929
	8,345,955	**8,132,217**

30. Derivative financial instruments

During the year ended 31 December 2009 and in order to hedge the 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 29), if negative, and in the caption “Receivable and other current assets” (Note 19), if positive.

Detail and maturity of the Derivative Financial Instruments

As of 31 December 2014 and 2013, details of the fair value of derivative financial instruments shown in the balance sheet were as follows:

				Fair Value	
Amounts in Euro	Currency	Notional	Maturity	31/12/2014	31/12/2013
Financial instruments - hedging					
Interest rate collar	EUR	175,000,000	20/Apr/16	(6,426,150)	(8,963,909)
Interest rate collar	EUR	25,000,000	30/Nov/15	(607,580)	(1,053,129)
Interest rate collar	EUR	25,000,000	30/Nov/15	(613,198)	(1,058,822)
Currency Interest Rate Swap	BRL	32,000,000	27/Mar/17	(2,751,191)	(4,182,294)
Currency Interest Rate Swap	BRL	64,075,000	26/Mar/17	(1,310,900)	(2,652,407)
Ending balance				**(11,709,019)**	**(17,910,561)**

Changes in fair value of derivative financial instruments for the years 2014 and 2013 were as follows:

Amounts in Euro	Changes in fair value (Hedging)
As of 1 January 2013	**(18,341,470)**
Maturity/settlement	4,490,807
Change in fair value through profit and loss (Note 10)	(48,418)
Reclassification to the income statement:	
Gains (Note 13)	757,418
Losses (Note 13)	(5,357,936)
Change in fair value recognised in equity	589,038
As of 31 December 2013	**(17,910,561)**
Maturity/settlement	4,537,940
Change in fair value through profit and loss (Note 10)	(68,683)
Reclassification to the income statement:	
Gains (Note 13)	1,013,194
Losses (Note 13)	(5,627,108)
Change in fair value recognised in equity	6,346,199
As of 31 December 2014	**(11,709,019)**

31. Balances and transactions with related parties

As at 31 December 2014, balances with related parties were as follows:

