Semapa

CONSOLIDATED ANNUAL REPORT

AS OF 31ST DECEMBER 2002

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

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Semapa

DIRECTORS' REPORT

Consolidated Accounts 2002

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1. OVERVIEW

As a whole, the **Semapa Group** companies recorded positive performance in 2002, despite the slowdown in construction in their principal market – Portugal – combined with increased competition from importers. It should be stressed that this performance was only possible thanks to significant productivity gains in production and distribution, both in Portugal and in Tunisia.

Demand for cement in Portugal was down on the previous year, ending a period of continuous growth which had begun in 1994. In 2002 it is estimated that the market stood at 11.1 million tons, which represents a drop of 3.7%.

Market behaviour was very uneven over the year: there was sustained growth through to July, and then a very significant fall-off from August onwards, with the residential construction and public works sectors both contracting.

In the residential construction sector, the long expected fall-off was due to the saturation of demand in the market. In the case of public works and non-residential construction, the drop was the result of a slowdown in the economy due, in the main part, to an unfavourable international situation and economic policy dominated by containment of public spending.

The demand was met from cement manufactured in Portugal and also from imports, which are estimated to have increased by 1.3 million tons over the previous year. Companies in the cement market (both importers and manufacturers) adopted increasingly aggressive sales strategies in response to growing supply and shrinking demand.

Secil's plants once again demonstrated their ability to provide regular supplies for the domestic market, resulting in a substantial reduction in clinker imports.

The **Company**'s cement sales stood at 3.8 million tons, down by 5.5% in volume and 3.1% in value.

Cement prices were revised in March 2002, with an average increase of 2.4%, which represented a reduction in real price of 1.6%. In November, due to the aggressive sales environment, cement prices were revised downwards at sales depots.

The **Group** continued to implement the specific measures designed by the Board of Directors in order to increase the productivity of the various factors of production, and to cut the cost of goods and services acquired.

For the second consecutive year, despite the reduction achieved in specific consumption, the costs of purchasing power rose significantly, as a result of a substantial hike in tariffs. In reality, the differential widened between the costs borne by the Portuguese cement industry and those borne by cement companies in other European countries, making the Portuguese sector more vulnerable to imports.

At a time of significant retraction in the economy, the Board of Directors has warned the government of the need to change its policy in the power sector, in order to create a more level playing field for the country's industry.

The **Company** continued to implement a rigorous policy of environmental control, with heavy investment at all plants. The most significant measures were adopted under the Contract for Ongoing Improvement in Environmental Performance signed with the Government in 1999.

Secil has worked closely with the environmental authorities on the National Plan for Climate Change and the National Plan for Emissions Ceilings, helping to define the measures to be taken by the Government in order to comply with the Kyoto Protocol and the Emissions Ceilings Directive.

The insistence on introducing heavy taxes in the European Union to penalize industrial plant with significant energy consumption, without any equivalent burden being imposed on manufacturers of the same products outside the European Union, continues to concern the Board of Directors. If a balancing mechanism is not introduced, such as compensatory taxes levied on the energy content of products from third countries, these measures will pave the way of the relocation of the industry to outside the European Union, with a resulting increase in pollution worldwide.

In the field of quality certification, further steps have been taken to transfer **Secil**'s and **CMP**'s certification from ISO 9002:1995 to ISO 9001:2001, with a transition audit bring conducted in February 2003.

The first steps have been taken towards implementation of a new pay system for staff, which will play a central role in increasing employee motivation and changing company culture in the field of human resources. The new system, to be introduced across the board, makes a clear separation between "skills", "results of individual performance" and "company results".

Semapa subsidiaries in the ready-mixed, aggregates and pre-cast sectors recorded positive results, although these were down on those achieved in 2001.

Significant progress was made in the power generation sector. In the financial year now ended, **Enersis** generated 319 GWh and recorded positive results, well above those for 2001. This companies has invested in wind farm projects, some of which are still at an early stage.

In March, tests were conducted at the **Secil-Outão** plant on the co-incineration of hazardous waste (HW), under the supervision of the Independent Scientific Commission. The final results clearly showed that co-incineration in cement works is a safe and reliable process, compatible with a healthy environment. The co-incineration process, which has been gaining recognition throughout Europe as a good system for reusing and treating waste, was nonetheless suspended by the Government.

This is yet another instance of blatant inequality of treatment, creating a competitive deficit in the industry, without any gains for the Portuguese community: political exploitation of the country's cultural backwardness in relation to its European partners means that a very serious ecological problem will go unsolved, whilst penalizing Portuguese industry and its workforce.

In terms of international expansion, progress in **Tunisia** has been consolidated, with the implementation of a major investment plan to improve the performance of **Société des Ciments de Gabès**, and with the expansion of **Sud Béton**'s activities to include the **Gabès** area. In **Lebanon**, the group has acquired a holding in **CDS – Ciment de Sibline**, a cement manufacturer with annual production capacity of 1.2 million tons of cement.

In **Tunisia**, consumption of cement and artificial lime stood at 5.8 million tons, which represents growth of 2.1% over 2001. In this context, **SCG** recorded healthy performance, significantly better than in the previous year, reflecting the increase in EBITDA (+ 73.7%) and net profits (+ 102%).

This improvement in performance was essentially due to increase clinker production and good progress on sales.

