Semapa

CONSOLIDATED ANNUAL REPORT

AS OF 31ST DECEMBER 2001

SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A. Sociedade Aberta

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Semapa

DIRECTOR'S REPORT

CONSOLIDATED ACCOUNTS - 2001

1. OVERVIEW

Semapa and its subsidiaries and associated companies recorded positive performance in 2001.

In Portugal, demand for cement rose to a historical high of 11.6 million tons, up 1.9% on 2000. The growth in demand was due to the continued dynamism of the civil construction industry. Despite a slight fall-off, the residential building industry continued to perform well, and there was sustained growth in the public works sector.

This demand was met by domestic production, with output totalling 10.5 million tonnes, and by imports of cement, which increased in volume over the previous year, and are estimated at more than a million tonnes.

Secil's production plants again proved their capacity to provide steady supplies for the domestic market. Cement sales grew over the previous year by 1.7% in volume, and 4.2% in value, despite the dampening of demand in the first quarter of the year due to poor weather conditions.

In July 2001 cement prices were revised, corresponding to an average increase of 2.9%, which represented a real reduction in prices of 0.8%.

Work continued on the implementation of specific strategy measures with the objective of increasing the productivity of the different production factors and reducing the cost of goods and services acquired.

For the first time in the last nine years power costs at the cement plants increased, due to higher tariffs and greater specific power consumption. Significantly, the kWh cost remains higher than that borne by the cement industry in the vast majority of other European Union countries.

The increase in specific energy consumption was due not to losses in efficiency but rather to a change in the production mix, with finer cements representing a larger proportion of output.

Thermal energy costs were higher than in the previous year, due to a significant increase in the prices of coal and coke as the result of the combination of a number of unfavourable factors, including increased maritime freight costs, the shortage of coal in the market and also due to the appreciation of the dollar against the euro.

Secil continued to pursue a strict environmental control policy, with heavy investment in this area at all plants. This included measures taken under the "Agreement for Ongoing Improvements in Environmental Performance" signed with the Government in 1991, namely the installation of sleeve filters at the **Secil-Outão** plant, which constituted a notable environmental advance, at European level, in terms of air quality.

One significant piece of progress was the quality and environmental certification of the **Maceira-Liz** and the **Cibra-Parais** plants in accordance with ISO Standards 9902 and 14001.

The continuing insistence on the introduction of “ecotaxes” in the European Union, penalizing industries for gas emissions, without an equivalent burden being borne by manufacturers of the same products outside the European Union, has placed European companies at a manifest disadvantage and remains a cause of concern to the Board of Directors. If no balancing mechanism is adopted, such as compensatory taxes on the import of products from countries where the “ecotax” is not applied, the effect will be to transfer production to outside the European Union, with damaging effects on the level of global pollution.

The company also continued with its policy of rationalising the deployment of human resources, and very significant results were achieved.

Overall targets for market penetration were fully achieved, and there was appreciable growth in sales of white cement, matched by the success achieved with the market launch of type II 42.5 cement.

Work continued on optimising the cement production/distribution system, and the company managed to reduce the cost per ton sold, despite increases in rail and maritime freights.

The **SIM - Secil Inovação e Mudança Project**, designed to achieve the complete modernization of the information system, was successfully completed in all essential aspects, and it remains only to carry out a number of measures to consolidate progress in this field.

Secil’s subsidiaries in the ready-mixed concrete and aggregate sectors recorded significant profits on the whole, well above those obtained in 2000.

Significant progress was also made in the power generation sector. **Enersis** generated a total of 287 GWh and obtained appreciable profits, above those for 2000. This company has been investing in wind farms, and is preparing to make further investments in this area.

The process of industrial waste disposal with energy recovery continued with trials being conducted a cement plants, and this work is planned to be completed during the first quarter of 2002. It is then expected that the Independent Scientific Commission, which has monitored the entire process, will give its approval to the implementation of co-incineration, and that the government authorities will hand down their decision on the matter.

In terms of foreign expansion, the company consolidated the position it established in 2000 in **Tunisia**, implementing a major investment plan designed to improve the performance of **Société des Ciments de Gabès** and with the acquisition of **Sud Béton**, which operates in the ready-mixed and precast concrete markets.

Secil also strengthened its presence in **Angola**, where **Tecnosecil** rehabilitated its plant and started up cement production operations in Lobito.

Other steps were also taken to develop the group's cement business in other geographical regions, and some of these projects are currently underway. One example of this is that the Group is expected in the near future to take up a minority holding in a company in the Middle East.

In **Tunisia**, consumption of cement and artificial lime totalled 5.6 million tons, representing growth of 4.1% over 2000.

However, **SCG** performed rather less well than in the previous year, with a downturn in EBITDA (-39.2%) and net results (-61.5%).

The decline in **SCG's** performance was due basically to a) a reduction in clinker and cement output, as the result of the need to carry out annual repairs which had been postponed from the previous year, b) increased power and natural gas prices, only partially offset by the increase in the sale prices for cement, and c) the use of clinker imported at high costs.

Semapa's consolidated net debt stood at around 442.1 million Euros as of 31 December 2001, down 4.9% on the previous year.

The proceedings brought by **Secil** against the Portuguese State for compensation for the damage caused by the inaccurate valuation of the liabilities of the **CMP** pension fund, contained in the confidential tendering documents provided in the course of the tendering process for the privatization of **Secil** and **CMP**, continue pending, and no significant progress was made during 2001.

Secil continues to sponsor awards designed to attract prestige and publicity for the products manufactured by the company and its associates. These have included the award of the **Secil** Civil Engineering Prize, in collaboration with the Institute of Engineers, which this year went to António Segadães Tavares. A University Competition was also organized for engineering students, with joint first place being awarded to Francisco Manuel Fernandes of Minho University, Luís Galrão dos Santos and Pedro de Sousa Gonçalves of Porto University.

In terms of the Company's overall performance, **Semapa** recorded its best net consolidated profits ever, of 44.1 million Euros. These were obtained thanks to operating results which were very positive overall, despite being slightly down on 2000, and above all to a reduction in corporate tax permitted by applying to the **Secil Group** the taxation regime for corporate groups, although similar benefits are not expected to be obtained in future years.

Semapa closed the financial year of 2001 with a net income of 44.1 million Euros, and consolidated net profits of the same amount. Consolidated sales and services amounted to 500.6 million Euros. **Semapa** recorded a consolidated cash flow of 106.3 million Euros.

Main Consolidated Indicators – Operations

		1997	1998	1999	2000	2001
Cement production capacity	1000 t	3 784	3 784	3 784	4 934	5 006
Sales						
Grey cement	1 000 t	3 695	3 824	3 911	4 851	4 894
White cement	1 000 t	69	77	90	89	107
Artificial lime	1 000 t	-	-	-	82	78
Ready-mixed concrete	1 000 m^3	1 404	1 350	1 690	2 170	2 602
Aggregates	1 000 t	2 498	2 766	3 104	2 455	3 615
Precast concrete	1 000 t	382	415	376	388	392
Hydraulic lime	1 000 t	69	69	72	69	64
Mortars	1 000 t	33	43	60	70	106
Power	GWh	184	177	197	237	287
Workforce*		1 696	1 613	1 577	2 129	2 152

* Average number of persons employed by companies included in the consolidated accounts

Main Consolidated Indicators – Economic and Financial

1 000 Euro

	1998	1999	2000	2001
Turnover	362 380	395 453	465 245	500 604
EBITDA	136 304	160 523	165 332	162 449
Depreciation and Provisions	44 450	43 849	53 670	54 098
Depreciation of goodwill	7 087	8 088	7 800	8 089
EBIT	84 767	108 585	103 861	100 262
Financial results	-3 324	1 454	-15 805	-10 197
Current results	81 444	113 039	88 057	90 066
Extraordinary results	4 521	3 429	11 395	-1 801
Profits before tax	85 965	113 468	99 452	88 265
Taxes	37 465	49 231	39 976	4 314
Minority interests	24 003	30 851	28 711	39 805
Net profits	24 497	33 386	30 765	44 146
Cash flow	76 034	85 324	92 235	106 333
Total assets	528 106	597 711	952 909	1 003 048
Shareholders' equity	177 271	188 615	193 920	211 054
Net debt	94 181	113 847	464 855	442 079
EBITDA margin	38%	41%	36%	32%

The Board of Directors would like to express its thanks to Costumers and Employees, to the Audit Board, to the Financial Institutions which have supported the Group, to the Suppliers and, in general, all of **Semapa's** business partners in its various enterprises.

The Board of Directors would also like to thank the shareholders for the trust deposited in them, which has been essential for effectively managing **Semapa's** affairs with the fundamental aim of increasing the value of the company.

2. MAIN DEVELOPMENTS IN 2001

January

- Public presentation of the visual and landscape rehabilitation plans for the sea front area of the **Secil-Outão** plant.
- SAP sales and distribution model starts up at **Secil/CMP**.
- Acquisition by **Société des Ciments de Gabès** of the Tunisian company **Sud Béton**, which operates in the ready-mixed and precast concrete markets.

February

- **Enersis** starts production at the Lomba da Seixa wind farm.

March

- **SCG – Société des Ciments de Gabès** obtains quality certification under ISO Standard 9002.
- **Secil Prebetão** obtains quality certification under ISO Standard 9002 for all its plants.
- **Secil Martingança** starts up its new dry mortar plant in Pataias.
- First phase of the Inspection Audit for registration of the **Secil-Outão** plant with EMAS.

April

- First blank tests for coincineration at the **Secil-Outão** plant.
- **Enersis** starts production at the São Cristovão wind farm.
- **Secil Betões e Inertes** acquires the ready-mixed concrete company **Almeida & Carvalhais**.
- New cement road-rail depot for bagged cement starts operating in Leixões.

May

- **Secil Group** companies take part in SIMAC – International Construction Materials Fair in Lisbon.

- Acquisition of **Tercim – Terminais de Cimento, SA**, which has planning permission to build a cement terminal at Leixões port.

June

- Cement production starts up at the **Tecnosecil** plant in Lobito (Angola).

July

- Contract for sponsorship of Vitória de Setúbal and União de Leiria football teams for the 2001/2002 season.

- **Secil's** Board of Directors decide not to submit a bid in the open tendering process organized by the Government with a view to privatisation of 10.049% of the share capital of Cimpor.

September

- Work completed on fitting bag filters to the two production lines at the **Secil-Outão** plant.

October

- Inauguration of **Secil Martingança's** new dry mortar plant in Pataias.

- **Secil Group** companies take part in CONCRETA 2001.

November

- Work completed on the Euro Changeover project, converting the **Secil/CMP** information systems from PTE to EUR.

- The 2001 **Secil** Civil Engineering Prize awarded to António Segadães Tavares for the design for the runway extension at Funchal Airport.

- **Ecob** crushed stone production line starts up at the Mexilhoeira Grande quarry.

December

- Holdings in **CMP**, **Argibetão** and **Cimianto STH** sold to holding companies owned by the **Secil Group**.

- Acquisition by **Parcim** from **Secil Investimentos** of the company **Secilpar**, which has a 9% stake in Cimpor.

- **Maceira-Liz** and **Cibra-Pataias** plants obtain quality and environmental certification under ISO standards 9002 and 14001.

3. PORTUGAL

3.1 Cement

3.1.1 Market and Sales

Consumption of cement in the domestic market stood at 11.6 million tons, representing a new historic high and growth of 1.9% over 2000. Growth was particularly significant as from the 2nd quarter onwards, given that the 1st quarter was badly affected by poor weather conditions, which were reflected in a significant decrease in consumption in relation to the same period in 2000.

In general terms, growth in cement consumption is in line with overall growth in the Portuguese economy and the construction sector, and was particularly strong in the districts of Braga, Faro, Castelo Branco and Santarém, as well as in the Azores.

The positive performance of the Portuguese market was due to sustained growth in the civil construction industry: there was significant growth in the public works sector in 2001, which once again was greater than the slight fall-off in the residential construction sector, which was nonetheless less dramatic than feared.

Per capita cement consumption rose to 1,117 kg/inhabitant, a figure which remains well above that recorded in other European Union countries. The apparent drop in this indicator from 2000 was merely the result of the use of provisional population figures from the 2001 census, and of the fact that no adjusted figures are available for previous years.

In view of the growth in demand, there was an increase in the amount of cement imported, thought to stand at more than 1 million tons in 2001.

Cement Market (1) (1000 t)

	1997	1998	1999	2000	2001 (2)
Portugal	9 544	10 071	10 578	11 344	11 565
Portugal (%)	+ 13.2	+ 5.5	+ 5.0	+ 7.2	+ 1.9
European Union (%)	+ 2.0	+ 5.7	+ 5.0	+ 3.1	- 0.5

Per capita cement consumption (1) (kg)

	1997	1998	1999	2000	2001 (2)
Portugal	959	1 009	1 058	1 132	1 117
European Union	447	472	494	508	506

(1) Includes white cement
(2) Estimate

Secil's sales on the domestic market totalled 4,035,000 tons, representing growth over the previous year of 1.7% in volume, and 4.2% in value. In terms of the product mix, there was an increase in bulk cement sales whilst sales of bagged cement declined.

Cement sales (1 000 Euro)

	1997	1998	1999	2000	2001
Domestic market	245 249	257 554	266 318	272 793	284 114
Foreign market	2 409	2 075	2 778	2 968	3 585
Total	247 658	259 629	269 096	275 761	287 699
Variation (%)	+ 8.4	+ 4.8	+ 3.6	+ 2.5	+ 4.3

Cement sales (1 000 t)

	1997	1998	1999	2000	2001
Domestic market					
Grey cement	**3 649**	**3 789**	**3 867**	**3 878**	**3 932**
Bulk	1 744	1 733	1 724	1 803	1 936
Bagged	1 230	1 320	1 357	1 395	1 327
Sacks	675	736	786	680	669
White cement	**69**	**77**	**87**	**89**	**103**
Bulk	39	47	56	58	74
Bagged	30	30	31	31	29
Subtotal	**3 718**	**3 866**	**3 954**	**3 967**	**4 035**
Variation (%)	+ 8.9	+ 4.0	+ 2.3	+ 0.3	+ 1.7
Foreign Market					
Grey cement	**46**	**35**	**44**	**42**	**41**
Bulk	1	0	0	0	0
Bagged	0	0	0	1	10
Sacks	45	35	44	41	31
White cement	**0**	**0**	**3**	**0**	**4**
Bagged	0	0	3	0	4
Subtotal	**46**	**35**	**47**	**42**	**45**
Variation (%)	- 63.7	- 22.0	+ 34.3	- 10.6	+ 7.1
Total Market	**3 763**	**3 901**	**4 001**	**4 008**	**4 080**
Variation (%)	+ 6.4	+ 3.7	+ 2.6	+ 0.2	+ 1.8

The growth in demand, albeit small overall, was very uneven over the course of the year. A drop in demand in the first quarter was followed by strong expansion, which placed great pressure on **Secil**'s factories, given that it is not possible to build up significant stocks of finished goods.

In order to respond to this pressure, clinker and cement were bought on the international market; cement imports were designed essentially to keep up supplies to Madeira and the Azores.

Type II 42.5R cement was gradually made available throughout the country (it was first sold in November 2000). This type of cement is ecologically more positive product as it requires less clinker to be incorporated. A reasonable level of market penetration has been achieved.

Sales of white cement in the home market grew appreciably over the previous year (up 15.7%), reaching a total of 103,000 tons. **Secil** pursued its customer loyalty policy aimed at potentially major consumers of this product, in particular through product quality, reliability of supply and technical support services.

In the export market, the strong pressure of domestic demand meant that the Group could only honour commitments already accepted, relating to sale to Cabo Verde and São Tomé e Príncipe. A total of 3,250 tons of white cement was also exported to Algeria.

Measures were taken in coordination with the plants to monitor the certification of products pursuant to the new European cement standard, and the company adopted the rules in the community directive on the packaging and labelling of hazardous products.

Cement supplied by **Secil** plants has been used in several high-profile construction projects, including the Francisco Sá Carneiro Airport in Porto, the Park Bridge in Porto, the Casa da Música in Porto, the Gualtar Social Centre (Braga), the gas container terminals and extension of the east pier at the Port of Sines, the Multi-use terminal at the Port of Setúbal, and several motorway developments around the country.