Amounts in Euro	Assets			Liabilities			
	RETGS Accounts Receivable (Note 19)	Other accounts receivable (Note 19)	Other financial assets (Note 22)	Accounts Payable (Note 28)	Loans (Note 25)	RETGS Acounts Payable (Note 29)	Other current liabilities (Note 29)
Shareholders							
Cimigest, SGPS, S.A.	-	2,820	-	14,674	-	-	-
OEM - Organização de Empresas, SGPS, S.A.	-	-	-	-	1,578,323	-	-
	-	2,820	-	14,674	1,578,323	-	-
Subsidiaries							
Abapor - Comércio e Indústria de Carnes, S.A.	6,948	-	-	-	-	-	-
About The Future - Empresa Produtora de Papel, S.A.	3,720,392	-	-	-	-	-	-
Aboutbalance, SGPS, S.A.	-	1,480	5,000	-	-	1,541	-
Arboser - Serviços Agro-Industriais, S.A.	636	-	-	-	-	-	-
Argibetão - Soc. de Novos Prod. de Argila e Betão, S.A.	2,420			-	-	-	-
Atlantic Forests - Comercio de Madeiras, S.A.	-	-	-	-	-	7,176	-
Biological - Gestão de Resíduos Industriais, Lda.	358	-	-	-	-	-	-
Britobetão - Central de Betão, Lda.	5,237	-	-	-	-	-	-
CelCacia - Celulose de Cacia, S.A.	1,635,855	-	-	-	-	-	-
CelSet - Celulose de Setúbal, S.A.	-	-	-	-	-	1,000	-
Cimentos Costa Verde - Comércio de Cimentos, S.A.	-	-	-	-	-	61,956	-
Ciminpart - Investimentos e Participações, SGPS, S.A.	-	-	-	-	-	12,598	-
CMP - Cimentos Maceira e Pataias, S.A.	60,966	-	-	-	-	-	-
CountryTarget, SGPS, S.A.	-	-	-	-	-	1,163	-
EMA XXI - Eng. e Manutenção Industrial Século XXI, S.A.	-	-	-	-	-	30,989	-
Empremédia - Corretores de Seguros, S.A.	52,802	-	-	-	-	-	-
Enerforest - Empresa de Biomassa para Energia, S.A.	-	-	-	-	-	6,285	-
Enerpulp - Cogeração Energética de Pasta, S.A.	-	-	-	-	-	93,573	-
ETSA Investimentos, SGPS, S.A.	1,109,788	1,548,494	8,151,623	-	-	-	3,669
ETSA Log, S.A.	22,986	4,701	-	-	-	-	-
Eucaliptusland - Soc. de Gestão de Património Florestal,	116,180	-	-	-	-	-	-
Headbox - Operação e Controlo Industrial, S.A.	-	-	-	-	-	47,620	-
Inspiredplace, S.A.	-	1,480	-	-	-	1,656	-
Interholding Investments, B.V.	-	644	43,000	-	-	-	-
ITS - Indústria Transformadora de Subprodutos, S.A.	7,206	2,675	-	-	-	-	-
Lusoinertes, S.A.	-	-	-	-	-	294,030	-
Portucel Florestal - Empresa de Desenvolvimento Agro-Fl	10,796	-	-	-	-	-	-
Portucel Papel Setúbal, S.A.	4,745,892	-	-	-	-	-	-
Portucel, S.A.	-	1,956	-	-	-	673,698	-
PortucelSoporcel Cogeração de Energia, S.A.	-	-	-	-	-	148,589	-
PortucelSoporcel Energia, SGPS, S.A.	-	-	-	-	-	3,589	-
PortucelSoporcel Fine Paper, S.A.	2,941,584	-	-	-	-	-	-
PortucelSoporcel Florestal - Sociedade de Desenvolvime	1,286,496	-	-	-	-	-	-
PortucelSoporcel Internacional, SGPS, S.A.	-	-	-	-	-	484,857	-
PortucelSoporcel Lusa - Sociedade Unipessoal, Lda.	-	-	-	-	-	19,512	-
PortucelSoporcel Papel SGPS, S.A.	-	-	-	-	-	208	-
PortucelSoporcel Parques Industriais, S.A.	428,519	-	-	-	-	-	-
PortucelSoporcel Participações, SGPS, S.A.	-	-	-	-	-	480,324	-
PortucelSoporcel Pulp, SGPS, S.A.	-	-	-	-	-	1,001	-
PortucelSoporcel Serviços Partilhados, S.A.	10,893	-	-	-	-	-	-
Prescor Produção de Escórias Moídas, Lda.	-	-	-	-	-	5,807	-
Reficomb-Refinação e Comerc. De Combustiveis Derivado	-	-	-	-	-	1,000	-
Sebol - Comércio e Indústria de Sebo, S.A.	14,228	15	-	-	-	-	-
Secil - Britas, S.A.	11,944	-	-	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	137,327	4,842,295	-	-	-	-	-
Secil Martingança - Aglomerantes e Novos Materiais par	15,162	-	-	-	-	-	-
Secil, Betões e Inertes, S.G.P.S., S.A.	-	-	-	-	-	211	-
Seinpart - Participações, SGPS, S.A.	-	1,718	-	-	12,779	1,000	-
Seminv, Investimentos - SGPS, S.A.	-	1,688	-	-	-	114,952	1,844,233
Sociedade de Vinhos da Herdade de Espirra - Produção e	-	-	-	-	-	771	-
Solenreco - Produção e Comercialização de Combustíveis	-	1,017	-	-	-	1,017	-
Soporcel - Sociedade Portuguesa de Papel, S.A.	-	2,571,183	-	-	-	18,460,706	-
Soporcel Pulp - Sociedade Portuguesa de Celulose, S.A.	78,156	-	-	-	-	-	-
SPCG - Sociedade Portuguesa de Co-Geração Eléctrica, S.A	-	-	-	-	-	587,484	-
Unibetão - Indústrias de Betão Preparado, S.A.	60,457	-	-	-	-	-	-
Uniconcreto - Betão Pronto, S.A.	-	-	-	-	-	2,000	-
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	-	-	-	-	-	15,051	-
	16,483,228	8,979,346	8,199,623		12,779	21,561,364	1,847,902
Other related parties							
Cimilonga - Imobiliária, S.A.	-	-	-	17,531	-	-	-
Hotel Ritz, S.A.	-	-	-	5,895	-	-	-
YD Invisible, S.A.	-	1,814	34,851	-	-	-	-
	-	1,814	34,851	23,426	-	-	-
Total	16,483,228	8,983,980	8,234,474	38,100	1,591,102	21,561,364	1,847,902