These excellent results were achieved despite the fact that the cement market in **Tunisia** has not been deregulated as promised by the government in the tender documents for the privatisation of the Tunisian cement companies. This should have occurred in May 2002, but the government imposed a price adjustment, much smaller than that needed to keep up with inflation.

The **Group** continues to sponsor prizes as a way of attracting positive publicity for the products of **Secil** and its associates. The Secil Architecture Prize was awarded to Pedro Maurício Borges. Architecture and civil engineering prizes were also awarded to university students in these fields.

Main Indicators – Operations

		1998	1999	2000	2001	2002	%
Cement production capacity	1000 t	3 784	3 784	4 934	5 006	5 006	0,0
Sales							
Grey cement	1 000 t	3 824	3 911	4 851	4 894	4 765	-2,6
White cement	1 000 t	77	90	89	107	95	-11,2
Artificial lime	1 000 t	-	-	82	78	84	7,7
Ready-mixed concrete	1 000 m^3	1 350	1 690	2 170	2 602	2 534	-2,6
Aggregates	1 000 t	2 766	3 104	2 455	3 615	3 586	-0,8
Precast concrete	1 000 t	415	376	388	410	366	-10,8
Hydraulic lime	1 000 t	69	72	69	64	64	-0,1
Mortars	1 000 t	43	60	70	106	142	33,5
Power	GWh	177	197	237	287	319	11,2
Workforce*		1 613	1 577	2 129	2 150	2 095	-2,6

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

Main Consolidated Indicators – Economic and Financial **10^6 EUR**

	1998	1999	2000	2001	2002	%
Turnover	362	395	465	501	491	-1,9%
EBITDA	136	161	165	162	168	3,5%
Depreciation and Provisions	44	44	54	54	55	1,7%
Depreciation of Goodwill	7	8	8	8	12	43,5%
EBIT	85	109	104	100	102	1,3%
Financial results	(3)	1	(16)	(10)	(22)	119,2%
Current results	81	110	88	90	79	-12,1%
Extraordinary results	5	3	11	(2)	2	237,0%
Profits before tax	86	113	99	88	82	-7,5%
Taxes	37	49	40	4	21	390,3%
Minority interests	24	31	29	40	30	-25,4%
Net profits	24	33	31	44	31	-30,1%
Cash flow	76	85	92	106	97	-8,4%
Total assets	528	598	953	1.003	1.068	6,5%
Shareholders' equity	177	189	194	211	225	6,4%
Net debt	94	114	465	442	374	-15,4%
Net debt not including Cimpor shares			253	230	180	-21,7%
EBITDA Margin	38%	41%	36%	32%	34%	
EBIT Margin	23%	27%	22%	20%	21%	
Results per share (EUR)	0,21	0,28	0,26	0,37	0,26	-30,1%
Cash Flow per share (EUR)	0,64	0,72	0,78	0,90	0,82	-8,4%
Stock Market Capitalization	399	406	456	561	390	-30,4%
Quotation (31 Dez.) / Res. per share (PER)	16,28	12,16	14,81	12,71	12,66	-0,4%

Management of the **Semapa Group**'s financial position during 2002 involved essentially the negotiation and contracting in due time of a credit facility for 290 million Euros, in order to finance almost in full the acquisition of **FLSHH SGPS, Lda**., and monitoring existing debts.

In consolidated terms, **Group** investment during the year totalled 67.8 million Euros, and net financial liabilities as at 31 December 2002 stood at 373.8 million Euros, which in comparison with the previous year, and despite the investment programme implemented, represents a reduction of 15%.

As at 31 December 2002, the Independent Pension Funds, set up by the **Group** companies, recorded a financial surplus of 1.8 million Euros in relation to their actuarial liabilities calculated independently with reference to the same date.

The action brought by our subsidiary **Secil** against the Portuguese State for compensation for damages caused by the incorrect valuation of the liabilities of **CMP's** Pension Fund in the confidential tendering documents for the privatisation of **Secil** and **CMP** continues to be pending at the Lisbon District Administrative Court, and no development at all was recorded during 2002.

The company also pursued its strategy of defending its interests relating to its holding in **Cimpor – Cimentos de Portugal, SGPS, S.A.**. To this end, the subsidiary **SECILPAR**:

a) brought an action against the companies **Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A.,** and **TDP - Sociedade Gestora de Participações Sociais, S.A.** for compensation for damages resulting from the fact that these companies failed to launch a takeover bid for the totality of **Cimpor**'s capital, after acquiring control of the company;

b) brought an action of joinder with regard to the action for annulment of the purchase of shares in **Cimpor** brought by the Department of Public Prosecutions against **Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A.,** and **TDP - Sociedade Gestora de Participações Sociais, S.A..**

The **Group** has pursued a policy of recording financial holdings representing capital in other companies (investments representing less than 20%) at the lower of acquisition or market value, with the result that the financial holding representing around 9% of the share capital of **Cimpor, S.G.P.S., S.A.** was registered as at 31 December 2002 at its quoted market value of 16 Euros per share.

A provision (not tax deductible) was therefore created in the course of the year with a value of approximately 18.1 million Euros under "Provisions for financial investments).

The **Group's** risk management priorities have been to detect and cover risks which might have a materially relevant impact on the Net Result and Equity, or which may create significant constraints on the pursuit of the **Group**'s business interests.

With regard to the financial risk, in view of the relative maturity of the debt and the terms of the respective contracts, we do not anticipate that the current state of the financial markets with constitute a significant restraining factor on the **Group**'s business.