Efficiency gains were achieved in the distribution system, thereby cutting the average cost of transport per ton sold in Mainland Portugal by 4% in real terms.

Average cost of transport per ton of cement sold in Mainland Portugal (1992=100)

	1992	1998	1999	2000	2001
Current prices	100	85	82	69	65
1992 prices	100	68	64	52	48

As a result of the improvements made to the logistical system, distribution costs were down on the previous year. In terms of prices, maritime freights increased as a result

of the rising price of fuel and the rising dollar. Rail freights rose at below the rate of inflation, and road freights held steady.

Two ships were chartered to supply the maritime terminal system and a new long term contract was negotiated between the **Secil-Outão** plant and these terminals, with guarantees that a suitable ship will be available.

Cement prices were revised in July 2001, resulting in an average increase of 2.9%, corresponding to a reduction in real prices of around 0.8%.

Cement prices (1992=100)

	1992	1998	1999	2000	2001
Nominal price	100	111	113	115	119
Retail price index	100	125	127	132	137
Real price	100	89	89	87	87

The following main developments occurred with regard to depots and terminals:

- The Viana do Castelo road/rail depot was relocated.
- A new maritime terminal was built and fitted out at the Port of Leixões.
- The new road/rail depot in Leixões was completed and started operating.
- The bulk depot at Poço do Bispo was renovated and recommissioned.

3.1.2 Production

Clinker output stood at 3,012,000 tons, down 1.3% on the previous year. This reduction was due essentially to the extra down time for the production lines at the **Secil-Outão** plant, required by the fitting of sleeve filters.

Productivity remained at a high level at the three plants, with higher levels than last year being recorded at the **Maceira-Liz** and **Cibra-Pataias** plants, and a lower rate at the **Secil-Outão** plant, due to the reason given above.

Clinker production (1 000 t)

	1997	1998	1999	2000	2001
Grey clinker					
Secil-Outão	1 592	1 655	1 719	1 796	1 703
Maceira-Liz	801	791	863	843	885
Cibra-Pataias	222	220	318	333	345
Subtotal	**2 615**	**2 666**	**2 900**	**2 972**	**2 933**
White clinker					
Cibra-Pataias	58	68	80	80	79
Total	**2 673**	**2 734**	**2 980**	**3 052**	**3 012**
Variation (%)	- 0.8	+ 2.3	+ 9.0	+ 2.4	- 1.3

Clinker output per worker (1) (t)

	1997	1998	1999	2000	2001
Secil-Outão	5 725	6 198	6 537	6 987	6 759
Maceira-Liz e Cibra-Pataias	3 198	3 340	3 928	4 131	4 349

(1) Only workers engaged in production activities were considered when calculating this indicator.

Total cement output was 3.2% down when compared to 2000 figures, standing at 3,871,000 tons. In order to keep up with the pressure of demand for cement, clinker and cement were imported from the foreign market. Cement imports were required essentially to maintain supplies to Madeira and the Azores.

Cement production (1 000 t)

	1997	1998	1999	2000	2001
Grey cement					
Secil-Outão	1 988	2 073	2 185	2 224	2 008
Maceira-Liz	1 317	1 399	1 380	1 313	1 371
Cibra-Pataias	302	328	385	374	387
Subtotal	**3 607**	**3 800**	**3 950**	**3 911**	**3 766**
White cement					
Cibra-Pataias	71	78	91	90	105
Total	**3 678**	**3 878**	**4 041**	**4001**	**3 871**
Variation (%)	+ 5.7	+ 5.4	+ 4.2	- 1.0	- 3.2

The cement produced at the three plants, continues to present fairly uniform final characteristics and high quality standards. This is deemed to be essential for achieving general market recognition of the consistency of the quality requirements in force throughout the **Company**.

In terms of operations, the pro-active management techniques adopted under the **Secil 2000 Project** were consolidated, namely the RAPIS for statistical control of the production process, the TAGUCHI method for studying processes through minimising the number of trials, and RCM, Reliability Centred Maintenance.

At the **Secil-Outão** plant, excellent air quality standards have been obtained thanks to the fitting of sleeve filters on the two production lines.

A new management structure has been put in place, like that introduced at the **CMP** factories, bringing maintenance and production management together into a single department.

With a view to quality certification, the company started on the transition process from ISO Standard 9002:1995 to ISO Standard 9001:2001, and we expect to request a transition audit in the course of 2002.

Preparatory work has also begun on implementation of a safety management system in line with Standard 4397.

One of the main achievements of the year was when **CMP** obtained quality certification under ISO Standards 9002:1995 and 14 001:1999 for the **Maceira-Liz** and the **Cibra-Pataias** plants.

At the **Maceira-Liz** plant, production of a new type of cement (type II 42.5R) started up, and a new annual record was set for clinker output.

At the **Cibra-Pataias** plant, output was excellent, and new annual records were set for grey clinker and for grey and white cement.

The coal and petroleum coke procurement system for the three plants continues to operate with great efficiency. There were no interruptions to supply, and adequate reserve stock levels were maintained.

The prices of solid fuels rose further in 2001, with a knock-on effect on the costs of clinker and cement production. Power costs also rose, for the first time in the last nine years.

3.1.3 Human Resources

Work continued on enhancing the motivation and effectiveness of human resources, and on helping the workforce to identify with **Group**'s objectives and those of its subsidiaries and other group companies.

Good results were obtained in streamlining the labour force, on the hiring of new staff, in vocational training and in the recognition of individual and Group contributions to the results achieved.

Workforce

	1997	1998	1999	2000	2001
SECIL					
Permanent	418	398	396	394	382
Casual	0	4	6	6	13
Subtotal	**418**	**402**	**402**	**400**	**395**
Variation (%)	- 10.7	- 3.8	0	- 0.5	- 1.3
CMP					
Permanent	388	370	366	363	354
Casual	0	3	5	3	9
Subtotal	**388**	**373**	**371**	**366**	**363**
Variation (%)	- 3.7	- 3.9	- 0.5	- 1.3	- 0.8
Permanent	806	768	762	757	736
Casual	0	7	11	9	22
Total	**806**	**775**	**773**	**766**	**758**
Variation (%)	- 7.5	- 3.8	- 0.3	- 0.9	- 1.0

At **Secil**, despite the hiring of ten new recruits the permanent workforce was reduced overall by twelve.

At **CMP**, no new employees were hired which resulted in a reduction of nine permanent employees.

The following table details employee training at **Secil** and **CMP:**

Training

	1997	1998	1999	2000	2001
Secil					
Persons	373	695	317	634	629
Hours	8 454	13 476	13 067	12 008	7 819
CMP					
Persons	383	447	214	299	728
Hours	12 353	10 256	6 840	7 087	15 520
Total					
Persons	**756**	**1 142**	**531**	**933**	**1 357**
Hours	**20 807**	**23 732**	**19 907**	**19 095**	**23 339**

Overtime was kept at acceptable levels, up 7.6% at **Secil** over 2000, and down by 34.6% at **CMP**.

The average age was 46 years at **Secil** and 46.6 years at **CMP**.

Absenteeism was brought down to 4.82% at **Secil**, but rose to 4.42% at **CMP**, although still within acceptable limits.

Absenteeism (%)

	1997	1998	1999	2000	2001
Secil	**3.64**	**3.49**	**5.32**	**4.93**	**4.82**
CMP	**3.63**	**2.73**	**4.14**	**3.35**	**4.42**

Secil and **CMP** awarded their staff a special bonus payment for the good results obtained in 2000.

Following on from a specific action programme in human resources, work began on a project to redesign the remuneration system for **Secil Group** employees, on the basis of the position held, skills acquired and a third variable, linked to performance.

3.1.4 SIM Project

Work continued in 2001 on implementation of the **SIM – Secil Inovação e Mudança Project**, with a view to full modernization of the information system and redesign and harmonization of processes and procedures in order to improve company performance at all levels. The system is shared by **Secil** and **CMP** and is based on SAP R/3 software.

With the implementation of the SD module (sales and distribution) and start-up of the outsourcing support software, the project is now at the final stage, with only a number of complementary tasks remaining, notably implementation of automatic systems.

During the year, the Group completed without any hitches the Euro Changeover Project, converting the **Secil/CMP** information system from PTE to EUR.

3.1.5 Organization

A new administrative and organizational department was created, with the central task of planning, coordinating and undertaking organizational tasks, implementing methods in the area of procedures, and maintaining and disseminating the system of internal rules.

This department is expected to start work soon on implementation of an archive and documentation management system.

3.1.6 Investment

Substantial investments were launched and carried out with a view to increase plant performance, enhancing product and service quality, improving environmental

conditions, improving customer service and introducing greater flexibility into the transport and distribution systems. The following were the main investments projects:

At the Secil-Outão Plant

- Installation of bag filters in the two clinker production lines.
- Replacement of the cascade system on line 9.

At the Maceira-Liz Plant:

- Construction of the ECOPARQUE.
- Adaptation of bulk dispatch to automatic road service.

At the Cibra-Pataias Plant

- Construction of the ECOPARQUE.

In Sales/Distribution:

- Completion and operating start-up of the Leixões depot.
- Project for new premises for the Northern Sales Coordination Office.
- Renovation and re-commissioning of the Poço do Bispo bulk depot.

In Administration:

- Conclusion of the general overhaul of information system, as part of the **SIM – Secil Inovação e Mudança Project**.

Both **Secil** and **CMP** applied to the POE for investment funding, and the respective contracts have already been concluded.

3.1.7 Results

In 2001, **Secil/CMP** recorded successful operating performance, albeit slightly down on the previous year. Despite a rise in turnover (up by 3.5%), EBITDA were down by 1.6% and EBIT remained at the same level.

The increase in turnover was due essentially to an increase in cement prices and to the volume sold, and business was negatively influenced by the following factors:

- Reduction in clinker and cement output;
- Rising cost of power, solid fuel and specific energy consumption;
- Use of high cost clinker and cement imports.

There were substantial increases in net income (up 40.4%) and cash flow (up 22.5%), with the company recording the best figures ever. These very large increases were possible thanks to a reduction in corporate tax, through application of the taxation regime for corporate groups. Similar benefits on the same scale are not expected in future years.

(1 000 Euro)

	1997	1998	1999	2000	2001	%
Sales	260 875	275 407	283 362	289 821	299 890	+ 3.5
EBITDA	112 989	117 666	136 942	136 062	133 853	- 1.6
EBIT	79 411	74 912	94 212	94 735	94 375	0.0
Net income	54 874	50 974	66 409	62 195	87 331	+ 40.4
Cash flow	88 452	93 729	109 139	103 521	126 809	+ 22.5

3.1.8 Prospects for 2002

The cement market is expected to hold steady in 2002 in relation to 2001. It is estimated that the foreseeable decline in the residential construction industry will be partly offset by appreciable growth in the public works sector.

3.2 Ready-mixed concrete and aggregates

The overall market for ready-mixed concrete developed very favourably in 2001. Consumption of cement by the ready-mixed concrete industry rose by 5.2% and represented 25.8% of total consumption in mainland Portugal, continuing the gradual trend for convergence with European standards. This percentage does not include cement used in the production of ready-mixed concrete by civil construction companies in their own plants, which is estimated to represent a considerable volume.

Cement consumed by ready-mixed concrete industry (Mainland Portugal)

(1 000 t)

	1997	1998	1999	2000	2001 (1)
Consumption	1 892	1 939	2 037	2 375	2 498
Consumption (%)	21.3	21.4	21.7	24.4	25.8
Variation (%)	+ 26.5	+ 2.5	+ 5.1	+ 16.6	+ 5.2

(1) Estimate

The aggregates market also performed well in 2001, in keeping with the ready-mixed concrete market.

The **Group**'s companies in the ready-mixed concrete sector recorded positive performance in 2001, better than in the previous year, as may be seen from the following table:

Ready-mixed concrete

		1999	2000	2001	%
Plants		33	38	38	0.0
Sales	1 000 m^3	1 691	2 170	2 533	16.7
Sales	1 000 Euro	99 266	123 983	146 149	17.9
EBIT	1 000 Euro	11 662	9 991	11 835	18.5
Net income	1 000 Euro	7 467	7 073	8 388	18.6
Cash flow	1 000 Euro	11 358	12 339	13 721	11.2
Workforce		453	479	465	-2.9

Major developments in this business area included the acquisition of **Almeida & Carvalhais** and the opening of the Régua plant, allowing the **Group** to increase production capacity.

Secil, Betões e Inertes acquired a 25% stake in **MCD – Materiais de Construção Dragados e Betão-Pronto**, which it sold to **Betão-Liz** during the course of 2001.

Important technological changes were also made to the communications network, bringing online all the companies owned by **Secil, Betões e Inertes, SGPS.**

A modest increase in sales is expected to 2002, together with a slight drop in sales margins. Operating results are therefore expected to be down in 2002.

In the aggregates sector, group companies were similarly successful, and performed considerably better than in the previous year, as the following table demonstrates:

Aggregates

		1999	2000	2001	%
Quarries		5	6	6	0.0
Sales	1 000 t	3 104	2 455	3 615	47.3
Sales	1 000 Euro	17 637	14 707	20 685	40.6
EBIT	1 000 Euro	3 556	2 835	6 863	142.1
Net income	1 000 Euro	2 120	1 915	4 523	136.2
Cash flow	1 000 Euro	5 113	4 563	7 548	65.4
Workforce		137	116	131	12.9

One of the main developments was the opening of **Ecob's** new crushed stone production line at the quarry in Mexilhoeira Grande.

Group performance in this sector in 2002 is expected to be in line with that recorded in 2001.

3.3 Precast concrete

Growth in the public works industry had a positive effect on the activities of **Secil Prebetão**, which was able to increase sales (up 8%) and operating results, which rose from a net loss of 90,000 Euros to a net income of 510,000 Euros. **Argibetão** also improved when compared to 2000 performance, increasing sales by 1.5% and net income by 43.8%. As a whole, the companies recorded substantial net income, higher than those achieved in 2000. At **Secil Prebetão** these results also included realised capital gains totalling 1.9 million Euros on the sale of property.

		1999	2000	2001	%
Plants		9	9	9	0.0
Sales	1 000 t	376	388	392	1.0
Sales	1 000 Euro	22 289	23 045	24 440	6.1
EBIT	1 000 Euro	252	236	831	252.1
Net income	1 000 Euro	277	210	2 015	859.9
Cash flow	1 000 Euro	2 807	2 559	4 212	64.6
Workforce		359	348	341	-2.0

Secil Prebetão was certified under ISO Standard 9002, and the company also consolidated the introduction of new precast panels onto the market, and modernized its production plant at the Montijo and Coimbra works. At **Argibetão** staff restructuring was accompanied by modernization of production plant at the Cartaxo and Braga works.

Growth is expected in the public works sector in 2002, with a slowdown in the residential construction industry. The effect of this is expected to be positive on the markets where **Secil Prebetão** operates, but negative on those of **Argibetão**.

3.4 Agglomerates and Mortars

As expected, the hydraulic lime market continues to decline, and shrunk slightly in 2001. The mortar market on the other hand continued to record sustained growth as a result of the gradual replacement of traditional plaster. The cement glue market continues to grow, albeit slowly.

In this context, **Secil Martingança** again recorded good results, with an increase in sales (up by 16%) and in operating results (up by 4.5%). The decrease in net income was merely due to a significant increase in depreciation and the financial costs resulting from investment in a new mortar production plant, the benefits from which in terms of sales will only be felt in full from 2002 onwards.

		1999	2000	2001	%
Plants		1	1	2	100
Hydraulic lime	1 000 t	72	69	64	-8
Mortars	1 000 t	60	70	106	51
Turnover	1 000 Euro	7 451	8 023	9 285	16
EBIT	1 000 Euro	1 313	641	670	4
Net income	1 000 Euro	794	299	199	-33
Cash flow	1 000 Euro	1 318	1 332	1 432	8
Workforce		78	80	87	9

Major developments included the commissioning, in March, of the new dry mortar plant in Pataias, the market launch of new products including concrete mortar and manual RHP for exteriors and interiors, and major investment in silos and equipment for bulk mortar distribution to construction works.

The markets in which **Secil Martingança** operates are expected to perform in 2002 in the same way as in previous years, i.e. with further decline of the market for hydraulic lime and substantial growth in the mortar market.