Accounts receivable and payable to subsidiaries included in the tax group, related to RETGS operations, are as follows:

Amounts in Euro	31-12-2014	
	Debt	Credit
RETGS		
Corporate Income Tax of subsidiaries	26,933,053	(9,846,425)
Receivables Corporate Income Tax	(11,174,312)	30,572,568
Withholding tax	(367,676)	715,428
Prior year corporate income tax	1,092,163	119,793
	16,483,228	21,561,364

As at 31 December 2013, balances with related parties were as follows:

Amounts in Euro	Other accounts Receivable (Note 19)	Other financial assets (Note 22)	Loans (Note 25)	Other Accounts Payable (Note 29)
Shareholders				
Cimigest, SGPS, S.A.	167	-	2,879,223	-
Cimo - Gestão de Participações, SGPS, S.A.	-	-	231,148	-
Longapar, SGPS, S.A.	-	-	7,192,833	-
OEM - Organização de Empresas, SGPS, S.A.	-	-	1,486,152	-
	167	-	11,789,356	-
Subsidiaries				
Aboutbalance, SGPS, S.A.	-	-	-	302
ETSA Investimentos, SGPS, S.A.	2,533,756	5,651,623	-	45,161
Great Earth - Projectos, S.A.	18,122,885	432,643,043	-	1,369,270
Inspiredplace, S.A.	-	-	-	302
Interholding Investments, B.V.	644	15,500	-	-
Portucel, S.A.	923,161	-	-	1,808,849
Sebol - Comércio e Indústria de Sebo, S.A.	16	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	3,016,444	-	-	1,250,629
Seinpart - Participações, SGPS, S.A.	120	-	14,284	-
Semapa Inversiones, S.L.	-	8,000	-	-
Seminv - Investimentos, SGPS, S.A.	120	-	-	1,937,929
Soporcel - Soc. Portuguesa de Papel, S.A.	34,994	-	-	-
	24,632,140	438,318,166	14,284	6,412,442
Other related parties				
YD Invisible, S.A.	652	34,851	-	-
	652	34,851	-	-
Total	24,632,959	438,353,017	11,803,640	6,412,442

During the year ended 31 December 2014, transactions with related parties were as follows:

Amounts in Euro	Sales and services rendered (Note 5)	Supplementary income	Interest and other income (Note 13)	Financial costs (Note 13)	Acquisition of goods	Sales of investment
Shareholders						
Cimigest, SGPS, S.A.	-	157	-	(82,006)	(107,740)	-
Cimo - Gestão de Participações, SGPS, S.A.	-	-	-	(8,260)	-	-
Longapar, SGPS, S.A.	-	-	-	(210,687)	-	-
OEM - Organização de Empresas, SGPS, S.A.	-	-	-	(46,228)	-	-
	-	157	-	(347,181)	(107,740)	-
Subsidiaries						
ETSA Investimentos, SGPS, S.A.	327,212	120	260,104	-	-	-
Great Earth - Projectos, S.A.	-	-	-	-	-	(3,202)
Portucel, S.A.	7,443	13,602	-	-	-	-
Seinpart - Participações, SGPS, S.A.	-	-	-	(495)	-	-
Semapa Inversiones, S.L.	-	-	223	-	-	-
Soporcel - Soc. Portuguesa de Papel, S.A.	9,036,951	103,709	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	3,966,115	-	-	(506)	-	-
	13,337,721	117,431	260,327	(1,001)	-	(3,202)
Other						
Cimilonga - Imobiliária, S.A.	-	-	-	-	(810,755)	-
Hotel Ritz, S.A.	-	-	-	-	(39,220)	-
YD Invisible, S.A.	-	-	1,162	-	-	-
	-	-	1,162	-	(849,975)	-
Total	13,337,721	117,588	261,489	(348,182)	(957,715)	(3,202)