The credit risks deriving from the client portfolio continues to be transferred in the most part to specialist insurance companies, which has allowed us to reduce the impact of problems on our accounts. Risks relating to property, civil liability, accidents and health are all properly covered by insurance policies, which will remain in force for the coming financial year, albeit with some adjustments, especially in relation to premiums.

As from 1 January 2002, the **Group** adopted the accounting policy of deferred taxes. As a result, all circumstances which may significantly affect future taxes will from now on be reflected in the accounts. In addition, the **Group** is making the efforts needed in order to adopt the International Accounting Standards, in 2004, as the basis for financial reporting policies.

As is well known in the market, **Secil – Companhia Geral de Cal e Cimento SA** is owned directly and indirectly by **Semapa** (51%), with 41% owned by **FLSHH SGPS LDA.**, which is in turn owned in equal parts by **FLS Industries A/S** and **Hojgaard Holding A/S**, both Danish companies.

These holdings, in view of the own shares held by the company, correspond to approximately 100% of the voting rights in the company.

FLS Industries A/S has expressed its intention of selling some of its holdings, as part of a process of strategic reorganization.

Talks were therefore been held with a view to acquisition by **Semapa** of **FLSHH SGPS, LDA**, and the negotiations were successfully completed during the course of the financial year.

Under the contract concluded by **Semapa,** on the one hand, and **FLS Industries A/S** and **Hojgaard Holding A/S** on the other, the acquisition will take place by the end of March 2003.

This transaction, with an opportunity price regarded a comfortable in relation to prevailing prices in the cement industry (304 million Euros, subject to adjustment), will assure **Semapa** greater flexibility in planning and implementing the **Group**'s development strategy.

In order to obtain the funds needed for this acquisition, the finance contract referred to above was concluded with an international bank, on normal market terms.

Semapa, as the principal shareholder in **Secil**, wishes to stress the excellent relations it has enjoyed with its Danish shareholders, who have been involved in the company for more than seventy years and who have been true partners in all the strategic decisions taken over the course of the years.

The Board of Directors wishes to express its appreciation to its clients and workforce, to the Audit Board, to the Financial Institutions which have supported the **Group**, to its suppliers and, in general, to the partners who have worked alongside **Semapa** on its business enterprises. The Directors also wish to thank the shareholders for their confidence in them, which has been essential for them to work effectively towards the essential aim of enhancing the value of the **Company**.

2. MAIN DEVELOPMENTS IN 2002

January

- Market launch of new packaging for the three cement brands marketed by **Secil**, in line with the new names for the cement products resulting from certification under EN 197-1 and with new safety regulations.

- Acquisition of the ready-mix concrete company **Betostrong** by **Secil Betões e Inertes**.

- Acquisition, by **Enersis**, of the company Tomen Eléctrica, which has changed its name to **PEVB – Parque Eólico de Vila do Bispo**.

- **Prescor**, a company engaged in waste disposal in the iron and steel industry, starts business operations.

February

- A consortium including **Secil** obtains a license for use of the Eurominas wharf at the port of Setúbal.
- **Secilpar** starts trading business with offices in Madrid.

March

- **Somera Trading** acquires the ship Roaz, for cement maritime transport of cement.

April

- Acquisition of a 21.2% stake in the Lebanese cement company **CDS – Ciment de Sibline**, which has an annual production capacity of approximately 1.2 million tons of cement per annum.
- Conclusion of an agreement between **Argibetão** and the Polish company **Fakro** – the world's second largest window manufacturer – for distribution of Argilux products in Portugal.

May

- **Secil Group** companies take part in Tektónica/Simac 2002 - the International Construction Materials Fair in Lisbon.

June

- **Société des Ciments de Gabès** takes part in the 2nd International Environment Technologies Fair – Echo Tech'2000 in Tunis.

July

- **Enersis'** wind farms in **Bigorne** (Lamego) and **Jarmeleira** (Mafra) start operations.

August

- Incorporation of **Seinpar Investments, B.V.**, 100% owned by **Semapa.**
- Incorporation of **Cimenpar Investments, B.V.**, 100 owned by **Secil Investimentos, SGPS, S.A..**
- Creation of the Environmental Monitoring Commission of the **Secil-Outão** works.

September

- Incorporation of the company **HE70**, through a partnership between **Enersis** and **Mota-Engil**, to operate in the renewable energies sector.

- A geological reserve is decreed in the **Cibra-Patais** plant area.

October

- Acquisition by **Semapa** from **Betopal Betões Preparados, S.A.** of the company **Betopal, S.L.**.
- **Argibetão** starts marketing in Portugal the products of the Franco-German company **Weser**.
- Acquisition of the ready-mixed concrete company **Macrobetão** by **Secil Betões e Inertes.**
- Commemoration of the 25th anniversary of **Société des Ciments de Gabès**.

November

- **Secil Group** companies take part in the Concrete Fair in Oporto.
- Installation of Hurrivane equipment to cut energy consumption at the **Secil-Outão** works.
- The Braga rail depot moves to new premises.