3.5 Fibrecement

Sales on the internal market have grown very substantially allowing **Cimianto – STH / Novinco** together to record excellent results, with sales in the region of 35 million euros and net income in the order of 1.6 million euros. This success was achieved thanks to the departure from the market of the company's main competitor.

Positive developments included an increase in productivity and investment in NT (asbestos free) technologies, designed to prepare **Cimianto STH** to face up to the ban on asbestos use expected to be introduced in the near future.

Waste from asbestos fibrecement has been classified as hazardous in the European waste catalogue, and this may place major constraints on the main activity of **Cimianto STH** in the near future.

In general terms, the market and the company's results are expected to perform in 2002 along similar lines to 2001.

3.6 Timber Cement Panels

Contrary to expectations, **Viroc Portugal** recorded worsening results in 2001, reflected in a drop in sales (down by 2.8%) and in operating and net income deep into the red, as may be seen in the following table:

		1999	2000	2001	%
Plants		1	1	1	0.0
Sales	m^3	9 260	11 968	11 088	- 7.4
Sales	1 000 Euro	4 295	5 976	5 808	- 2.8
EBIT	1 000 Euro	- 828	145	- 598	- 513.4
Net income	1 000 Euro	- 958	- 399	- 1 369	- 243.1
Cash flow	1 000 Euro	- 362	698	- 93	- 113.3
Workforce		57	66	82	24.2

However, it was still possible to continue to keep up with the debt restructuring plan agreed with the banks in December 1999.

The markets in which this company operates are expected to develop favourably in 2002, especially in the segments with greater value added. In this context, **Viroc Portugal** will be able to turn around its current difficult situation if it goes ahead with the investment plan proposed by the Board of Directors and recently approved by the General Meeting, permitting it to increase production capacity in the area of finishes segment.

3.7 Cement Distribution to Madeira and the Azores

The cement companies in Madeira and the Azores, **Cimentos Madeira** and **Cimentaçor** have recorded very healthy results. Consumption of cement in the regions has remained at an exceptionally high level, especially in the Azores.

The market in the Azores grew considerably (by 17,5% over 2000), reaching a total of 335,000 tons, a new all-time record. **Cimentaçor** recorded net income in the order of 3,3 million euros, its best ever, whilst generating cash flow of 4.2 million euros.

The market in Madeira contracted slightly (a reduction of 3.4%), standing at 512,000 tons. As a cement sales company is active in the region, **Cimentos Madeira** recorded sales of 355,000 tons (1% less than in 2000). **Cimentos Madeira** recorded net income of 2.1 million euros, also its best ever, and generated cash flow of 2.9 million euros. The largest contribution to these results come from the other construction materials companies in which this company is a shareholder.

3.8 Cement Transport

Cimentrans recorded an increase in business, with correspondingly large growth in sales (up by 19.7%). However, the legislation in force since the end of 1999 governing loads and the working hours of truck drivers continues to penalize costs, with a particularly bad impact on personnel, causing the company once more to record a loss (in the order of 41,000 euros). The cash flow generated, albeit positive in the order of 302,000 euros, was lower than in 2000 (down by 7%).

3.9 Power generation

Enersis' power generation subsidiaries generated 287 GWh, their highest figure ever. They recorded sales of 19 million euros and net profits of 3 million euros.

Investment went ahead as planned in the new wind farms. The parks at Lomba da Seixa and São Cristóvão came into operation, with generating capacity of 13 MW and 3.3 MW respectively. Total installed capacity now stands at around 100 MW, divided into 41 MW in wind farms and 58 MW in mini-hydro stations. Overall investment in 2001 totalled 12 million euros.

		1999	2000	2001	%
Capacity	MW	72	83	100	+ 20
Output	GWh	197	237	287	+ 21
Sales	1 000 Euro	11 941	15 383	18 980	+ 23
EBIT	1 000 Euro	7 452	7 706	8 130	+ 6
Net income	1 000 Euro	2 434	2 190	2 964	+ 35
Work force		57	52	54	+ 4

Major developments at the beginning of 2002 included:

- negotiation of a partnership between **Enersis** and the Mota-Engil Group, under which Enersis will acquire a 50% interest in a company in the Mota-Engil Group operating in the field of renewable energy, and the transfer to this company of holdings in **Enersis'** service companies;
- acquisition, by **Enersis**, of the wind farm at Lagoa Funda, in Vila do Bispo, with power capacity of 10 MW.

In 2002 the company plans to conclude wind farms with a further power capacity of 12 MW and to start construction on new farms with an anticipated power capacity of 20 MW.

3.10 Paper bags

The paper bags production line at the **Maceira-Liz** plant recorded a 6.3% decline in production over 2000, as a result of the corresponding decrease in bag sales, because the Group sold less bagged cement.

Variable direct costs increased by 6.7% over the previous year, due essentially to an increase in the average cost of paper, which rose by 9.3%.

		1999	2000	2001	%
Plants		1	1	1	0.0
Output	1 000 Bags	53 493	52 071	48 796	- 6.3
Sales (1)	1 000 Euro	7 990	7 921	7 581	- 4.3
EBIT	1 000 Euro	2 634	2 484	1 999	- 19.5

(1) This includes paper bags provided to the Maceira-Liz and Cibra-Pataias plants.

3.11 Waste recovery and recycling

The Independent Scientific Commission for Environmental Control and Inspection of Co-incineration (CCI) has continued its work, monitoring the co-incineration trials which took place throughout 2001. It is hoped that the final trials at the **Secil-Outão** plant and the Cimpor plant in Souselas will be carried out during the first quarter of 2002.

Scoreco, a joint venture between the Portuguese cement industry and Scori, the French company with proven expertise in the treatment of industrial waste in cement kilns, is awaiting the final outcome of the tests, the recommendations of the CCI on the quality of the process and the Government's decision. It is hoped that everything will be successfully concluded by the end of 2002 in order to move onto full industrial operation.

Prescor, which works in the field of waste reclamation for cement production, has finished building a grinding unit on the site of the Siderurgia Nacional steelworks in Seixal, for use as raw material of an environmental liability of around 600,000 tons of granulated slag from the blast kilns. This production unit should produce around 60,000 tons a year of ground slag, which will be used as additives in cement production.

4. TUNISIA

4.1 Cement

4.1.1 Market and sales

Consumption of cement and artificial lime stood at 5.6 million tons in 2001, representing an increase of 4.1% over the previous year.

Total market growth fell short of expectations, and the pace of growth dropped to well below that recorded in 2000. This was due essentially to slower growth in the Tunisian economy and to the fact that the cement industry in Tunisia is currently unable to meet the level of demand.

Binder market (1 000 t)

	1997	1998	1999	2000	2001
Cement	4 003	4 109	4 387	4 948	5 178
Artificial lime	381	394	398	465	456
Binders	4 384	4 503	4 785	5 413	5 634
Binders (%)	+ 5.3	+ 2.7	+ 6.3	+ 13.1	+ 4.1

Per capita consumption					(kg)
	1997	**1998**	**1999**	**2000**	**2001**
Cement	468	472	496	550	567
Artificial lime	45	45	45	51	50
Binders	513	517	541	601	617

SCG recorded total sales of binders on the domestic market of 990,000 tons, down 2.3% in volume over the previous year. In terms of value, sales were up by 2.7% (in euros) or 4.9% (in Tunisian dinars). The increase in the value of sales was due to rising prices and, above all, to growing sale of type I and HRS cements which carry higher prices.

Turnover					(1 000 Euro)
	1997	**1998**	**1999**	**2000**	**2001**
Binders	29 435	28 032	30 426	36 472	37 146
Domestic market	25 379	25 639	29 514	36 472	37 146
Foreign market	4 055	2 394	912	0	0
Others	1 800	1 805	1 574	1 838	2 200
Total	**31 234**	**29 837**	**32 000**	**38 309**	**39 346**
Variation (%)	- 0.7	- 4.5	+ 7.2	+ 19.7	+ 2.7

Turnover					(1 000 t)
	1997	**1998**	**1999**	**2000**	**2001**
Domestic market					
Cement	731	718	781	931	912
Artificial lime	35	40	29	82	78
Clinker	0	0	31	0	0
Subtotal	766	758	841	1 013	990
Variation (%)	+ 3,5	- 1,0	+ 10,9	+ 20,5	- 2,3
Foreign market					
Clinker	167	91	35	0	0
Total market	**933**	**849**	**876**	**1 013**	**990**
Variation (%)	- 0.1	- 9.0	+ 3.2	+ 15.6	- 2.2

In May 2001, under the official price system in force, it was only possible to increase prices by 3%, despite the fact that cement prices in Tunisia are very low in comparison with other countries in the region.

This official price system will be abolished in 2002 and prices will be completely deregulated, as expressly promised by the Tunisian government in the tendering documents issued in the privatisation process for the cement industry.

4.1.2 Production

Output of clinker stood at 703,000 tons, which represents a reduction of 8.2% over the previous year. This was due essentially to the occurrence of long production line stoppages for maintenance activities.

Overall production of binders also decreased (down by 3.7%), standing at 984,000 tons. This was due to the production of a mix of cements with a greater degree of clinker incorporation (type I and HRS cements), to major maintenance and modernization work on one of the plants, taking more than 30 days and, above all, to the non-availability of clinker during certain periods of the year. This situation was more critical in the 1st half, and the company resorted to importing clinker, especially during the 2nd half. It should be stressed that there are restrictions on the import of clinker, and these imports have to be processed through one of the Tunisian state cement companies, which hugely increases the difficulty of the operation.

Production (1 000t)

	1997	1998	1999	2000	2001
Clinker	820	731	703	766	703
Variation (%)	+ 1.7	- 10.9	- 3.8	+ 9.0	- 8.2
Binders					
Cement	735	724	781	940	904
Artificial lime	35	37	29	82	80
Total	**770**	**761**	**810**	**1 022**	**984**
Variation (%)	+ 4.2	- 1.2	+ 6.4	+ 26.2	- 3.7

In terms of product quality, and with a view of measures which will allow to improve its image and gain the trust of its customers, the company was successful in obtaining certification under ISO standard 9002.

4.1.3 Human Resources

Various steps were taken to improve the effectiveness of human resources and to bring them to identify gradually with the **Group**'s objectives.

Training activities were organized for company management, with technical staff travelling from **Secil** to Gabès and **SCG** staff travelling to Portugal.

Further measures were taken to restructure the workforce, leading a reduction in personnel numbers of 20.

Workforce

	1997	1998	1999	2000	2001
Permanent employees	545	540	537	515	495
Variation (%)	- 3.2	- 0.9	- 0.6	- 4.1	- 3.9

4.1.4 Investment

An ambitious investment plan was established in the cement sector, in keeping with the findings of the technical survey conducted during the first years of **Secil**'s ownership of the company, and with the strategic options taken, with regard to increased production capacity at the plant and conversion to a new energy source (changing from gas to coal or coke).

Although the company is not yet ready to start implementing all this investment, projects were started in 2001 for the maintenance, optimisation and improvement of working conditions, in order to stabilise annual plant output at above 800,000 tons of clinker and 1.1 million tons of binder. The total value of these projects, which are expected to be completed by March 2002, totals around 7.8 million Euros, and more than half of this amount is reflected in the 2001 accounts.

With a view to diversify into other activities in the cement sector, the company acquired **Sud Béton**, which operates in the ready-mixed and precast concrete market. This company is located in the Sfax area, and has started to invest in a green field ready mixed concrete plant in Zarzis.

4.1.5 Results

In 2001, **SCG's** performance was appreciably down on that recorded in 2000. Despite an increase in sales (up by 2.7%), reductions were recorded in EBITDA (down by 39.2%), net income (down by 61.5%) and cash flow (down by 27.9%).

Turnover increased essentially thanks to higher cement prices, whilst business was adversely affected by the following:

- Significant increase in maintenance costs as the result of implementation of the major maintenance and optimisation programmes referred to above;
- Reduction in clinker and cement output;
- Increase in power and natural gas prices and the cost of specific energy consumption;
- The need to import clinker at very high cost.

In addition, the net income for the period was brought down by around 239,000 euros relating to the productivity premium paid in 2001 and relating to 2000. This was due to the change of the accounting criterion for the "productivity premium", bringing it into line with the matching principle. In actual fact, **SCG** recorded in its accounts in 2001 two productivity bonuses: one for 2000, paid in 2001, and another for 2001, to be paid in 2002.

(1 000 Euro)

	1998	1999	2000	2001	%
Sales	29 837	32 000	38 309	39 346	+ 2.7
EBITDA	4 733	4 631	7 024	4 268	- 39.2
EBIT	345	520	3 257	851	- 73.9
Net income	751	1 216	2 794	1 077	- 61.5
Cash flow	5 477	5 327	6 562	4 733	- 27.9

4.1.6 Prospects for 2002

Significant growth in the binder market is expected in 2002 as a result of recovery of demand not met in 2001.

SCG is set to embark on a major investment plan, with the installation of coke grinding plant, expansion of clinker production capacity and construction of a cement grinding plant, together with conclusion of the optimisation measures currently being implemented.

4.2 Ready-mixed and precast concrete

The company **Sud Béton** was acquired by **SCG – Société des Ciments de Gabès** during the first quarter of last year. It represents the first incursion Tunisia downstream of the cement business.

The company recorded fairly satisfactory performance in 2001. Sales stood at 5 million euros, with net income of 221,000 euros and cash flow of 511,000 euros.

The following major developments occurred during 2001:

- The ready-mixed and precast concrete sectors were separated, and the workforce was reorganized.
- Various members of technical management staff from **Sud Béton** travelled for training at **Unibetão**.
- The company acquired three cement mixer trucks and new laboratory equipment.
- Production and marketing of ready-mixed concrete started in **Gabès** and preparations were made for creating a company in Zarzis.

5. ANGOLA

5.1 Cement

The **Tecnosecil** plant in Lobito started production and sales in July 2001.

During the 1st half of the year work was carried out on renovating the cement mill, which has a production capacity of around 72,000 tons/year. Great difficulties were encountered in this task, because of the obsolescence of the equipment, the lack of maintenance and spare parts and the poor skill level of the company workforce. Investment in rehabilitation totalled 5.6 million euros.

In view of the constraints surrounding the company's start-up, **Tecnosecil** recorded negative results for 2001. The company recorded sales of 9,360 tons, corresponding to 1.6 million euros, in value, but there was a net loss of 369,000 euros and negative cash flow of 255,000 euros.

Other positive developments included the restructuring of the workforce, with a reduction of 146 employees, and the organization of training activities.

The prospects for the cement market in 2002 are relatively good, both for the country as a whole and for the southern region, which is **Tecnosecil**'s natural market. However, the prospects for growth remain constrained by the current state of war and the resulting semi-paralysis of the economy. A return to peace is essential for economic development, reconstruction of the country and the reopening of communication lines, which are expected to have a very positive impact on the construction industry and the demand for cement.

6. CABO VERDE

6.1 Aggregates

Contrary to expectations, there was no recovery in the Cabo Verde economy in 2001, meaning that sales of **ICV** were well below the expected level. In view of the small market no other alternatives were found, and the losses recorded (in the order of 210,000 euros) reflect this situation.

Economic growth is expected finally to occur in 2002, and company sales are therefore forecast to rise by around 50%.

The Management Board is also planning to introduce major changes to planning and industrial control, to the preventive upkeep policy and to the commercial and administrative organization of the company, with a positive impact on results.

7. DEVELOPMENT

In the field of development, independent business projects in the field of cement and complementary industrial areas continued to be promoted, particularly with regard to innovative products for the civil construction industry.

The following were the most significant developments in this field:

- Creation of holding companies, wholly owned by **Secil**, as part of the processing of restructuring the Group's holdings in Portugal and abroad.

  The new companies are:

  - Seinpart – Participações, SGPS, SA
  - Ciminpart – Investimentos e Participações, SGPS, SA
  - Parseinges – Gestão de Investimentos, SGPS, SA
  - Parcim Investments, B.V.
  - Trochee Investments, B.V.

- Acquisition by **Parcim,** from **Secil Investimentos,** of the company **Secilpar** which has a 9% interest in Cimpor.

- Acquisition, by **Ciminpart** and **Parseinges**, of **CMP's** holdings in **Cimianto STH** and **Argibetão** respectively.