During the year ended 31 December 2013, transactions with related parties were as follows:

Amounts in Euro	Sales and services rendered (Note 5)	Supplementary income	Interest and other income (Note 13)	Financial costs (Note 13)	Acquisition of goods	Sales of investment
Shareholders						
Cimigest, SGPS, S.A.	-	60	-	(8,297)	(1,607,740)	-
Cimo - Gestão de Participações, SGPS, S.A.	-	-	-	(30,669)	-	-
Longapar, SGPS, S.A.	-	-	-	(228,695)	-	7,457
OEM - Organização de Empresas, SGPS, S.A.	-	-	-	(29,536)	-	-
Sodim, SGPS, S.A.	-	190	-	-	-	-
	-	250	-	(297,197)	(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, B.V.	-	-	2,061	-	-	-
Portucel, S.A.	6,447,062	2,345	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	2,814,429	-	-	(1,068,128)	-	-
Seinpar Investments, B.V.	-	-	513	-	-	-
Seinpart - Participações, SGPS, S.A.	-	-	-	(898)	-	-
Semapa Inversiones, S.L.	-	-	-	(70,811)	-	-
Soporcel - Soc. Portuguesa de Papel, S.A.	-	97,003	-	-	-	-
	9,488,889	99,393	28,099,257	(1,157,789)	(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

Remunerations to member of the corporate bodies, including management bonuses accrual, for the years ended 31 December 2014 and 2013 were as follows:

Amounts in Euro	2014	2013
Board of directors - remuneration	1,902,904	2,225,184
Board of directors - bonus	500,000	4,724,207
Fiscal Board and other corporate entities	52,471	64,004
Impact on Net profit (Note 8)	**2,455,375**	**7,013,395**

32. Audit Fees

In the years ended 31 December 2014 and 2013, expenses with statutory audit and audit services, comprised:

Amounts in Euro	2014	%	2013	%
Statutory auditors services	94,765	98%	93,324	89%
Other reliability assurance services	1,500	2%	6,000	6%
Total audit services	**96,265**	**100%**	**99,324**	**94%**
Tax consultancy services	-	0%	6,000	6%
Total other services	**-**	**0%**	**6,000**	**6%**
Total	**96,265**	**100%**	**105,324**	**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.

33. Commitments

During the year ended 31 December 2014 and 2013, Semapa presented guarantees to Tax Authorities and Customs amounting to Euro 780,998 and Euro 1,089,226, intended to endorse the suspension of enforcement proceedings installed by the additional VAT settlement, for the fiscal years of 2011 e 2010, 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.

34. Exchange Rates

The assets and liabilities of the foreign subsidiaries were translated to Euro at the exchange rate prevailing on 31 December 2014.

The income statement transactions were translated at the average rate for the year.