December

- The share capital of **Secil Investimentos** is increased to 25 million Euros. This company is sold by **Secil** in December to **Seinpar Investments B.V.,** which is 100% owned by **Semapa.**
- The Secil Architecture Prize is awarded to the Architect Pedro Maurício Borges for his designs for the Casa Pacheco e Melo in São Miguel, Azores.
- Acquisition of the ready-mixed concrete company **Betalves** and additional holdings in the companies **Asfalbetão Industrial** and **Almeida & Carvalhais** by **Secil Betões e Inertes.**

3. PORTUGAL

3.1 Cement

3.1.1 Market and Sales

Cement consumption in the domestic market was down on the previous year, interrupting a period of continuous growth which started in 1994. It is estimated that the market totalled 11.1 million tons in 2002, representing a drop of 3.7%.

The market performed very unevenly over the course of the year: there was sustained growth up to July, followed by a very sharp fall from August onwards, felt simultaneously in residential construction and in the public works market.

In the residential construction sector, the downturn was long expected, and was due to saturation of demand in the housing market.

In the public works and non-residential construction sector, the fall was due to the slowdown in the economy, caused essentially by an unfavourable international situation and an economic policy dominated by containment of public spending.

Per capita consumption nonetheless remained strong, higher than in other European Union countries at 1077 kg per inhabitant.

In addition to market contraction, there was an increase in cement imports, which are estimated at 1.3 tons, representing an increase of 30% over 2001.

In this context, competition became noticeably more aggressive in the cement market, amongst both importers and domestic manufacturers.

Cement Market (1) 1000 t

	1998	1999	2000	2001	2002 (2)
Portugal	10 071	10 578	11 345	11 564	11 135
Portugal (%)	+ 5,5	+ 5,0	+ 7,3	+ 1,9	- 3,7
European Union (%)	+ 5,7	+ 5,1	+ 3,1	- 0,1	- 0,3

Per capita cement consumption (1) kg

	1998	1999	2000	2001	2002 (2)
Portugal	992	1 037	1 105	1 119	1 077
European Union	472	494	508	508	506

(1) Includes white cement
(2) Estimate

Secil's sales on the domestic market totalled 3 814 000 tons of cement and clinker, down 5.5% in volume and 2.8% in value on the previous year. There was a slight increase in bulk cement sales, and a drop in sales of bagged cement.

Sales					1 000 Euro
	1998	**1999**	**2000**	**2001**	**2002**
Domestic market	257 554	266 318	272 793	284 114	275 097
Foreign market	2 075	2 778	2 968	4 317	5 124
Total	259 629	269 096	275 760	288 431	280 221
Variation (%)	+ 4,8	+ 3,6	+ 2,5	+ 4,6	- 2,8

Sales			1 000 t		
	1998	**1999**	**2000**	**2001**	**2002**
Domestic Market					
Grey cement	3 789	3 867	3 878	3 932	3 714
White cement	77	87	89	103	96
Clinker	0	0	0	0	4
Subtotal	**3 866**	**3 954**	**3 966**	**4 035**	**3 814**
Variation (%)	+ 4,0	+ 2,3	+ 0,3	+ 1,7	- 5,5
Foreign Market					
Grey cement	35	44	42	41	48
White cement	0	3	0	4	0
Clinker	0	0	0	14	51
Subtotal	**35**	**47**	**42**	**59**	**99**
Variation (%)	- 22,0	+ 34,3	- 10,6	+ 40,5	+ 67,8
Total	**3 901**	**4 001**	**4 008**	**4 094**	**3 913**
Variation (%)	+ 3,7	+ 2,6	+ 0,2	+ 2,1	- 4,4

The market responded well to cement of the II/A-L 42.5R type, which is ecologically more interesting, as it requires less clinker. Sales of this type had begun in November 2000.

Cement price were revised in March 2002, with an average increase of 2.4%, corresponding to a reduction in real prices of approximately 1.6%. In view of the more aggressive competition in the market, cement prices were adjusted at sales depots in November.

Cement prices (1993=100)

	1993	**1999**	**2000**	**2001**	**2002**
Nominal price	100	110	112	115	118
Retail price index	100	120	124	129	134
Real price	100	92	90	89	88

Sales of white cement on the domestic market were down by 7.9% on the previous year, but remained at healthy levels. This reduction was due to the presence on the market of imported cement from Turkey.

Secil pursued its policy of loyalty incentives for white cement customers of significant size and potential. This was achieved through product quality, reliability of supply and the technical assistance provided. A new white cement product was also launched (II/A-L 42.5R type).

Slacker demand meant it was possible to increase exports to approximately 100 000 tons, representing an increase of 68% over 2001; this was due essentially to sales to Cape Verde and São Tomé e Príncipe for cement, and to Angola and Spain for clinker.

Cement from **Secil** factories has been used in several prestigious major projects currently underway, including the foundations for the Oporto Metro, the container and has terminals on the Eastern Wharf of the Port of Sines, the Multi-purpose Terminal at the Port of Setúbal, the *Casa da Música* in Oporto and several motorway construction projects in Portugal.

Average cost of transport per ton of cement sold in Mainland Portugal (1993=100)

	1993	1999	2000	2001	2002
Current prices	100	79	67	63	68
1993 prices	100	66	54	49	51

The distribution system was fully able to respond to market requirements. Nonetheless, there was a 3% increase, in real terms, in the average cost of transport per ton sold in Mainland Portugal.

In terms of prices, maritime freights increased as a result of higher fuel prices, rail freights rose slower than inflation and road freights held steady.

One significant development was the purchase of the “Roaz”, a ship to be used to supply cement to maritime depots. Owned by **Somera Trading**, it has been chartered on a naked hull basis to one of the companies providing maritime transport services to **Secil**.