- Acquisition by **Secil** of **Tercim – Terminais de Cimentos**, holder of planning permission for construction of a cement terminal at the port of Leixões.

- Acquisition by **Secil** of a 5% stake in **Cimentaçor**, giving the company a total holding of 25%.

- Acquisition by **Secil Betões e Inertes** of **Almeida & Carvalhais**, a company operating in the ready-mixed concrete market.

- Start-up of the new mortar plant belonging to **Secil Martingança** in Pataias.

- Start-up of cement production by **Tecnosecil** in Angola.

- Acquisition by **Société des Ciments de Gabès** of **Sud Béton**, a company operating in the ready-mixed and precast concrete market in Tunisia.

- The foundations have been laid for a partnership between **Enersis** and the **Mota-Engil** Group for projects in the renewable energy sector.

- Research into various investment opportunities in the cement industry in countries in the Middle East, Asia, Europe and North America.

8. HOLDING IN CIMPOR

In relation to the qualifying holding in Cimpor – Cimentos de Portugal SGPS, SA, the following were the main developments in the course of 2001:

- The Board of Directors of **Secil** resolved not to present a bid for the privatisation process of 10.049% of the share capital of Cimpor, as it considered that the necessary conditions for this operation were not in place:

    a) Moves to remove the restrictions contained in Cimpor's by-laws were undermined, with the connivance of the Government, which meant that, given the interest that **Secil** already held would cause it to forfeit voting rights on around 9% of the shares offered for tender;

    b) The restrictions contained in Cimpor's articles of association prevented any agreements being concluded between its shareholders, or between its shareholders and potential shareholders which, meant it would be impossible to guarantee performance of the duties established in the tender documents for the privatisation process, with due openness and in accordance with the laws governing the capitals markets;

    c) The starting price of 30.4 Euros per share, which resulted from a speculative cycle set off by the Government's behaviour, meant that the minimum investment stood at the very high level of 410,567,261 Euros far above any reasonable economic limit;

    d) If **Secil** were to take control of Cimpor – which would be essential in order to meet the selection criteria established in the terms of the tendering process – it would have to launch a general take-over bid, at the price asked by the Government in the same tendering process.

- The General Meeting of Cimpor Shareholders held on 31 July voted, thanks to the combined votes of a group of shareholders (including the companies in the Teixeira Duarte Group, the Lafarge Group and organizations linked to the BCP Group, including independent funds managed by the BCP Group), in favour of a list for the Board of Directors proposed by Tedal – SGPS, SA (a company belonging to the Texeira Duarte Group), containing a number of names associated with this same group of shareholders. In order to defend its interests as shareholder in Cimpor, **Secilpar:**

    a) voted against approval of this list;

    b) under the terms of the law protecting the rights of minority shareholders, had itself elected as Member of the Board, and in accordance with the law appointed Dr. José Alfredo de Almeida Honório to sit on the board;

    c) brought a motion for annulment of the resolution of election of the Directors of Cimpor, adopted by the General Meeting of 31 July 2001, as it considered such resolution to have been taken in breach of the law and articles of association.

It is also the conviction of **Secil**'s Board of Directors that the election of the current Directors of Cimpor contained in the list proposed by Tedal was the result of an agreement on the exercise of voting rights between a number of shareholders in Cimpor, including companies in the Teixeira Duarte Group, the Lafarge Group and organizations linked to the BCP Group, including independent funds managed by the BCP Group. In the understanding of **Secil**'s Board of Directors, this fact should have caused one or all of the shareholders belonging to this group to launch a take over bid (an offer) for all Cimpor shares at a share price no lower than the highest price paid for Cimpor shares by any of the said shareholders (or by persons related to any of the same, as defined in article 20 of the Securities Market Code) in the six months prior to the date on which the preliminary notice of such bid should have been published, i.e., at the outside, during the six months prior to 31 August 2001.

- Finally, on 7 December 2001, with a view to reorganize the corporate structure of the **Secil** Group as part of the ongoing process of internationalisation, **Secil-Investimentos**, a wholly owned subsidiary of **Secil**, sold **Secilpar**, the company which own 9% of the shares in Cimpor – Cimentos de Portugal SGPS, S.A., to **Parcim Investments B.V.**, another wholly owned subsidiary of **Secil**. This transfer resulted in a fiscal capital loss which had a positive impact of around thirty million Euros on the Company's results.

9. FINANCIAL

Consolidated net debt as of 31 December 2001 stand at 442.1 million Euros, which in relation to the previous year represents a decrease of 4.9%.

Net consolidated investment by the **Group** totalled 36.2 million Euros.

The process of restructuring group holdings as referred to in section 7. had a number of consequences for the accounts of our associated companies **Secil** and **CMP**. The most important of these were:

- On selling **Cimianto STH** to **Ciminpart**, **CMP** recorded an extraordinary loss of 1,563,749 euros relating to goodwill net of depreciation.
- On disposing of **Secilpar**, **Secil, SA** increased the share capital of **Parcim** with an issue premium of 234,652,000 euros.
- With disposal of **Secilpar**, **Secil Investimentos** settled supplementary payments to **Secil** amounting to 207,749,324 euros.
- As a result of the disposal of **Secilpar**, a capital gain was generated with a positive impact on the Income Statement of **Secil, SA**, in the estimation of corporate tax.

The corporate tax estimate for **Secil, SA** for the financial year stands at 26,720,000 Euros, reduced from the level of tax applied on the basis of the rules for taxation of corporate groups, which totals 31,300,000 Euros. The difference between these two

amounts, of 4,580,000 Euros has been recorded under other extraordinary income and gains.

The impact of this process of restructuring the holding companies, is described in the Notes to the Consolidated Balance Sheet and Consolidated Statements of Profit and Loss for the year ended.

In the financial year of 2001, **Secil** recorded liabilities not covered by the Pension Fund, relating to the past services of retired employees assessed as at 1 January 2001, of 14,835,407 Euros, which have been recorded under retain earnings and liabilities generated during the financial year, of 947,193 Euros, which were recorded under other personnel costs. Both sums were offset against the provisions for other risks and charges.

The proceedings brought by **Secil** against the Portuguese State, for damages caused by incorrect valuation of the liabilities of **CMP**'s pension fund in the confidential tendering documents for the privatisation of **Secil** and **CMP**, continues pending, and not significant progress was made in the course of 2001.

As resolved by the General Meeting, the **Company** has paid dividends to its shareholders of 18,639,745 Euros.

In consolidated terms, **Semapa** closed its accounts with a net profit of 44.1 million Euros, and consolidated net profit of the same amount. Consolidated sales and services rendered totalled 500.6 million Euros. Consolidated cash flow was 106.3 million Euros.

The company neither acquired nor disposed of treasury stock during the financial year.

The Directors would like to express their thanks to their clients and employees, to the Audit Board, to the financial institutions which have supported the group, to their suppliers and, in general, all of **Semapa**'s business partners in its various enterprises.

The Board of Directors would also like to thank the shareholders for the trust deposited in them, which has been essential for effectively managing **Semapa**'s affairs with the fundamental aim of increasing the value of the company.

Proposed Allocation of Profits

Whereas the Company needs to maintain a financial structure compatible with the sustained growth of its Group in the different business areas in which it operates.

Whereas the Company's independence from the financial sector involved preserving consolidated levels of short, medium and long term indebtedness which allows it to maintain sound solvency indicators.

Whereas, as was duly made public on the markets, the Company's profits have been boosted by around 16 million Euros as a result of the restructuring of Secil as described above, and benefits of a similar size are not to be expected in future years.

Whereas, in view of the state of the Portuguese and international economy and the challenges expected in the near future, Secil has decided to distribute significantly smaller dividends than in the previous year.

Whereas the principles which have governed the distribution of dividends in previous years should be maintained.

We propose that the balance of the net income account, of 44,146,057.58 Euros, be distributed as follows:

Dividends for shares in circulation:	11 567 916,50
Legal reserve:	2 207 302,93
Free reserves:	30 370 838,15

Lisbon, 27th February 2002

The Board

_____
Pedro Mendonça de Queiroz Pereira
President

_____
Maria Maude Mendonça de Queiroz Pereira Lagos
Member of the Board

_____
Carlos Eduardo Coelho Alves
Member of the Board

_____
José Alfredo de Almeida Honório
Member of the Board

_____
Frederico José da Cunha de Mendonça e Meneses
Member of the Board

_____
Gonçalo Allen Serras Pereira
Member of the Board

_____
Francisco José de Melo e Castro Guedes
Member of the Board

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

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2001 AND 2000

(Translation of financial statements originally prepared in Portuguese - Note 57)

(Amounts stated in Euros)

ASSETS	Notes	2001 Gross assets	2001 Depreciation/ provision	2001 Net assets	2000 Net assets
FIXED ASSETS:					
Intangible assets:					
Incorporation expenses	27	4.406.390	(3.767.943)	638.447	594.732
Research and development expenses	27	1.065.210	(783.556)	281.654	430.637
Industrial property and other rights	27	87.556.725	(3.860.374)	83.696.351	85.427.056
Goodwill	27	335.952	(20.101)	315.851	296.585
Consolidation differences	10 and 27	143.563.908	(44.331.890)	99.232.018	104.141.329
Intangible assets in progress	27	517.635	-	517.635	438.433
Advances to suppliers of intangible assets	27	-	-	-	24.940
		237.445.820	(52.763.864)	184.681.956	191.353.712
Tangible fixed assets:					
Land and natural resources	27 and 42	41.864.499	(7.005.254)	34.859.245	34.599.490
Buildings and other constructions	27 and 42	280.746.105	(182.071.170)	98.674.935	103.008.370
Machinery and equipment	27 and 42	817.605.603	(631.529.140)	186.076.463	204.851.887
Transportation equipment	27 and 42	41.285.611	(33.937.467)	7.348.144	8.094.896
Tools and utensils	27 and 42	3.831.135	(3.382.339)	448.796	541.610
Administrative equipment	27 and 42	22.479.360	(19.543.355)	2.936.005	4.190.396
Reusable containers	27 and 42	18.801	(16.816)	1.985	254
Other tangible fixed assets	27 and 42	7.517.761	(5.096.752)	2.421.009	1.509.951
Construction in progress	27	10.235.767	-	10.235.767	5.639.284
Advances to suppliers of tangible fixed assets	27	381.481	-	381.481	676.375
		1.225.966.123	(882.582.293)	343.383.830	363.112.513
Financial investments:					
Investments in subsidiaries	27	11.677.031	-	11.677.031	11.264.877
Investments in affiliated companies	27	23.366.036	-	23.366.036	22.885.760
Loans to affiliated companies	27	2.211.882	-	2.211.882	2.211.884
Securities and other investments	27	216.646.730	(2.255.508)	214.391.222	214.357.773
Advances on account for investments	27	30.000	-	30.000	1.704.492
		253.931.679	(2.255.508)	251.676.171	252.424.786
MEDIUM AND LONG TERM RECEIVABLES:					
Accounts receivable - Medium and long term:					
Other debtors		1.906.108	-	1.906.108	1.375.066
CURRENT ASSETS:					
Inventories:					
Raw, subsidiary and consumable materials		24.573.878	(1.859.560)	22.714.318	21.752.920
Work in progress		538.455	-	538.455	506.739
Finished goods and intermediate products		8.480.527	(18.827)	8.461.700	9.652.602
Merchandise		9.884.818	(455)	9.884.363	10.812.741
	46	43.477.678	(1.878.842)	41.598.836	42.725.002
Accounts receivable - Short term:					
Accounts receivable from customers		74.573.686	(117.066)	74.456.620	55.717.516
Notes receivable from customers		1.341.065	(58.062)	1.283.003	2.220.962
Doubtful accounts receivable		11.543.359	(10.641.800)	901.559	579.683
Accounts receivable from group companies		3.303.267	-	3.303.267	2.065.916
Participant and participated companies		2.035.446	-	2.035.446	427.914
Advances to suppliers		2.009.771	-	2.009.771	133.339
Advances to suppliers of fixed assets		102.211	-	102.211	-
Accounts receivable from public entities	51	32.366.253	-	32.366.253	1.205.724
Other debtors	50	13.245.604	(534.065)	12.711.539	12.433.221
	46	140.520.662	(11.350.993)	129.169.669	74.784.275
Marketable securities:					
Other investments		10.143.297	-	10.143.297	16.741.373
		10.143.297	-	10.143.297	16.741.373
Banks and cash:					
Bank deposits		36.198.650	-	36.198.650	7.757.255
Cash		95.502	-	95.502	85.439
		36.294.152	-	36.294.152	7.842.694
ACCRUALS AND DEFERRALS:					
Accrued income		616.086	-	616.086	116.644
Deferred costs		3.578.290	-	3.578.290	2.432.612
		4.194.376	-	4.194.376	2.549.256
Total depreciation			(936.703.740)		
Total provisions			(14.127.760)		
Total assets		1.953.879.895	(950.831.500)	1.003.048.395	952.908.677

EQUITY, MINORITY INTERESTS AND LIABILITIES	Notes	2001	2000
EQUITY:			
Share capital	53 and 54	118.332.445	118.332.445
Treasury stock - nominal value	53 and 54	(1.553.280)	(1.553.280)
Treasury stock - discounts and premiums	54	(3.632.740)	(3.632.740)
Share premium	54	3.923.459	3.923.459
Consolidation differences	10 and 54	(1.858.609)	(617.976)
Accumulated exchange adjustments		(407.247)	(586.170)
Revaluation reserves	54	13.727.564	21.037.456
Reserves:			
Legal reserves	54	7.364.592	5.826.360
Other reserves	54	30.971.799	20.385.130
Retained earnings	54	40.418	40.418
Consolidated net profit for the year	54	44.146.058	30.764.646
Total equity		211.054.459	193.919.748
MINORITY INTERESTS	55	197.057.336	184.817.809
LIABILITIES:			
PROVISIONS FOR RISKS AND COSTS:			
Provisions for pensions	46	14.453.503	-
Provisions for taxes	46	698.317	-
Other provisions for risks and costs	46	5.863.191	5.861.868
		21.015.011	5.861.868
MEDIUM AND LONG TERM LIABILITIES:			
Debenture loans	56	83.005.088	98.075.089
Bank loans	56	375.829.317	346.642.322
Other loans	56	2.499.456	3.740.984
Shareholders	55	557.653	243.733
Accounts payable to suppliers of fixed assets		187.056	492.658
		462.078.570	449.194.786
CURRENT LIABILITIES:			
Debenture loans	56	7.793.717	1.097.355
Bank loans	56	17.672.367	38.324.832
Other loans	56	1.717.351	1.558.743
Accounts payable to suppliers		39.865.533	35.694.451
Suppliers' invoices pending		2.968.284	1.038.921
Notes payable to suppliers		2.083.063	2.269.021
Group companies		278.857	1.358.955
Shareholders		6.273.960	5.178.150
Advances from customers		5.235	3.382
Accounts payable to suppliers of fixed assets		4.325.728	4.555.087
Accounts payable to public entities	51	12.438.137	9.088.063
Other creditors		894.853	4.963.004
		96.317.085	105.129.964
ACCRUAL AND DEFERRALS:			
Accrued costs	52	11.631.834	8.376.243
Deferred income	52	3.894.100	5.608.259
		15.525.934	13.984.502
Total equity, minority interests and liabilities		1.003.048.395	952.908.677

The accompanying notes form an integral part of the consolidated balance sheet as of 31 December 2001.