The rates used in 2014 and 2013 against the Euro, were as follows:

	2014	2013	Appreciation/ Depreciation
BRL (Brazilian real)			
Average exchange rate for the year	3.1225	2.8685	(8.85%)
Exchange rate at the end of the year	3.2207	3.2526	0.98%

35. Shareholders equity and net profit reconciliation

The reconciliation between the consolidated net profit for the year and individual net profit is presented as follows:

Amounts in Euro	2014	2013
Net profit for the year - SNC	**112,508,253**	**134,981,089**
Fair Value difference in subsidiaries and non-controlling interests acquisitions	-	15,299,888
Hedging derivative financial instruments treatment	289,629	(4,155,523)
Other	(36)	18
Net profit for the year - IFRS	**112,797,846**	**146,125,472**

The reconciliation between the consolidated and individual shareholders' equity as at 31 December 2014 and 2013 presents itself as follows:

Amounts in Euro	31-12-2014	31-12-2013
Total Equity - Portuguese GAAP - SNC	**1,012,769,016**	**994,690,288**
Government grants recognised in shareholders equity	(19,606,311)	(21,202,254)
Differences in non-controlling interest acquisitons	(92,764,266)	(92,764,266)
Total Equity - IFRS	**900,398,439**	**880,723,768**

Paulo Jorge Morais Costa
The Accountant

BOARD OF DIRECTORS

Chairman:

Pedro Mendonça de Queiroz Pereira

Members:

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana Baptista

Francisco José Melo e Castro Guedes

Jorge Maria Bleck

Manuel Custódio de Oliveira

Vitor Manuel Galvão Rocha Novais Gonçalves

Vitor Paulo Paranhos Pereira

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 2014 (which shows total assets of Euro 1,952,706,758 and total shareholder's equity of Euro 1,012,769,016 including a net profit of Euro 112,508,253), 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.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM 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 2014, 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.

23 March 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, 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

Year 2014

Shareholders,

1. As laid down by law, as established in the articles of association and in carrying out the mandate entrusted to us, we hereby deliver our report on the audit activities performed in 2014 and issue our opinion on the Management Report and the Separate Financial Statements submitted by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the year ended 31 December 2014.

2. During the year, we monitored the company's activity on a regularly basis, with the frequency and to the extent that we deemed appropriate, namely through regular meetings with the Company's Management and Directors. We oversaw the reviewing of the accounting records and the supporting documentation, and the efficacy of the risk management, internal control and audit systems. We have ensured compliance with the law and Articles of Association. We did not run up against any constraints in the exercise of our duties.

3. We met several times with the statutory auditor and the external auditor, PricewaterhouseCoopers & Associados, SROC, Lda. to monitor the audits conducted and supervise their independence. We have analysed the legal Accounts Certificate and Audit Report, which merit our agreement.

4. Within the scope of our competences, we find that:

a) the Balance Sheet, the Income Statement by nature, the Statement of Changes in Equity, the Cash Flow Statement and its Notes give a true and fair view of the financial position of the company, in respect of its results, changes in equity and cash flow;

b) the accounting policies and valuation criteria applied are in conformity with the accounting principles generally accepted in Portugal and ensure that a true and fair assessment of the company's assets and results is given, and that the findings and recommendations of the external auditor have been followed through;

c) the Management Report clearly shows the development of the business and the situation of the company, highlighting key aspects of the activity;

d) the Corporate Governance Report covers all of the points referred to in Article 245 A of the Securities Code.

5. We are of the opinion that the allocation of results as proposed by the Board of Directors does not run counter to the applicable legal or statutory provisions.

6. Consequently, taking into account the information delivered by the company's Board of Directors and Departments, and the conclusions of the legal Accounts Certificate and Audit Report, we are of the opinion that:

a) the Management Report should be approved;

b) the Consolidated Financial Statements should be approved;

c) the allocation of results as proposed by the Board of Directors should be approved.

7. Finally, the members of the Audit Board are grateful to the Board of Directors, the senior managers and other company staff for their collaboration.

Lisbon, 24 March 2015

The Chairman of the Audit Board

Miguel Camargo de Sousa Eiró

Member of the Audit Board

Duarte Nuno D'Orey da Cunha

Member of the Audit Board

Gonçalo Nuno Palha Gaio Picão Caldeira