Major developments in relation to the network of depots:

- the Leixões-Mar depot started operations;
- relocation of the Braga rail/road depot.

3.1.2 Production

Output of clinker stood at 3 085 000 tons, up 2.4% on the previous year, and hitting a new historic high for the three works taken together.

Once again it was possible to improve productivity in these factories, thanks to sustained rationalization efforts in recent years.

Clinker production					1 000 t
	1998	**1999**	**2000**	**2001**	**2002**
Grey clinker					
Secil-Outão	1 655	1 719	1 796	1 703	1 784
Maceira-Liz	791	863	843	885	897
Cibra-Pataias	220	318	333	345	321
Subtotal	**2 666**	**2 900**	**2 972**	**2 933**	**3 002**
White clinker					
Cibra-Pataias	68	80	80	79	83
Total	**2 734**	**2 980**	**3 052**	**3 012**	**3 085**
Variation (%)	+ 2,3	+ 9,0	+ 2,4	- 1,3	+ 2,4

Clinker output per worker (1)					tons
	1998	**1999**	**2000**	**2001**	**2002**
Secil-Outão	6 198	6 537	6 987	6 759	7 252
Maceira-Liz and Cibra-Pataias	3 340	3 928	4 131	4 349	4 427

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

Total cement output was slightly down on 2001 (-0.9%) and totalled 3 836 000 tons. This drop in production was due to a significant slowdown in the domestic market from August onwards, given that during the first half imports were needed to keep up with demand.

Cement production					1 000 t
	1998	**1999**	**2000**	**2001**	**2002**
Grey cement					
Secil-Outão	2 073	2 185	2 224	2 008	2 042
Maceira-Liz	1 399	1 380	1 313	1 371	1 396
Cibra-Pataias	328	385	374	387	301
Subtotal	**3 800**	**3 950**	**3 911**	**3 766**	**3 739**
White cement					
Cibra-Pataias	78	91	90	105	97
Total	**3 878**	**4 041**	**4001**	**3 871**	**3 836**
Variation (%)	+ 5,4	+ 4,2	- 1,0	- 3,2	- 0,9

The cement produced at the three factories continues to present fairly homogenous final characteristics, with high quality standards, which is regarded as essential in order to ensure general market recognition of the high standards followed by the **Company**.

At the **Secil-Outão** works, production of Portland lime cement started up in accordance with EN 197-1, with the proportion of clinker incorporated cut by around 10% and the consequent positive impacts for the environment.

The process of landscape rehabilitation of quarries was significantly accelerated, with extraction on slopes of a height of 10 metres.

Tests were conducted for the co-incineration of hazardous waste (HW), under the supervision of the Independent Scientific Commission. The final results clearly demonstrated that this is a safe and reliable process, compatible with a healthy environment, as has been generally recognised around the world.

Work continued on implementation of a Safety Management System, in accordance with NP 4397, and certification is expected in 2003; steps are also being taken to register the factory with EMAS II, despite the change in the relevant legislation and the difficulty in obtaining prompt replies to applications for new licenses and conversion of expired licenses.

At the **Maceira-Liz** factory, new annual production records were set for clinker and cement.

At the **Cibra-Pataias** factory, production started of the white cement of the CEM II/A L 42.5 N type.

In terms of quality certification, further steps were taken for the transition of **Secil**'s and **CMP**'s certification from ISO 9002: 1995 to ISO 9001:2001, and the respective transition audit was conducted in February 2003.

The system for supplying coal and petroleum coke to the three factories continued to function efficiently. Supplies proceeded without interruption, and adequate safety stocks were maintained.

There was a slight increase in the price of solid fuels in 2002. The price of electricity rose substantially, in the order of 9%, with an appreciable effect on the cost of producing clinker and cement.

3.1.3 Human Resources

Work continued to improve the motivation and effectiveness of the **Group**'s human resources, and to help staff to identify with the objectives of **Secil** and its subsidiaries and associates.

Good results were obtained in downsizing the workforce, recruiting new staff, vocational training and recognition of individual and collective contributions to the results achieved.

Workforce Secil/CMP

	1998	1999	2000	2001	2002
Permanent	768	762	757	736	724
Casual	7	11	9	22	20
Total	**775**	**773**	**766**	**758**	**744**
Variation (%)	- 3,8	- 0,3	- 0,9	- 1,0	- 1,8

For **Secil** and **CMP** together, the workforce was reduced by twelve, despite the hiring of 9 new employees.

Training activities at **Secil** and **CMP** are summarized in the following table:

Vocational Training

	1998	1999	2000	2001	2002
Persons	**1 142**	**531**	**933**	**1 357**	**1 519**
Hours	**23 732**	**19 907**	**19 095**	**23 339**	**28 061**

Overtime continued within acceptable levels, with a reduction at **Secil** (- 5.8%) and an increase at **CMP** (+ 14.8%), in relation to 2001.

The average age is 46.4 years at **Secil** and 48.1 years at **CMP**.

Absenteeism increased to 6.12% at **Secil** and to 4.61 at **CMP**.

Absenteeism (%)

	1998	1999	2000	2001	2002
Secil	**3,49**	**5,32**	**4,93**	**4,75**	**6,12**
CMP	**2,73**	**4,14**	**3,35**	**4,42**	**4,61**

In 2002, as part of the performance management system currently being implemented, the **Company** awarded its employees variable remuneration in line with attainment of goals.