The Accountant

The Board of Directors

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR YEAR ENDED 31 DECEMBER 2001 AND 2000

(Translation of financial statements originally prepared in Portuguese - Note 57)

(Amounts stated in Euros)

EXPENSES	Notes	2001		2000	
Cost of inventories sold and consumed			151.402.577		130.996.773
External supplies and services			122.592.903		109.171.182
Payroll expenses:					
Salaries		43.438.742		38.477.738	
Social charges:					
Pensions	21	2.128.437		692.047	
Others		16.357.624	61.924.803	18.233.667	57.403.452
Depreciation and amortisation	27	59.937.406		58.983.611	
Provisions	46	2.249.179	62.186.585	2.487.236	61.470.847
Taxes		3.962.741		4.005.051	
Other operating costs		2.340.567	6.303.308	2.536.592	6.541.643
(A)			404.410.176		365.583.897
Losses relating to affiliated companies	27 and 44	248.583		312.941	
Depreciation and provisions for investments in property	27 and 44	76.030		41.041	
Interest and similar expenses - other	44	27.569.125	27.893.738	25.635.222	25.989.204
(C)			432.303.914		391.573.101
Extraordinary expenses	45		5.906.906		4.585.369
(E)			438.210.820		396.158.470
Income tax for the year			4.314.457		39.975.817
			442.525.277		436.134.287
Minority interests	55		39.804.690		28.710.867
(G)			482.329.967		464.845.154
Consolidated net profit for the year			44.146.058		30.764.646
			526.476.025		495.609.800

INCOME	Notes	2001		2000	
Sales of merchandise and finished goods	36	484.176.491		448.487.336	
Services rendered	36	16.427.013	500.603.504	16.757.272	465.244.608
Variation in production			(1.016.072)		876.622
Work for the company			173.327		241.737
Supplementary income		2.528.470		1.721.202	
Operating subsidies		32.184		15.099	
Other operating income		2.351.236	4.911.890	1.345.537	3.081.838
(B)			504.672.649		469.444.805
Gains from equity investments:					
Relating to affiliated companies	27 and 44	6.877.129		3.966.042	
Relating to other companies	44	8.286.944		3.923.868	
Income from marketable securities		1.185.562		17.348	
Other interest and similar income:					
Income relating to affiliated companies		156.374		190.588	
Other	44	1.191.086	17.697.095	2.086.546	10.184.392
(D)			522.369.744		479.629.197
Extraordinary income	45		4.106.281		15.980.603
(F)			526.476.025		495.609.800

Operating results:	(B) - (A)	100.262.473	103.860.908
Net financial results:	(D - B) - (C - A)	(10.196.643)	(15.804.812)
Current results:	(D) - (C)	90.065.830	88.056.096
Profit before income tax:	(F) - (E)	88.265.205	99.451.330
Consolidated net profit for the year:	(F) - (G)	44.146.058	30.764.646

The accompanying notes form an integral part of the consolidated statement of profit and loss by nature for the year ended 31 December 2001.

The Accountant

The Board of Directors

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

STATEMENTS OF PROFIT AND LOSS BY FUNCTIONS

FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000

(Amounts stated in Euros)

	Notes	2001	2000
Sales and services rendered	36	496.587.030	465.244.606
Cost of sales and services rendered		(291.038.280)	(245.195.714)
Gross profit		205.548.750	220.048.892
Other operating income		11.090.214	6.233.427
Distribution cost		(49.272.490)	(48.432.752)
Administrative cost		(38.123.582)	(42.554.319)
Other Operating costs		(14.047.621)	(13.845.433)
Operating profit		115.195.271	121.449.815
Net financing cost		(25.381.861)	(38.317.934)
Income from financial investments in affiliated companies		6.628.545	3.653.101
Incomes from others investments		(7.552.014)	9.047.126
Non usual or non frequent results		3.955.264	3.619.223
Current profit		92.845.205	99.451.331
Income tax		(8.894.457)	(39.975.818)
Minoritary interests		(39.804.690)	(28.710.867)
Net profit for the year		44.146.058	30.764.646
Net profit per share		0,37	0,26

The accompanying notes form an integral part of the consolidated statement for the year ended 31 December 2001.

The Accountant

The Board of Directors

SEMAPA – SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2001

AND TO THE STATEMENTS OF PROFIT AND LOSS

FOR THE YEAR THEN ENDED

(Translation of financial statements originally prepared in Portuguese - Note 57)

(Amounts stated in Euros)

INTRODUCTION

The Semapa Group ("the Group") is made up of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and subsidiaries (Note 1). Semapa was founded on 21 June 1991 and its corporate object is the management of financial investments in other companies, as an indirect form of carrying out economic activity. The operations of the Group consist basically of the manufacture and sale of cement, ready-mixed concrete, clay and cement products and the operation of quarries.

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

I INFORMATIONS RELATING TO GROUP COMPANIES INCLUDED IN THE CONSOLIDATION AND OTHERS

1. GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

The group companies included in the consolidation, their head offices and the percentages of share capital held as of 31 December 2001 are included in Appendix 1.

These subsidiaries were included in the consolidation by the full consolidation method, as set forth in line a) of item 1, of Article 1 of Decree-Law 238/91, of 2 July (majority of voting rights).

2. GROUP COMPANIES EXCLUDED FROM THE CONSOLIDATION

Investments in Group companies excluded from the consolidation, recorded under the caption investments in subsidiaries, their head offices and the percentages of share capital held as of 31 December 2001 are included in Appendix II.

Investments in Secil Energia, Lda., Betopal, S.A. (Espanha) and Trochee Investments, B.V. were excluded from consolidation due to their immateriality, both individually and in total, in relation to the financial position and results of operations of the Secil Group, as set forth in item 1, of Article 4 of Decree-Law 238/91, of 2 July. The investment in Betopal, S.A. (Espanha) was recorded in the consolidated financial statements by the equity method. The investment in Asfalbetão Transportes, Lda. has been excluded of the consolidation considering that it is in liquidation.

The subsidiary Enersis – Sociedade Gestora de Participações Sociais, S.A. ("Enersis"), which indirectly operates mini hydroelectric plants and wind farms, included in the Group's consolidation, prepared consolidated financial statements for the first time in 2001. Because of this, and the

different nature of the operations of these subsidiaries, the relationship of their assets to loans obtained specifically to finance them and their plants being operated on a concession basis, this subsidiary was included in the consolidated financial statements in accordance with the equity method rather than its non consolidated financial statements being fully consolidated as was the procedure up to 31 December 2000. Consequently, the consolidated assets and liabilities of Enersis were not included in the accompanying consolidated financial statements, the investment in Enersis being recorded in accordance with the equity method, based on its consolidated financial statements. Consequently, the balance of some captions in the accompanying financial statements is not comparable to those for 2000. The total assets and liabilities of the subsidiary excluded from the consolidation as of 31 December 2001 totalled approximately Euros 26,752,893 and Euros 14,360,453, respectively.

The subsidiary Tecnosecil, SARL. was excluded from the consolidation as set forth in item 3 Article 4 of Decree-Law 238/91, of 2 July. Consequently, this investment has been consistently recorded at cost.

3. AFFILIATED COMPANIES

Affiliated companies, their head offices and the percentages of their share capital held as of 31 December 2001, are included in Appendix III.

These companies are recorded in the consolidated financial statements by the equity method, as set forth in item 13.6 of the standards for consolidated accounts established in Decree-Law 238/91 of 2 July.

7. AVERAGE NUMBER OF PERSONNEL

The average number of personnel of the companies included in the consolidation is as follows:

By activities	2001	2000
Portugal:		
Cement	762	771
RMC and Aggregates	598	625
Others	184	215
Tunisia:		
Cement	518	518
Ready-mixed concrete	88	-
	2,150	2,129

III INFORMATIONS RELATING TO CONSOLIDATION PROCEDURES

10. CONSOLIDATION DIFFERENCES

a) Consolidation differences included in equity

The balance of this caption reflects the adjustments recorded as of the first application of the equity method as well the adjustments made by Secil directly to its own equity and the effect of similar adjustments made by its subsidiaries, after that date (Note 54).

During the year ended 31 December 2001, this caption had the following variations:

i) A reduction of Euros 8,215,376 related with the record directly to retained earnings of the amount of Euros 14,835,407 by Secil related with the responsibility with pensions complement to employees already retired up to 29 December 1987, which were not covered by pensions fund (Notes 21 and 54).

ii) An increase of Euros 7,309,892, related to the transference from revaluation reserves (Note 54).

b) Consolidation differences included in intangible assets

As of 31 December 2001 this caption includes the differences between cost and the proportional amount of equity of the participated companies as of the reference dates in which the acquisitions were made and the movement during this period was as follows:

		Aquisition Cost	Proportion of equity held %	Consolidation differences (Note 27)	Amortisation period (years)	Amortisation for the year (Note 27)	Accumulated Amortisation (Note 27)
Acquisitions of Secil							
CMP		182,713,032	97	95,361,753	14	4,883,563	36,758,982
Betão Liz, S.A.		2,168,798	7	722,853	20	36,143	108,428
Secil, Betões e Inertes, SGPS, S.A.		40,555,771	94	100,139	1	-	100,139
Société des Ciments de Gabès		244,553,770	99	23,068,405	20	1,153,420	2,306,840
Tercim	(a)	249,399	100	190,257	20	38,050	38,051
Cimentaçor	(a)	1,363,381	5	1,042,018	5	208,404	208,404
				120,485,425		6,319,580	39,520,844
Acquisitions of CMP							
Enersis - Energia a Sistemas, S.A.		10,866,781	90	6,050,169	15	464,265	2,800,302
Acquisitions of Secil, Betões e Inertes, SGPS, S.A.							
Unibetão-Indústrias de Betão , SA		5,128	100	5,128	5	1,026	2,051
Secil Betão-Indústrias de Betão, SA		556,339	100	556,339	5	111,268	222,536
Sulbetão-Preparados de Betão,SA		987,869	100	987,869	5	197,573	395,148
Betopal-Betões Preparados,SA		33,355	100	31,897	5	6,379	12,758
ECOB-Empresa de Construção e Britas,SA		9,143	100	5,028	5	1,006	2,011
Asfalbetão - Sociedade Indústrial, Lda.:		9,502,614	20	5,741,780	20	287,088	574,178
Asfalbetão Transportes, Lda.		251,703	100	190,963	20	9,548	19,096
Almeida & Carvalhais	(a)	5,662,134	81	4,274,795	20	213,740	213,740
Vermofeira	(a)	55,152	50	11,108	5	2,222	2,222
Lisconcreto-Betão Pronto,SA		1,203,046	100	1,100,910	19	57,907	115,816
Britobetão-Central de Betão,SA		110,494	55	55,626	5	11,125	44,501
				12,961,443		898,882	1,604,057
Acquisition of Société des Ciments de Gabés							
Sud-Béton	(a)	5,425,365	100	4,066,871	10	406,687	406,687
				143,563,908		8,089,414	44,331,890

(a) These goodwill are related with acquisitions made during the year 2001

The consolidation differences are amortised on a straight-line basis over periods that vary between 5 and 20 years. The period of useful life of the principal fixed assets was used in determining these periods, due to the nature of these companies' operations.

Amortisation of the consolidation differences is recorded in the consolidated statement of profit and loss, under the caption depreciation and amortisation (Note 27).

The difference between amortisation for the year in accordance with this note and the amortisation of Euros 223,401 for the year (Note 27), corresponds to amortisation for the year of the consolidation difference of the associated company Cimianto, the participation in which was sold on 28 December 2001 to the subsidiary Ciminpar-Investimentos e Participações, SGPS, S.A.. The consolidation difference of this investment amounts to Euros 1,563,749, net of accumulated depreciation amounting to Euros 2,377,198 (Note 45).

14. CHANGES IN THE CONSOLIDATION PERIMETER

During the year ended 31 December 2001 the following changes were made in the composition of the Group:

Acquisitions:

- Acquisition in May, of 100% of the share capital of Tercim – Terminais de Cimento, S.A., with Head Office in Lisbon;
- Acquisition in April, of 81% of the share capital of Almeida & Carvalhais, Lda., with Head Office in Aveiro;

- Acquisition in January, of 100% of the share capital of Sud – Béton – Societé de Fabrication de Béton du Sud, with Head Office in Tunis - Tunisia.

Companies founded:

- Incorporation of Seinpart - Participações, SGPS, S.A., with capital of Euros 50,000, fully owned by Secil, S.A.;
- Incorporation of Ciminpart - Investimentos e Participações, SGPS, S.A., with capital of Euros 50,000, fully owned by Secil, S.A.;
- Incorporation of Parseinges - Gestão de Investimentos, SGPS, S.A., with capital of Euros 50,000, fully owned by Secil, S.A.;
- Incorporation of Parcim Investment BV, with share capital of Euros 18,000, fully owned by Secil, S.A..

The total assets, liabilities and profits of these subsidiaries included in the consolidation, as of 31 December 2001, amounted to Euros 9,126,047 Euros 2,505,363 and Euros 9,084,428, respectively.

Decreases:

The subsidiary Enersis was included in the consolidated financial statements in accordance with the equity method, rather than by full consolidation as was the procedure up to 31 December 2000 (Note 2). Consequently, the balance of some captions in the accompanying financial statements is not comparable to those for 2000. The total assets and liabilities of the subsidiary excluded from the consolidated financial statements as of 31 December 2001 amounted to Euros 26,752,893 and Euros 14,360,453, respectively.

15. CONSISTENCY OF VALUATION CRITERIA APPLIED

The valuation criteria used by the Group companies included in the consolidation are consistent and are as described in Note 23.

18. BASIS OF RECORDING INVESTMENTS IN AFFILIATED COMPANIES

The companies included in the consolidation record their investments in affiliated companies in their individual financial statements by the equity method.

IV INFORMATIONS RELATING TO COMPROMISES

21. PENSION FUND

As explained in Note 23.h) Secil, CMP, Unibetão, Secilbetão and Sulbetão have assumed the commitment to pay their employees pension complements for retirement due to age, incapacity, early retirement and survivor pensions. The amount of these pension complements is determined based on the number of years of employment and the prevailing salary scale.

Those companies constituted autonomous pension funds to cover their liabilities for these payments. However, Secil's Pension Fund does not cover employees already retired at the date of its constitution (29 December 1987) nor the fourteenth month pension complement paid voluntarily by the Company to pensioners covered by the Fund. Up to 31 December 2000 payments to these retirees were recorded by the Company as costs of the year in which they were made, under the caption payroll expenses. In 2001 the Company started recognising the past service cost in the caption provisions for other risks and costs. These costs were estimated as of 1 January 2001 at Euros 14,835,407 and were recorded by charge to retained earnings, and the liability of Euro 947,193 relating to the interest cost (calculated at the discount rate of 4.5%), actuarial losses, pensions growth and current services growth, accruing in the year was recorded in the caption other payroll expenses. Consequently Semapa recorded a decrease in the caption of consolidation differences amounting Euros 8,215,376 (Notes 10.a) and 54).

In addition, Secil record the responsibilities with past services related with the fourteenth month pension complement for the workers included in the Fund, amounting to Euros 263,289 in the caption provisions for other risks and charges and by charge deferred costs. This amount will be recorded as cost in accordance with the average number of years in service of the Secil employees.

The liabilities of Secil and CMP at 31 December 2001, based on actuarial calculations made by independent entities and the market values of the Pension Funds are as follows:

	Secil	CMP
Liability for past services	8,028,513	23,304,276
Liability with 14th month for employees included In the pension Fund (Note 46)	617,578	-
Pensioners not covered by Pension Fund (Note 46)	13,835,925	-
	22,482,016	23,304,276
Market value of the Fund	8,223,640	22,969,563

The main actuarial and financial assumptions used in the calculations (made using the Projected Unit Credit method) are the following:

	Secil	CMP
Incapacity table	EKV80	Swiss
Mortality table	TV 73/77	TV 73/77
Salary growth rate	3%	3%
Fund income rate	5.5%	5.5%
Technical interest rate - pensioners	4.5%	4.5%
Pension growth rate	2%	2%

The evolution of the net assets of the Secil and CMP Pension Funds during the year ended 31 December 2001 was as follows:

	Secil	CMP
Balance at the beginning of the year	8,339,014	23,924,377
Contributions made	-	1,147,235
Charges for managing the fund	(43,232)	(46,762)
Income of the fund for the year	253,583	173,352
Pensions paid during the year	(325,725)	(2,228,639)
Balance at the end of the year	8,223,640	22,969,563

Evolution of the liability not covered by the Secil pension fund during the year ended 31 December 2001 was as follows:

	Note 46
Balance at the beginning of the year	15,098,696
Cost of interests	605,809
Pensions paid during the year	(1,592,386)
Net actuarial losses	220,456
Pension growth	30,018
Current services growth	90,910
Balance at the end of the year	14,453,503

At 31 December 2000 Secil had no provision to cover its liability, totalling Euros 15,098,696, not covered by the Pension Fund. This was recognised in 2001 under the caption provisions for risks and costs, as explained in Note 23.h).