3.1.4 Organization

In the field of administrative organization, a major development was the launch of the **FRC Project – Filing, Reference and Consultation**, designed to identify the **Company**'s needs in these fields and to propose a management model able to respond effectively to these needs. In addition to the normal problems of filing records, the system being implemented is intended to permit control and harmonization of the main administrative procedures.

3.1.5 Investment

Significant investment projects were launched and carried out with a view to improving plant performance, upgrading the quality of products and services supplied, enhancing environmental conditions and customer service and providing for more flexible transport and distribution systems. These investments totalled 17.2 Euros overall, and the main projects included:

At the **Secil-Outão** works, installation of Hurrivane equipment on line 9 and adjudication of the contract for fitting electrofilters on two cement mills.

At the **Maceira-Liz** plant, increase in capacity and modernization of cement mills nos. 8 and 9, and the redesign of the ventilation system for the two clinker furnaces.

At the **Cibra-Pataias** works, installation of a machine for wrapping pallets and construction of a pre-homo Park, which is nearing completion.

In **Sales/Distribution**, the relocation of the Braga depot, and renovation of the offices of the Sales Coordination Centre.

The first contributory payments have been received for the contracts concluded under the POE.

3.1.6 Results

Despite the drop in sales (down 2.3% in value), **Secil/CMP** together recorded good operating performance, with EBITDA up by 2.1%.

This increase was essentially due to the following factors:

- output of cement and clinker which almost eliminated the need to import these products;
- slight fall in variable production costs;
- reduction in cement transport costs.

One negative factor during the year was an increase of approximately 9% in the price of electricity.

The 3.5% drop in EBIT was essentially due to increased depreciation (in particular of Goodwill in subsidiaries) and provisions.

As expected, the net profits, despite standing at 64.3 million Euros, were down on the previous year, which may be explained by the fact that the company benefited in 2001 from an exception reduction in corporation tax, through application of the taxation regime for corporate groups.

1 000 Euro

	1998	1999	2000	2001	2002	%
Turnover	275 407	283 362	289 821	301 334	294 334	-2,3
EBITDA	117 666	136 942	136 062	134 640	137 526	2,1
EBIT	74 912	94 212	94 735	95 161	91 792	-3,5
Net profits	50 974	66 409	62 195	87 331	64 279	-26,4
Cash flow	93 729	109 139	103 521	126 810	110 012	-13,2

3.1.7 Prospects for 2003

An appreciable contraction of the cement market is expected in 2003. It is anticipated that the residential construction sector will continue in sharp recession, although a degree of recovery is expected in public works. **Secil/CMP** are therefore expected to record a drop in performance.

3.2 Ready-mixed concrete and aggregates

The ready-mixed concrete market contracted by an estimated 5%, as a result of trends in the construction sector, as referred to above. Cement consumption by the ready-mixed concrete industry fell from 25.8% in 2001 to 24.7% in 2002.

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

	1998	1999	2000	2001	2002 (1)
Consumption	21,4	21,7	24,4	25,8	24,7

(1) Estimate

Group companies performed well, although their results were significantly down on the previous year.

Ready-Mixed Concrete

		2000	2001	2002	%
Plants		38	38	44	15,8
Sales	1 000 m^3	2 170	2 533	2 454	- 3,1
Sales	1 000 Euro	123 983	146 149	141 609	- 3,1
EBITDA	1 000 Euro	15 257	17 168	13 596	- 20,8
EBIT	1 000 Euro	9 991	11 835	8 084	- 31,7
Net profits	1 000 Euro	7 073	8 388	5 824	- 30,6
Cash flow	1 000 Euro	12 339	13 721	11 336	- 17,4
Workforce		479	465	425	- 8,6

Major developments during the year included the acquisition of **Betostrong, Betalves** and **Macrobetão**, and the opening of two new concrete plants, one in **Cantanhede** and another in **Braga** (Estádio).

The **Group** also increased its holdings in **Asfalbetão Industrial** (10%) and **Almeida & Carvalhais** (11%).

Transport and pumping services were outsourced from the markets in which the companies belonging to **Secil, Betões e Inertes** operate.

Given that construction business is expected to fall off sharply in 2003, the performance of ready-mixed business and the relevant group companies is likely to be affected.

The aggregates market was not as hard hit as the market for read-mixed concrete, as the contraction in the construction sector was offset by strong demand for communication routes.

Aggregates

		2000	2001	2002	%
Quarries		6	6	6	0,0
Sales	1 000 t	2 455	3 615	3 586	- 0,8
Sales	1 000 Euro	14 707	20 685	21 443	3,7
EBITDA	1 000 Euro	5 483	9 888	8 528	- 13,8
EBIT	1 000 Euro	2 835	6 863	5 568	- 18,9
Net profits	1 000 Euro	1 915	4 523	4 116	- 9,0
Cash flow	1 000 Euro	4 563	7 548	7 075	- 6,3
Workforce		116	131	134	2,3

One major development was the extension at **Ecob** of the crushed stone washing plant in Mexilhoeira Grande, the extension of the contract until 2017 and the increase in the operating area at the Escarpão quarry belonging to **Secil-Britas**. The company's quality certification was also extended to the Joane quarry.

Prospects for 2003 are similar to those for ready-mixed business.

3.3 Precast concrete

The companies in this market were also hard hit by the reduction in construction activity. Taken together, **Secil Prebetão** and **Argibetão** recorded a drop in sales of approximately 10% in value, as well as falls in EBITDA and net profits.

		2000	2001	2002	%
Plants		9	9	9	0,0
Sales	1 000 t	388	392	353	-9,9
Sales	1 000 Euro	22 827	24 316	22 404	-7,9
EBITDA	1 000 Euro	2 616	3 028	2 409	-20,4
EBIT	1 000 Euro	265	859	-111	-112,9
Net profits	1 000 Euro	210	2 015	37	-98,2
Cash flow	1 000 Euro	2 529	4 184	2 582	-38,3
Workforce		348	341	332	-2,6

At **Secil Prebetão**, a new piping machine was installed and the concrete plant at the Coimbra works was automated. A project for a new urban furniture line was completed, and these products will be marketed as from the second half of 2003. A new Works Department was set up, with a view to selling turnkey solutions.

At **Argibetão** the main developments included the marketing launch in Portugal of a line of windows and roofing accessories under the Argilux brand, and the opening of a branch office in Spain.

The prospects for 2003 are unfavourable, for the reasons set out above.

3.4 Agglomerates and Mortars

As expected, the hydraulic lime market continued to decline slowly. This was offset by sustained growth in mortars, as a result of gradual substitution of traditional plaster. This meant that the effects of the recession in the construction sector were not felt in either of these markets.

Secil Martingança again recorded good results, with an increase in turnover (up 8.8%), in EBITDA (up 24.9%) and in net profits (up by 254.6%).

		2000	2001	2002	%
Plants		1	2	2	0,0
Hydraulic lime	1 000 t	69	64	64	0,0
Mortars	1 000 t	70	106	142	33,8
Sales	1 000 Euro	8 023	9 285	10 105	8,8
EBITDA	1 000 Euro	1 675	1 903	2 377	24,9
EBIT	1 000 Euro	641	670	1 104	64,8
Net profits	1 000 Euro	299	199	705	254,1
Cash flow	1 000 Euro	1 332	1 432	1 979	38,2
Workforce		80	88	80	-9,1

Major developments in the field of investment included acquisition of the entire share capital of **IQM**, acquisition of 25 silos and equipment for marketing mortars, the fitting of sleeve filters on the hydraulic lime furnaces and landscape rehabilitation at the quarries.

The paint division was sold off, and the **Company** launched coloured mortars and a special plaster under the name RHP Plus.

The markets in which the company operates are expected to perform in 2003 in keeping with the trend in recent years, in other words with hydraulic lime in slow decline and strong growth in mortars.

3.5 Fibrecement

The Portuguese Parliament passed a highly damaging resolution for the fibrecement industry. If taken literally, it may lead to banning the use of this product.

This had a drastic effect on the performance of **Cimianto STH**, in which **Secil** has a minority holding. Operating earnings stood at 17.8 million Euros (down 16% on 2001), whilst EBITDA stood at 1.8 million Euros (down 40% on 2001) and net profits at 271 000 Euros (down 83% on the previous year).

One positive development offsetting losses on the domestic market was significant growth in exports.

The prospects for 2003 are therefore not very encouraging.

3.6 Timber-cement panels

Viroc Portugal recorded sales of 6.6 million Euros, in value, and 12 102 m3, in volume, up 13.7% and 9.2% respectively over the previous year.

		2000	2001	2002	%
Plants		1	1	1	0,0
Sales	m^3	11 968	11 088	12 103	9,2
Sales	1 000 Euro	5 976	5 808	6 606	13,7
EBITDA	1 000 Euro	1 242	658	1 738	164,1
EBIT	1 000 Euro	145	- 598	665	211,2
Net profits	1 000 Euro	- 399	- 1 369	13	100,9
Cash flow	1 000 Euro	698	- 93	1 086	-
Workforce		66	82	96	17,1

We are pleased to record positive results – in the order of 13 000 Euros – for the first time in the company's history.

Significant investments were decided on in January 2002, and concluded in December. This did not have an impact on the results for 2002, but is expected to contribute to a substantial improvement in performance in 2003.

The debt restructuring plan, agreed in December 1999, has been promptly complied with, and interest due to the banks and IPAMEI has been paid back in full.

No changes are expected in 2003 in the markets in which the company operates.

3.7 Distribution of Cement 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 11% over 2001), reaching a total of 371 000 tons, a new all-time record. **Cimentaçor** recorded net profits in the order of 3,5 million euros, its best ever, whilst generating cash flow of 4.5 million euros.

The market in Madeira contracted slightly (a reduction of 3.5%), standing at 493 000 tons. A cement sales company remains active in the region, meaning that **Cimentos Madeira** recorded sales of 352 000 tons (1% less than in 2001). **Cimentos Madeira** recorded net profits of 2.3 million euros, also its best ever, and generated cash flow of 3.1 million euros.

3.8 Power Generation

The power generating subsidiaries of **Enersis** recorded output of 319 GWh, a record for the **Group**. Sales stood at 24 million Euros, and net profits stood at 6 million Euros (100% up on 2001).

		2000	2001	2002	%
Power capacity (1)	MW	83	100	143	43,2
Total output	GWh	237	287	319	11,1
Turnover	1 000 Euro	15 383	18 980	24 008	26,5
EBIT	1 000 Euro	7 706	8 130	8 750	7,6
Net profits	1 000 Euro	2 190	2 964	5 969	101,4
Work force		52	54	72	33,3

(1) From 2002 onwards, includes the entire rated capacity of the company HE70.