22. GUARANTEES GRANTED

In order to guarantee a debt related with a loan obtained in 1994 for the Secil acquisition, with a bank syndicate, Semapa pledged 4,820,643 of Secil shares.

Secil pledged 6,089,350 shares of CMP in guarantee of the liabilities resulting from the loan contract entered into with a syndicate of banks led by CGD in 1994.

In addition, Secil contracted bank loans to finance the acquisition of Société des Ciments de Gabés, in Tunisia. Under the terms of the loans Secil provided an irrevocable power of attorney to a bank, enabling them to pledge the shares of that company in guarantee of the loan, in the event of non-compliance by Secil with the terms of the loan.

Additionally, at 31 December 2001 Secil and CMP had responsibilities under bank guarantees totalling Euros 1,609,070 and Euros 3,109,880, respectively.

V INFORMATIONS RELATING TO ACCOUNTING POLICIES

23. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared on a going concern basis from the accounting records of the companies included in the consolidation (Note 1) maintained in accordance with generally accepted accounting principles in Portugal.

Consolidation principles

The subsidiary companies referred to in Note 1 were consolidated by the full consolidation method. The significant transactions and balances between the companies were eliminated in the consolidation process. Third party participation in subsidiary companies is reflected in the caption “Minority interests”.

Investments in affiliated companies are stated in the consolidated financial statements by the equity method.

Investments representing less than 20% of the capital of the participated companies are recorded at the lower of cost or estimated realisable value (except for the investment in Cimentos Madeira, Lda., which was recorded by the equity method).

Principal accounting policies

The principal accounting policies used in the preparation of the consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are stated at cost, which is amortised on a straight line basis during a period which varies between 3 and 10 years, except for consolidation differences resulting from the acquisition of investments, which are amortised as set forth in Note 23.d).

b) Tangible fixed assets

Tangible fixed assets acquired up to 31 December 1997 are stated in general at cost, revalued in accordance with applicable legislation (Note 41). Tangible fixed assets acquired after that date are stated at cost. CMP’s and Société des Ciments de Gabès tangible fixed assets cost as of the acquisition date of that subsidiaries was determined, on that dates,

based on a valuation made by a specialised entity.

Depreciation is computed on cost or revalued amount, essentially on a straight line basis, using rates acceptable for income tax purposes to depreciate the fixed assets during their estimated useful lives. Decreasing rates are used for some categories of assets acquired by Secil and CMP where legislation permits this.

c) Financial leases

Fixed assets acquired under lease contracts and the corresponding liabilities are recorded using the financial method. Under this method the cost of the assets is recorded under tangible fixed assets, the corresponding liabilities are recorded and the interest included in the lease instalments and depreciation of the fixed assets, calculated as explained in Note 23.b), are recorded as expenses in the consolidated statement of profit and loss for the year to which they relate.

d) Financial investments

Investments in affiliated companies are stated based on the equity method. Under this method investments are initially stated at cost, which is then increased or decreased to correspond to the proportional amount of the equity of these companies at the acquisition date or at the date the equity method is applied for the first time.

Differences between cost and the corresponding proportion of equity in these companies as of the acquisition date are recorded as intangible assets under the caption goodwill, when the difference is positive or as deferred income when the difference is negative. These differences are amortised during the estimated period of recovery of the investments (Note 10).

In accordance with the equity method investments are adjusted annually by charge or credit to the caption losses or gains related to affiliated companies in the statement of profit and loss by the amount of the Group's share in their net results. Additionally, dividends received from these companies are deducted from investments in the year in which they are received.

Investments representing less than 20% are stated at the lower of cost or estimated realisable value (except for the investment in Cimentos Madeira, Lda. that is stated based on the equity method).

Investments in income earning property are stated at revalued cost less accumulated depreciation.

The financial statements of group companies expressed in foreign currencies are translated to Euros at the following exchange rates:

- Historical rate: for equity accounts except for profit for the year;
- Period-end rate: for all assets and liabilities;
- Average rate of the period: for the statement of profit and loss for the year.

Foreign currency exchange differences resulting from the translation of the financial statements to Euros where included in the caption current translation adjustment in the equity section of the balance sheet.

e) Inventories

Inventories are stated in accordance with the following criteria:

i) Merchandise and raw, subsidiary and consumable materials

Merchandise and raw, subsidiary and consumable materials are stated at average cost, which is lower than market value. Cost includes all expenses incurred up to receipt of the material in the warehouse.

ii) Finished goods and intermediate products and work in progress

Finished goods and intermediate products and work in progress are stated at average production cost which is lower than market value. Production cost includes the raw materials used in production, direct payroll costs and production overheads.

f) Marketable securities

Marketable securities are stated at the lower of cost or market value.

g) Accruals basis

The Group companies records income and expenses on an accruals basis, under which income and expenses are recorded in the period to which they relate independently of when they are received or paid. Differences between the amounts received and paid and the related income and expenses are recorded in the accrual and deferral accounts.

h) Pension complements

As mentioned in Note 21, Secil, CMP, Unibetão, Secilbetão and Sulbetão have assumed the commitment to pay their employees retirement pension complements. The companies created autonomous pension funds, in order to cover their liabilities for such payments. However, the Secil Pension Fund does not cover the liability for the payment of pensions to employees already retired at the date of constitution of the Fund (29 December 1987) nor the fourteenth month complement paid voluntarily by Secil to retirees covered by the Fund. Up to 31 December 2000 Secil recorded these payments in the statement of profit and loss for the period in which they are made.

In 2001 Secil started recognising the past service cost in the caption provisions for other risks and costs. These costs were estimated as of 1 January 2001 at Euros 14,835,407 and were recorded by charge to retained earnings (note 54), and the liability of Euro 947,193 relating to the interest cost (calculated at the discount rate of 4.5%), actuarial losses, pensions growth and current services growth, accruing in the year was recorded in the caption other payroll expenses.

In addition, Secil record the responsibilities with past services related with the fourteenth month pension complement for the workers included in the Fund, amounting to Euros 263,289 in the caption provisions for other risks and charges and by charge deferred costs. This amount will be recorded as cost in accordance with the average number of years in service of the Secil employees.

On a semi - annual basis, these companies obtain actuarial valuations of their liabilities, in order to make additional contributions to the Fund and/or increase the provisions so as to cover the liabilities in full. Annual contributions to the fund not covered by provisions previously recorded and increases in the provision are charged to the consolidated statement of profit and loss for the period in which they are made.

i) Subsidies to finance tangible fixed assets

Non repayable subsidies received to finance tangible fixed assets are recorded as deferred income and amortised to extraordinary income in the consolidated statement of profit and loss in proportion to the depreciation of the subsidised tangible fixed assets.

j) Deferred taxes

The Group does not record deferred taxes arising from timing differences in the recognition of income and expense for accounting purposes and for tax purposes.

The Group has not quantified the effect of this on the financial statements as of 31 December 2001. The principal differences giving rise to deferred taxes are the non-tax deductible portion of the revaluation of tangible fixed assets and the provisions recorded not

deductible for tax purposes.

k) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euros at the exchange rates prevailing as of the balance sheet dates.

Exchange gains and losses arising due to differences between the historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses, in the consolidated statement of profit and loss for the period.

VI INFORMATION RELATING TO SOME CAPTIONS

27. MOVEMENT IN FIXED ASSETS

The movement in intangible assets, tangible fixed assets and investments, and the related accumulated amortisation, depreciation and provision accounts during the year ended 31 December 2001 was as follows:

	Fixed assets						
Caption	Opening balance	Changes in consolidation perimeter	Exchange adjustments	Increases	Sales	Adjustments, transfers and disposals	Closing balance
Intangible assets:							
Incorporation expenses	2,212,057	94,456	-	1,733,400	-	366,477	4,406,390
Research and development expenses	948,341	26,051	-	64,684	-	26,134	1,065,210
Industrial property and other rights	87,470,146	884	476	85,231	-	(12)	87,556,725
Goodwill	310,068	-	973	-	-	24,911	335,952
Consolidation differences (Note 10.b))	143,162,972	(5,073,488)	-	-	-	5,474,424	143,563,908
Intangible assets in progress	438,433	-	-	512,776	-	(433,574)	517,635
Advances to suppliers of intangible assets	24,940	-	-	-	-	(24,940)	-
	234,566,957	(4,952,097)	1,449	2,396,091	-	5,433,420	237,445,820
Tangible fixed assets:							
Land and natural resources	41,080,067	269,528	2,521	211,857	(167,587)	468,113	41,864,499
Buildings and other constructions	278,449,601	1,044,577	102,886	1,413,444	(599,519)	335,116	280,746,105
Machinery and equipment	836,941,715	5,630,107	291,880	10,468,804	(40,498,264)	4,771,361	817,605,603
Transport equipment	41,291,261	2,208,089	66,349	2,194,461	(4,493,495)	18,946	41,285,611
Tools and utensils	3,718,897	20,068	-	106,178	(17,306)	3,298	3,831,135
Administrative equipment	21,395,490	157,125	421	782,521	(41,109)	184,912	22,479,360
Reusable containers	16,545	165,598	-	2,083	(165,425)	-	18,801
Other tangible fixed assets	6,137,778	36,315	23,326	1,360,803	(39,617)	(844)	7,517,761
Construction in progress	5,639,284	1,673,255	357	9,132,173	(665,366)	(5,543,936)	10,235,767
Advances to suppliers of tangible fixed assets	676,375	-	-	283,356	-	(578,250)	381,481
	1,235,347,013	11,204,662	487,740	25,955,680	(46,687,688)	(341,284)	1,225,966,123
Financial investments:							
Investments in subsidiaries	11,264,877	(1,955,542)	-	23,188	-	2,344,508	11,677,031
Investments in affiliated companies	22,885,760	(1,551,227)	-	475,985	-	1,555,518	23,366,036
Loans to affiliated companies	2,211,884	-	(2)	-	-	-	2,211,882
Securities and other investments	216,562,406	-	(1)	700	-	83,625	216,646,730
Advances on account of investments	1,704,492	-	-	424,705	(2,099,197)	-	30,000
	254,629,419	(3,506,769)	(3)	924,578	(2,099,197)	3,983,651	253,931,679
	1,724,543,389	2,745,796	489,186	29,276,349	(48,786,885)	9,075,787	1,717,343,622

	Accumulated amortisation, depreciation and provisions						
Caption	Opening balance	Changes in consolidation perimeter	Exchange adjustments	Increase	Sales	Transfers, adjustments and disposals	Closing balance
Intangible assets:							
Incorporation expenses	1,617,324	67,548	-	2,083,062	-	9	3,767,943
Research and development expenses	517,702	22,992	-	274,789	(22,992)	(8,935)	783,556
Industrial property and other rights	2,043,091	-	300	1,816,991	-	(8)	3,860,374
Goodwill	13,483	-	100	6,519	-	(1)	20,101
Consolidation differences (Note 10.b))	39,021,643	(455,702)	-	8,312,815	-	(2,546,866)	44,331,890
	43,213,243	(365,162)	400	12,494,176	(22,992)	(2,555,801)	52,763,864
Tangible fixed assets:							
Land and natural resources	6,480,577	-	-	524,874	(195)	(2)	7,005,254
Buildings and other constructions	175,441,232	272,456	76,869	6,444,636	(161,844)	(2,179)	182,071,170
Machinery and equipment	632,089,829	4,164,217	233,489	33,464,385	(38,418,258)	(4,522)	631,529,140
Transport equipment	33,196,363	1,493,758	57,125	3,113,948	(3,918,987)	(4,740)	33,937,467
Tools and utensils	3,177,288	12,726	-	200,212	(7,603)	(284)	3,382,339
Administrative equipment	17,205,096	93,395	162	2,274,385	(28,809)	(874)	19,543,355
Reusable containers	16,290	98,833	-	349	(98,660)	4	16,816
Other tangible fixed assets	4,627,826	17,619	20,057	458,732	(26,357)	(1,125)	5,096,752
	872,234,501	6,153,004	387,702	46,481,521	(42,660,713)	(13,722)	882,582,293
Financial investments:							
Securities and other investments:							
Provisions (Notes 44 and 46)	888,090	-	(114)	34,990	-	(25,041)	897,925
Depreciation (Note 44)	1,316,543	-	-	41,040	-	-	1,357,583
	2,204,633	-	(114)	76,030	-	(25,041)	2,255,508
	917,652,377	5,787,842	387,988	59,051,727	(42,683,705)	(2,594,564)	937,601,665

The amount of Euros 5,073,488 mentioned has change in perimeter in the caption consolidation differences is related with the consolidated exclusion of Enersis Group.

The sale of machinery and equipment totalling Euros 40,498,264 in 2001 corresponds essentially to scrap from humid way furnaces numbers 5, 6 and 7 of the Outão plant.

The amount of Euros 10,235,767 in the caption construction in progress corresponds to several projects, of which the more significant are the installation of sleeve exhaust filters in furnace number 8 in the Outão plant, landscaping of the Maceira plant, increase in the capacity and modernisation of the number 9 cement milling machine, construction of a hangar for marl and construction of a raw material pre-homo area in Pataias, which at 31 December 2001 were not yet operating.

In the year ended 31 December 2001 Secil – Betões e Inertes, SGPS, S.A. sold its investment in MCD – Materiais de Construção, Dragados e Betão Pronto, S.A. for Euros 448,918 resulting in a loss of Euros 1,650,279 (Note 45).

The subsidiary Société des Ciments de Gabés (SCG) and Sud Béton records the annual amortisation of deferred multi annual maintenance costs in the profit and loss statement caption "depreciation and amortisation" amounting to Euros 926,828 and Euros 34,877, respectively.

The movement in the caption "Investment in subsidiaries", "Investments in affiliated companies" and "Securities and other investments" during the year ended 31 December 2001 was as follows:

	Investments in		Securities and other Investments
	Group companies	Associated companies	
Opening balance	11,264,877	22,885,760	216,562,405
Results of subsidiaries and affiliated companies apropriated by the equity method (Note 44):			
- Gains	2,775,545	4,101,584	-
- Losses	-	(248,583)	-
Dividends distributed to the Group	(1,955,542)	(1,551,227)	-
Changes in consolidation perimeter (Note 2)	-	(1,506,220)	-
Other	(407,849)	(315,278)	84,325
Closing balance	11,677,031	23,366,036	216,646,730

Securities and other investments:

Cimpor - Cimentos de Portugal, S.G.P.S., S.A.	211,606,782
Investments in property (a)	2,725,497
Other	2,314,451
	216,646,730
Less: Depreciation and provisions for loss on investments	(2,255,508)
	214,391,222

(a) Properties purchased essentially in previous years not related to Secil's main activities. Accumulated depreciation and reserves (for real estate located in Angola) at 31 December 2001 amounted to Euros 1,357,583 and Euros 863,049, respectively.

30. MARKET VALUE OF CURRENT ASSETS

As of 31 December 2001, no significant differences existed, not covered by provisions, between the market value of current assets and their book value calculated in accordance with the principles used by the group (Note 23).

33. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

As of 31 December 2001 debenture loans and bank loans repayable in more than five years amount to Euros 211,460,448 (Note 56).

36. SALES AND SERVICES RENDERED BY ACTIVITY AND GEOGRAPHIC MARKET

Sales and services rendered by activity and geographic market are as follows:

By activity	Sales	Services rendered	Total
Portugal			
Cement	267,999,574	2,591,545	270,591,119
Ready-mixed concrete	138,670,003	7,432,647	146,102,650
Aggregates	15,836,074	1,850,189	17,686,263
Other	14,970,382	171,746	15,142,128
Tunisia			
Cement	38,615,798	3,731,239	42,347,037
Ready-mixed concrete	3,145,292	649,647	3,794,939
Other countries			
Cement	3,911,695	-	3,911,695
Ready-mixed concrete	1,027,673	-	1,027,673
Total	484,176,491	16,427,013	500,603,504

By market	Sales	Services rendered	Total
Internal market	437,476,033	12,046,127	449,522,160
Foreign market	46,700,458	4,380,886	51,081,344
Total	484,176,491	16,427,013	500,603,504

As of 31 December 2001, the detail by segments is as follows:

	Cement	Concrete premix	Stone quarries	Other segments	Eliminations	Consolidated
Operating results	89,635,413	10,233,775	6,772,201	(6,378,916)	-	100,262,473
Net financial results	(22,437,042)	1,307,842	(135,865)	59,361,811	(48,293,389)	(10,196,643)
Extraordinary results	(1,937,844)	(132,273)	195,939	73,553	-	(1,800,625)
Income tax for the year	(3,311,603)	4,477,329	2,310,425	838,306	-	4,314,457
Minority interests	19,891	413,704	286,708	169,103	38,915,284	39,804,690
Net profit for the year	68,552,239	6,518,311	4,235,142	52,049,039	(87,208,673)	44,146,058
Other information:						
Net assets	954,072,776	102,235,052	26,635,823	620,613,778	(700,509,034)	1,003,048,395
Liabilities	536,044,410	52,562,550	10,051,983	156,168,851	(159,891,194)	594,936,600
Investment	24,442,139	9,013,676	2,416,596	5,660,199	-	41,532,610

41. REVALUATION OF FIXED ASSETS

The Group revalued its tangible fixed assets in prior years in accordance with the applicable legislation, namely: Ministerial Order 258, of 28 December 1963; Decree-Law 126/77, of 2 April; Decree-Law 430/78, of 27 December; Decree-Law 219/82, of 2 June; Decree-Law 319-G/84, of 28 December; Decree-Law 118-B/86, of 27 May; Decree-Law 111/88, of 2 April; Decree-Law 49/91, of 25 January; Decree-Law 264/92, of 24 November; Decree-Law 22/92 of 14 February; Decree-Law 31/98, of 11 February.

As a result of the revaluations, depreciation for future years will be increased by Euros 114,344,131. Of that amount 40% is not deductible for corporate income tax purposes.

42. REVALUATION OF TANGIBLE FIXED ASSETS AND INVESTMENTS IN PROPERTIES

As of 31 December 2001 the cost and revaluation of tangible fixed assets and investments (investments in properties), net of accumulated depreciation, are as follows:

Caption	Historical costs	Reavaluations	Reavaluated amounts
Tangible fixed assets:			
Land and natural resources	23,838,060	11,021,185	34,859,245
Buildings and other constructions	59,825,327	38,849,608	98,674,935
Machinery and equipment	124,057,011	62,019,452	186,076,463
Transport equipment	7,000,245	347,899	7,348,144
Tools and utensils	295,617	153,179	448,796
Administrative equipment	2,346,453	589,552	2,936,005
Reusable containers	1,966	19	1,985
Other tangible fixed assets	2,177,196	243,813	2,421,009
	219,541,875	113,224,707	332,766,582
Investments:			
Investments in property	248,487	1,119,424	1,367,911
	219,790,362	114,344,131	334,134,493

44. FINANCIAL RESULTS

Financial results are made up as follows:

	2001	2000
Expenses:		
Interest expense	23,786,342	20,825,999
Depreciation and provisions for investments in properties (Note 27)	76,030	41,041
Foreign currency exchange losses	669,208	635,194
Financial discounts allowed	2,151,822	2,375,560
Other financial expenses	961,753	1,798,472
Losses on affiliated companies (Note 27)	248,583	312,941
	27,893,738	25,989,207
Financial results	(10,196,643)	(15,804,812)
	17,697,095	10,184,395
Income:		
Interest income	466,205	1,557,422
Income from investments	30,866	-
Income from properties	19,555	17,348
Gains on investments in affiliated companies (Note 27)	6,877,129	3,966,042
Gains on investments in other companies	8,286,944	3,923,868
Foreign currency exchange gains	455,580	324,338
Financial discounts received	416,152	386,234
Gains on marketable securities and other treasury applications	1,134,741	25
Other financial income	9,523	9,118
	17,697,095	10,184,395

The gain on investment in equity securities in other companies corresponds essentially to dividends of Euros 8,222,519 received from the subsidiary Secilpar.

45. EXTRAORDINARY RESULTS

Extraordinary results are made up as follows:

	2001	2000
Expenses:		
Donations	360,013	445,936
Uncollectable debts	281,425	347,433
Losses on inventories	20,561	6,839
Losses on fixed assets	4,103,456	66,659
Fines and penalties	26,487	1,938,897
Increase in depreciation and provisions	-	8,021
Prior year adjustments	136,728	1,516,954
Other extraordinary expenses	978,236	254,631
	5,906,906	4,585,370
Extraordinary results	(1,800,625)	11,395,234
	4,106,281	15,980,604
Income:		
Tax refund	3,449	75,139
Recovery of debts	-	3,262
Gains on inventories	57	-
Gains on fixed assets	1,415,986	6,213,013
Contractual penalty benefits	568	509
Decrease in depreciation and provisions	973,508	6,576,955
Prior year adjustments	26,839	72,785
Other extraordinary income	1,685,874	3,038,941
	4,106,281	15,980,604

The caption losses on fixed assets includes the amount of Euros 1,650,279 (Note 27), related with the loss on the sale of MCD and the amount of Euros 1,563,749 (Note 10), net of accumulated depreciation of Euros 2,440,518, related with the extraordinary depreciation of the consolidated differences of Cimianto – Sociedade Técnica de Hidráulica, S.A.

The gain on fixed assets includes essentially the gain on sale of mobile concrete trucks, mobile pumps and trucks.

46. MOVEMENT IN PROVISIONS

The movement in provisions during the year ended 31 December 2001 was as follows:

Captions	Opening balance	Changes in consolidation perimeter	Exchange adjustments	Increase	Utilisation/ reversal	Adjustments/ transfers	Ending balance
Provisions for losses on inventories	1,778,629	-	11,833	198,469	(110,088)	(1)	1,878,842
Provisions for doubtful accounts:							
Customers	10,067,921	269,386	9,121	1,281,444	(810,945)	-	10,816,927
Other debtors	491,974	-	(118)	69,641	(27,434)	2	534,065
	10,559,896	269,386	9,003	1,351,085	(838,379)	2	11,350,993
Provisions for risks and costs:							
Pensions provisions (Note 21)	-	-	-	16,045,889	(1,592,386)	-	14,453,503
Tax provisions	-	-	-	698,317	-	-	698,317
Other provisions for risks and costs	5,861,873	-	-	1,308	-	10	5,863,191
	5,861,873	-	-	16,745,514	(1,592,386)	10	21,015,011
Provisions for investments (Note 27)	888,090	-	(114)	34,990	(25,041)	-	897,925
	19,088,487	269,386	20,722	18,330,058	(2,565,894)	11	35,142,770

The amount of Euros 5,598,358 included under the caption other provisions for risks and costs, was recorded in 1995 by credit to other debtors (Note 50).

The increase of Euros 18,330,058 in provisions was recorded by charge to the following captions:

Retained earnings (Note 54)	14,835,407
Provisions	2,249,179
Personal costs	947,193
Financial costs	34,990
Deferred costs	263,289
	18,330,058

As mentioned in Note 23.h) in 2001 Secil recorded its passed service liability for retired employees not covered by the Pension Fund, in the amount of Euros 14,835,457 as of 1 January 2001, by charge to retained earnings (Note 54) as it corresponds to infrequent, significant adjustments relating to prior years, and recorded the liability of Euros 947,193 accruing during the year by charge to payroll costs. Consequently, Semapa recorded under the caption of consolidation differences the amount of Euros 8,215,376 (Notes 10.a) and 54).

In addition, Secil record the responsibilities with past services related with the fourteenth month pension complement for the workers included in the Fund, amounting to Euros 263,289 in the caption provisions for other risks and charges and by charge deferred costs.

Of the utilisation/reversal of provisions during the year, the amount of Euros 1,592,386 was decreased by direct utilisation and the amount of Euros 973,508 (Note 45) by credit to extraordinary income.

The provision of taxes amounting Euros 698,317 is related to the inspections from tax authorities to IRC statements of Secil regarding years 1997 to 1999, from which resulted some adjustments which have been mentioned to the Company.

VII OTHER INFORMATIONS

50. OTHER DEBTORS

The balance of this caption includes Euros 5,598,358 recorded in the statement of profit and loss of CMP in 1995 by corresponding entry to the caption provision for other risks and costs (Note 46). This amount results from an actuarial valuation, by a specialised independent entity, of the liability for retirements as of 31 December 1993 following the re-privatisation process of CMP. As

a result of the valuation referred to, errors were detected totalling the amount referred to above, the Management of CMP having in 1996 requested the Portuguese State to correct the insufficiency.

51. STATE AND OTHER GOVERNMENT ENTITIES

There are no overdue debts to the State and other government entities as of 31 December 2001. The balances with these entities are made up as follows:

	Receivables balances	Payable balances
Corporate income tax	29,933,180	3,078,564
Personal income tax	309	829,940
Tax added value	181,926	5,732,818
Social Security contributions	-	995,417
Taxes of Société Ciments Gabès	2,250,838	1,778,397
Other taxes	-	23,001
	32,366,253	12,438,137

The companies are subject to corporate income tax on an individual basis, except for Secil and several of its direct subsidiaries (in which minimum participation of 90% are held), which are subject to Corporate Income Tax on a consolidated basis.

As of 31 December 2001, the amount of Euros 29,933,180 of Corporate Income Tax includes the amount of Euros 29,768,833 from Secil and is detailed as follows:

Corporate income tax:	
- from Secil	(26,720,000)
- from subsidiaries	(4,238,816)
	(30,958,816)
- Tax reduction resulting from application of special regime of taxable companies group	31,300,000
	341,184
Payments on account	28,816,258
Tax retention	611,391
	29,768,833

In accordance with current tax legislation, the tax returns of the companies included in the consolidation are subject to review and adjustment by the tax authorities during a period of four years (five years for the years up to 1998) and 10 years for Social Security. Consequently, the tax returns for the years from 1997 to 2001 are still subject to review and adjustment. Secil tax returns for the years 1997 to 1999 have been reviewed in the year of 2001, as it is mentioned in Note 46.

The management of Semapa believes that any possible adjustments that may be made by the tax authorities as a result of their reviews will not have a significant effect on the consolidated financial statements as of 31 December 2001.

52. ACCRUALS AND DEFERRALS

The balance of the caption “accrued costs” at 31 December 2001 includes Euros 6,214,540 relating to vacation pay, vacation subsidy and other personnel costs, and Euros 2,446,899 relating to interest accrued to 31 December 2001 on loans obtained, the corresponding charges only being received subsequently.

The caption deferred income includes Euros 3,812,596 relating to investment subsidies of which Euros 2,598,514 relates to the CMP's investment subsidy to the Continuous Improvement of Environmental Performance of the Cement Sector, attributed to CMP in 1999. These subsidies are recognised in proportion to depreciation of the corresponding subsidised equipment, under the caption "Other extraordinary income" (Note 45).

53. CAPITAL

The Company's share capital at 31 December 2001 consisted of 118,322,445 fully subscribed and paid up shares of Euro 1 each, totalling Euros 118,322,445.

In accordance to the last Shareholders' General Meeting, dated 30 March 2001, the following entities owns more than 20% of the Company's share capital:

Name	%	Number of shares
Sodim, SGPS, S.A.	21.13	25,000,000

54. MOVEMENT IN EQUITY ACCOUNTS

The movement in the equity accounts during the year ended 31 December 2001 was as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Closing balance
Share capital	118,332,445	-	-	-	118,332,445
Treasury stock - nominal value	(1,553,280)	-	-	-	(1,553,280)
Treasury stock - discounts and premiums	(3,632,740)	-	-	-	(3,632,740)
Share premium	3,923,459	-	-	-	3,923,459
Consolidation differences (Note 10.a)	(617,976)	-	(1,240,633)	-	(1,858,609)
Accumulated exchange adjustments	(586,170)	178,923	-	-	(407,247)
Revaluation reserves	21,037,456	-	(7,309,892)	-	13,727,564
Reserves:					
Legal reserve	5,826,360	-	-	1,538,232	7,364,592
Other reserves	20,385,130	-	-	10,586,669	30,971,799
Retained earnings	40,418	-	-	-	40,418
Consolidated net profit for the year	30,764,646	44,146,058	-	(30,764,646)	44,146,058
	193,919,748	44,324,981	(8,550,525)	(18,639,745)	211,054,459

As decided by the Shareholders' General Meeting on 30 March 2001 consolidated net profit for 2000 was appropriated as follows:

Dividends distributed	18,639,745
Legal reserve	1,538,232
Other reserves	10,586,669

	30,764,646
	=========

The amount of Euros 178,923 in the caption accumulated exchange adjustments, corresponds to the proportion of the increase in shareholders' equity of Societé Ciments Gabès and Sud-Béton, resulting from exchange differences arising on the translations to Euros of the balance sheets of the foreign subsidiaries

Revaluation reserves: This caption results from the revaluation of tangible fixed assets made by subsidiaries of Semapa in accordance with applicable legislation (Note 41). In accordance with current legislation and accounting procedures in Portugal, these reserves cannot be distributed to the shareholders but can, under certain circumstances, be used for future capital increases of the companies that record the revaluation. The reserve is considered to be realised by the use or sale of the fixed assets to which they relate.

The amount of Euros 7,309,892 recorded in the caption of revaluation reserves against the caption of consolidation differences, is related with the Semapa's proportion in the transferred that

Secil made only in its consolidated financial statements and in accordance with Portuguese Accounting Standards nº16 for the caption retain earnings of the amount of the revaluation of its fixed assets already incurred up to 31 December 2001.

Legal reserve: Commercial legislation establishes that a minimum of 5% of annual net profits must be transferred to a legal reserve until it reaches 20% of share capital. This reserve can only be distributed to the shareholders upon liquidation of the Company, but may be used to absorb losses after all other reserves have been used up, or to increase capital.

55. MINORITY INTERESTS

As of 31 December 2001 minority interests included in liabilities refers to the following subsidiaries:

	2001	2000
Secil	189,221,535	176,577,808
CMP group	451,296	1,430,108
Secil Betões e Inertes Group	3,820,935	3,288,450
Société des Ciments de Gabés	484,790	503,551
Secil Martingança	2,667,418	2,579,703
Others	411,362	438,189
	197,057,336	184,817,809

During the year ended 31 December 2001 the movement in the caption minority interests was as follows:

Opening balance	184,817,809
Results of subsidiaries appropriated by minority shareholders	39,804,690
Dividends distributed to minority shareholders	(19,525,636)
Proportion of adjustments on Secil related to retirement complements (Notes 10.a) and 21)	(6,620,031)
Minority shareholders from Enersis Group (Note 2)	(978,812)
Proportion of other adjustments recorded by subsidiaries directly to their equity accounts	(440,683)
Closing balance	197,057,336

In addition, as of 31 December 2001 minority shareholders had accounts receivable from the group totalling Euros 557,653 (classified in the medium and long term).

56. LOANS

Loans obtained as of 31 December 2001 are made up as follows:

	Short term	Medium and long term
Debenture loans:		
Semapa/98 debenture loan	-	23,942,299
CMP/97 debenture loan	-	47,385,800
Secil – CMP/95 debenture loan	7,793,717	10,911,205
Other	-	765,784
	7,793,717	83,005,088
Bank loans	17,672,367	375,829,317
Other loans:		
Loans obtained under the PEDIP II – Medida 3.3 program	1,717,351	2,187,707
EFTA Fund for the Industrial Development of Portugal	-	311,749
	1,717,351	2,499,456

As of 31 December 2001, loans classified as medium and long term are repayable as follows:

2003	49,199,746
2004	80,967,830
2005	71,990,058
2006	47,715,780
2007 and following (Note 33)	211,460,448
	461,333,862

57. EXPLANATION ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese, in accordance with generally accepted accounting principles in Portugal and the disclosures required by the Official Plan of Accounts, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

APPENDIX I

COMPANIES INCLUDED IN CONSOLIDATION

Name	Head office	Percentage of share capital effectively held by Secil	Percentage of share capital effectively held by Semapa
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon	Parent company	
Secil-Companhia Geral de Cal e Cimento, S.A. ("Secil") and subsidiaries:	Setúbal		55,3768
Parcim Investments, B.V.	Amsterdam	99,9995	55,3765
Secilpar, SL.	Madrid	99,9995	55,3765
Seinpart - Participações, SGPS, S.A.	Lisbon	99,9995	55,3765
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	99,9995	55,3765
Parseinges - Gestão de Investimentos, SGPS, S.A.	Lisbon	99,9995	55,3765
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	90,8708	50,3214
Secil Investimentos, S.G.P.S., S.A.	Lisbon	99,9995	55,3765
Société des Ciments de Gabès	Tunis	98,7063	54,6604
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	98,7063	54,6604
Tercim- Terminais de Cimento, S.A.	Lisbon	99,9995	55,3765
Secil, Betões e Inertes, S.G.P.S., S.A. and subsidiaries:	Setúbal	93,6595	51,8657
Secil Betão - Indústrias de Betão, S.A.	Setúbal	93,6595	51,8657
Britobetão - Central de Betão, Lda.	Évora	51,5127	28,5261
Sulbetão - Preparados de Betão, S.A.	Albufeira	93,6595	51,8657
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	93,6595	51,8657
Lisconcreto - Betão Pronto, S.A.	Leiria	93,6595	51,8657
Asfalbetão - Sociedade Industrial, Lda.	Torres Vedras	84,2936	46,6791
Betopal - Betões Preparados, S.A.	Lisbon	93,6595	51,8657
Secil Britas, S.A.	Penafiel	93,6595	51,8657
Pedreiral - Pedreiras de Almoster, S.A.	Santarém	93,6595	51,8657
ECOB - Empresas de Construção e Britas, S.A.	Albufeira	93,6595	51,8657
Fabetão - Sociedade industrial de Fabrico de Betão, Lda.	Lisbon	93,6595	51,8657
Almeida & Carvalhais, Lda.	Aveiro	76,0354	42,1060
IQM - Indústrias Químicas da Martingança, Lda.	Lisbon	50,8730	28,1719
Macmetal - Indústrias Metalo-Mecânicas da Maceira, Lda.	Leiria	50,9997	28,2420
Secil Martingança - Aglomerantes e Novos Materiais p/Constr., Lda.	Leiria	51,1903	28,3476
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	99,9919	55,3723
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	99,9843	55,3681

APPENDIX II

COMPANIES EXCLUDED FROM CONSOLIDATION

Name	Head office	Percentage of share capital effectively held by Secil	Percentage of share capital effectively held by Semapa
Secil Energia, Lda.	Setúbal	99.9995	55.3765
Asfalbetão transportes, Lda.	Torres Vedras	93.6595	51.8657
Betopal S.A. (Espanha)	Madrid	89.9132	49.7910
Tecnosecil-Investimentos e Participações, SARL	Luanda	69.9997	38.7636
Trochee Investments, B.V.	Amsterdam	99.9995	55.3765
Enersis-S.G.P.S, S.A.	Lisbon	89.9043	49.7861
Subsidiaries and affiliated companies of Enersis-S.G.P.S, S.A:			
PESL-Parque Eólico da Serra do Larouco, S.A.	Montalegre	79.1125	43.8100
Minihídrica do Palhal, Lda.	Albergaria-A-Velha	89.9043	49.7861
Enerpro - Projectos de Energias Renováveis, Lda.	Lisbon	76.4152	42.3163
ECH - Exploração de Centrais Hidroeléctricas, Lda.	Ovadas	89.9043	49.7861
Hidrotuela - Hidroeléctrica do Tuela, S.A.	Bragança	83.4008	46.1847
Hidrocorgo - Hidroeléctrica do Corgo, S.A.	Vila Real	89.1901	49.3906
Enervia -Sociedade de Produção de Energia, S.A.	Lisbon	84.0567	46.5479
Produtora de Energia Minihídrica, Lda.	Vinhais	89.9043	49.7861

APPENDIX III

ASSOCIATED COMPANIES

Name	Head office	Percentage of share capital effectively held by Secil	Percentage of share capital effectively held by Semapa
Betão Liz, S.A.	Lisbon	33.3664	18.4773
Becim - Corretor de Seguros, Lda.	Lisbon	27.4022	15.1745
Cimentos Madeira, Lda.	Funchal	14.2856	7.9109
Cimentaçor - Cimentos dos Açores, Lda.	P.Delgada	24.9999	13.8441
Cimentrans - Transportes de Cimento, Lda.	Lisbon	39.9998	22.1506
Viroc Portugal - Ind. de Madeira e Cimento, S.A.	Setúbal	32.8272	18.1787
Secil Unicon - S.G.P.S., Lda.	Lisbon	49.9998	27.6883
ICV - Inertes de Cabo Verde, Lda.	Cabo Verde	37.4998	20.7662
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	Lisbon	49.9998	27.6883
Chryso Portugal, S.A.	Lisbon	39.9998	22.1506
Cimianto - Sociedade Técnica de Hidraúlica, S.A.	Vila F. Xira	39.9590	22.1280
Vermofeira-Extracção e Comércio de Areias, Lda.	Oeiras	46.8298	25.9328

THE BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
President

Maria Maude Mendonça de Queiroz Pereira Lagos
Member

Carlos Eduardo Coelho Alves
Member

José Alfredo de Almeida Honório
Member

Frederico José da Cunha de Mendonça e Meneses
Member

Gonçalo Allen Serras Pereira
Member

Francisco José de Melo e Castro Guedes
Member

Paulo Jorge Morais Costa
The Accountant

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000

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

(Amounts stated in Euros)

	Notes	2001	2000
OPERATING ACTIVITIES:			
Receivements from customers		505.908.818	463.326.224
Payments to suppliers		(272.329.015)	(237.060.170)
Payments to personnel		(40.967.572)	(38.494.543)
Flows from operations		192.612.231	187.771.511
Payments of income tax		(34.288.340)	(69.001.915)
Other payments relating to operating activities		(48.438.089)	(24.253.275)
		109.885.802	94.516.321
Payments / Receipts related with extraordinary activities		211.133	(3.442.998)
Flows from operating activities (1)		110.096.935	91.073.323
INVESTING ACTIVITIES:			
Receipts relating to:			
Financial investments		8.079.822	20.513.243
Tangible fixed assets		3.341.715	759.140
Subsidies for investments		1.140.387	2.455.861
Interest and similar income		165.355	369.574
Dividends		8.968.830	9.753.734
		21.696.109	33.851.552
Payments relating to:			
Financial investments		(25.162.842)	(380.182.106)
Tangible fixed assets		(26.573.537)	(30.147.784)
Intangible assets		(326.369)	(738.804)
Others		(20.082)	-
		(52.082.830)	(411.068.694)
Flows from investing activities (2)		(30.386.721)	(377.217.142)
FINANCING ACTIVITIES:			
Receipts relating to:			
Loans obtained		1.151.215.516	1.286.182.640
Capital increases, supplementary capital contributions and share premiuns		820	-
Subsidies and donations		650.608	1.748.845
Sale of treasury stock		-	27.155
Shareholders loans		2.917.001	-
		1.154.783.945	1.287.958.640
Payments relating to:			
Loans obtained		(1.147.283.631)	(938.034.228)
Amortisation of lease contracts		(835.869)	(708.542)
Interest and similar expenses		(23.233.160)	(20.050.887)
Dividends		(39.105.551)	(44.714.593)
Aquisicion of treasury stock		-	(3.408.052)
Shareholders loans		(423.980)	-
		(1.210.882.191)	(1.006.916.302)
Flows from financing activities (3)		(56.098.246)	281.042.338
VARIATION IN CASH AND EQUIVALENTS (4) = (1) + (2) + (3)		23.611.968	(5.101.481)
Effect of exchange differences		153.005	12.814
ADJUSTMENTS OF THE BEGINNING BALANCE DUE TO EFFECT OF INCLUSION OF ADDITIONAL SUBSIDIARIES		57.632	14.509.547
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR		22.344.485	12.923.605
CASH AND EQUIVALENTS AT THE END OF THE YEAR	2	46.167.090	22.344.485

The accompanying notes form an integral part of the consolidated statement of cash flows for the year ended 31 December 2001.

The Accountant

The Board of Directors

SEMAPA – SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A. AND SUBSIDIARIES

NOTES TO THE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2001

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

(Amounts stated in Euros)

1. PURCHASE/SALE OF EQUITY INVESTMENTS

The information relating to the purchase/sale of equity investments is included mentioned in Notes 1, 2, 3, 10, 14 and 27 of the notes to the consolidated balance sheet as of 31 December 2001 and to the consolidated profit and loss statements for the year ended as of that date.

2. CASH AND EQUIVALENTS

Cash and equivalents as of 31 December 2001 and 2000 are made up as follows:

	2001	2000
Treasury bounds	10,143,297	16,741,373
Bank deposits payable on demand	36,198,650	7,757,256
Cash	95,502	85,439
Bank Overdrafts	(270,359)	(2,239,583)
	36,023,793	5,603,112
	46,167,090	22,344,485

3. BANK LOANS AVAILABLE AND NOT USED

As of 31 December 2001, bank loans available and not used amounted to Euros 237,144,143.

The Accountant

The Board of Directors

ANTÓNIO DIAS E ASSOCIADOS
SOCIEDADE DE REVISORES OFICIAIS DE CONTAS
INSCRIÇÃO N.º 43
REGISTO NA CMVM Nº 231
NIPC 501 776 311

LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT

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

(Amounts expressed in Euros - €)

Introduction

1. Pursuant to the applicable legislation we hereby present our Legal Certification of Accounts and Audit Report on the consolidated financial information contained in the Directors' Report and the accompanying consolidated financial statements of Semapa – Sociedade de investimento e Gestão, SGPS, S.A. ("Semapa") and subsidiaries ("the Group") for 2001, which comprise the consolidated balance sheet as of 31 December 2001, that reflects a total of € 1,003,048,395 and shareholders' equity of € 211,054,459, including net profit of € 44,146,058, the consolidated statements of profit and loss by nature and by functions and the consolidated statement of cash flows for the year then ended and the related notes.

Responsibilities

2. Semapa's Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate internal control systems; (iv) informing any significant facts that have influenced the operations, financial position or results of operations of the companies included in the consolidation.

3. Our responsibility is to examine the financial information contained in the documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our work.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes: verifying the consolidation procedures used and application of the equity method, and verifying that the financial statements of the companies included in the consolidation have been appropriately examined; assessing the adequacy of the accounting principles used, their uniform application and their disclosure, taking into consideration the circumstances; verifying the applicability of the going concern concept; assessing the adequacy of the overall presentation of the consolidated financial statements; and assessing that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Directors' Report is consistent with the other consolidated documents of account. We believe that our examination and the reports of the other auditors referred to in paragraph 5 below provide a reasonable basis for expressing our opinion.

5. The financial statements as of 31 December 2001 of consolidated subsidiaries representing approximately 14% of the total consolidated assets and approximately 40% of the total consolidated revenue, were audited by other auditors on whose audit reports we relied to express our opinion on the amounts of these subsidiaries included in the accompanying consolidated financial statements.

Opinion

6. In our opinion, based on our audit and the reports of the other auditors referred to in paragraph 5 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. and subsidiaries as of 31 December 2001 and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal which, except as explained in paragraph 8 below, were applied on a basis consistent with that of the preceding year.

Emphases

7. The consolidated balance sheet as of 31 December 2000 and consolidated statements of profit and loss by nature and by functions and the consolidated statement of cash flows for the year then ended, presented for comparative purposes, were examined by us and our opinion thereon, expressed in our report dated 23 February 2001, includes one qualification relating to Secil – Companhia Geral de Cal e Cimento, S.A. ("Secil"), a 55.38% owned subsidiary, which was resolved in 2001, as explained in paragraph 8 below.

8. Up to 31 December 2000 the costs incurred by Secil with the payment of pension complements for retirement due to age, incapacity and survivor pension complements to personnel who retired up to 29 December 1987 and the voluntary payment of the fourteenth month pension complement to personnel retiring after that date, the liability for which is not covered by the Secil Pension Fund, were recognised as costs of the year in which they were paid. On 1 January 2001 Secil changed that accounting policy and started recognising the liability on an accruals basis. The above mentioned liability, which amounted to € 14,835,407 as of 31 December 2000, was recorded by the subsidiary by charge to retained earnings, as it corresponds to an unusual transaction of significant amount relating to prior years. This adjustment had the effect on the consolidated balance sheet of decreasing equity by € 8,215,376 (Notes 10.a) and 54) and decreasing minority interests by € 6,620,031 (Note 55).

Lisbon, 22 February 2002

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ANTÓNIO DIAS E ASSOCIADOS, SROC
Represented by António Marques Dias

REPORT AND OPINION OF THE AUDIT BOARD
CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

To the Shareholders of
Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.

In compliance with current legislation and our mandate, we hereby submit our Report and Opinion which covers the work performed by us and the consolidated documents of account of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and subsidiaries ("the Group") for the year ended 31 December 2001, for which Semapa's Board of Directors is responsible.

We accompanied the evolution of activity and business of Secil and its principal subsidiaries, the regularity of their accounting records and their compliance with current legislation and their articles of association, having received from the Board of Directors and personnel of Secil and its principal subsidiaries all the information and explanations requested.

Within the scope of our work, we examined the consolidated balance sheet as of 31 December 2001, the consolidated statements of profit and loss by nature and by function, the consolidated statement of cash flows and the related accompanying notes, as well as the Consolidated Directors' Report, prepared by the Board of Directors, for the year then ended. In addition we reviewed the Legal Certification of Accounts, prepared by the Statutory Auditor, who is a member of this Board, with which we are in agreement.

Considering the above, in our opinion, the consolidated financial statements referred to above and the Consolidated Directors' Report, as well as the proposal included therein, are in compliance with the applicable accounting standards, legislation and articles of association, and so can be approved by the Shareholders' General Meeting.

We wish to express to the Company's Board of Directors and personnel of the Secil Group our appreciation for their co-operation.

Lisbon, 28 February 2002

António Dias e Associados, SROC
Represented by António Marques Dias
President

Dr. Rafael Caldeira Castel-Branco Valverde
Member

Dr. Luís Miguel de Almeida Belo
Member

To the Board of Directors and Shareholders of
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

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

(Amounts stated in Euros - €)

1. We have audited the accompanying consolidated financial statements of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and Subsidiaries which comprise the consolidated balance sheet as of 31 December 2001, the consolidated statements of profit and loss by nature and by functions and the consolidated statement of cash flows for the year then ended and the accompanying notes. These financial statements are the responsibility of Semapa's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with generally accepted auditing standards, which require that the audit be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An audit includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on criteria defined by the Board of Directors, used in their preparation. An audit also includes verifying the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, as well as evaluating the overall presentation of the financial statements. We believe that our audit and the reports of other auditors as indicated in paragraph 4 below provide a reasonable basis for our opinion.

3. The consolidated balance sheet as of 31 December 2000 and consolidated statements of profit and loss and cash flows for the year then ended, which are presented for comparative purposes, were audited by us and our opinion thereon, dated 23 February 2001, contains one qualification relating to Secil – Companhia Geral de Cal e Cimento, S.A. ("SECIL"), a 55.38% owned subsidiary, which was resolved in 2001, as explained in paragraph 6 below.

4. The financial statements as of 31 December 2001 of subsidiaries included in the consolidation representing approximately 14% of the consolidated total assets and 40% of the consolidated total profit were audited by other auditors, on whose reports we relied to express our opinion on the amounts relating to those subsidiaries included in the accompanying consolidated financial statements.

5. In our opinion, based on our audit and on the reports of other auditors' as mentioned in paragraph 4 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. and Subsidiaries as of 31 December 2001 and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, which, except for the matter referred in paragraph 6, were applied on a basis consistent with that of the preceding year.

6. Up to 31 December 2000 the costs incurred by Secil with the payment of pension complements for retirement due to age, incapacity and survivor pension complements to personnel who retired up to 29 December 1987 and the voluntary payment of the fourteenth month pension complement to personnel retiring after that date, the liability for which is not covered by the Secil Pension Fund, were recognised as costs of the year in which they were paid. On 1 January 2001 Secil changed that accounting policy and started recognising the liability on an accruals basis. The above mentioned liability, which amounted to € 14,835,407 as of 31 December 2000, was recorded by the subsidiary by charge to retained earnings, as it corresponds to an unusual transaction of significant amount relating to prior years. Consequently, in the year ended 31 December 2001 the Company recorded a decrease of € 8,215,376 in equity (Notes 10.a) and 54), and a decrease of minority interests of € 6,620,031 (Note 55).

Lisbon, 28 February 2002

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