Major developments in the **Enersis group** included:

- acquisition of 100% of Tomen Eléctrica, which changed its name to **PEVB – Parque Eólico de Vila do Bispo**, which has rated capacity of 10 MW;
- a 50% partnership with the Mota-Engil group on incorporation of **HE70, SGPS**, with various facilities, including 21.2 MW in hydro capacity in operation and 20 MW in hydro capacity under construction;
- operational start-up of the Wind Farms in **Bigorne**, **Jarmeleira** and **Igreja Nova II,** with combined power of 11.8 MW;
- construction work stated on the **Meroicinha** and **Lomba da Seixa II** wind farms, with total power of 19 MW.

Prospects for 2003 include conclusion of wind farms with total capacity of approximately 19 MW and the start of construction work on new farms with combined capacity of 37 MW. The **Group** also hopes to complete the licensing process for new projects which together represent further capacity of approximately 100 MW.

3.9 Paper bags

The paper bags production line at the **Maceira-Liz** plant recorded a 3.6% decline in production over 2001, as a result of decreased sales of bagged cement, which was not offset by other markets.

Variable costs were down by approximately 5.2% over the previous year, due essentially to a reduction in the average cost of paper.

		2000	2001	2002	%
Plants		1	1	1	0,0
Output	1 000 Bags	52 071	48 796	47 029	- 3,6
Turnover (1)	1 000 Euro	7 921	7 581	7 376	- 2,7
EBIT	1 000 Euro	2 484	1 999	2 103	5,3

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

3.10 Waste recovery and recycling

Ecoresíduos was incorporated in order to enable the Portuguese cement sector to improve its environmental performance, in association with companies specialized in waste disposal which have gained accredited experience in countries which are more developed in this respect. This company's business is conducted through its subsidiaries, which include **Scoreco, Prescor** and **Ecometais.**

The government's decision to suspend the coincineration of hazardous industrial waste at Portuguese cement works prevented **Scoreco** from carrying on its business. However, this company will continue to work on the recovery of alternative raw materials, to replace extraction of natural resources.

For **Prescor**, which started up production in 2001, this was its first year of production and marketing of granulated slag, and it met its targets for the year. Growth of more than 10% is expected for the next financial year.

Ecometais was incorporated in October 2001, and operates in the disposal of end of life motor vehicles. The company is at the initial investment stage, with industrial operations due to start in 2004.

4. TUNISIA

4.1 Cement

4.1.1 Market and sales

Consumption of cement and artificial lime stood at 5.8 million tons in 2002, representing an increase of 2.1% over the previous year.

Although this is a positive trend, it reflects a slowdown in growth in the market in relation to previous years. This is a result of the cooling of the economy, particularly from the 2nd half onwards. After being revised downwards twice, the current estimate for growth in output is in the order of 2%, as against average rates above 5% in recent years. This situation is due to the combined negative effects of the drought which has lasted four years, and significant retraction in the tourist trade.

The Tunisian authorities have implemented a programme of economic adjustment from 2002 onwards, in order to sustain the worsening public deficit and to boost exports. The significant depreciation of the Tunisian dinar against the Euro (in the order of 7%) reflects this economic situation.

Binder Market 1 000 t

	1998	1999	2000	2001	2002
Cement	4 109	4 387	4 948	5 178	5 300
Artificial lime	394	398	465	456	455
Binders	4 503	4 785	5 413	5 634	5 755
Binders (%)	+ 2,7	+ 6,3	+ 13,1	+ 4,1	+ 2,1

Per capita consumption kg

	1998	1999	2000	2001	2002
Cement	472	496	550	567	569
Artificial lime	45	45	51	50	49
Binders	517	541	601	617	618

Despite this, **SCG**'s sales performed relatively well, both in value and volume, as the company's investments allowed it to overcome the operational problems faced in the previous year, which had stood in the way of an increase in 2001 in the volume sold. Sales were therefore up by 7.1% in volume. In value, this increase was 9.2% (Euros) or 13.7% (Tunisian dinars). The increase in the value of sales was due to higher prices and growth in HRS cement, for which the price is higher.

Sales					1 000 Euro
	1998	**1999**	**2000**	**2001**	**2002**
Binders	28 032	30 426	36 461	37 136	40 214
Domestic market	25 639	29 514	36 461	37 136	40 214
Foreign market	2 394	912	0	0	
Others	1 805	1 574	1 838	2 202	2 724
Total	**29 837**	**32 000**	**38 299**	**39 338**	**42 938**
Variation (%)	- 4,5	+ 7,2	+ 19,7	+ 2,7	+ 9,2

Sales					1 000 t
	1998	**1999**	**2000**	**2001**	**2002**
Domestic market					
Cement	718	781	931	912	976
Artificial lime	40	29	82	78	84
Clinker	0	31	0	0	0
Subtotal	758	841	1 013	990	1 060
Variation (%)	- 1,0	+ 10,9	+ 20,5	- 2,3	+ 7,1
Foreign market					
Clinker	91	35	0	0	0
Total market	**849**	**876**	**1 013**	**990**	**1 060**
Variation (%)	- 9,0	+ 3,2	+ 15,6	- 2,3	+ 7,1

In May 2002, under the homologated price regime which remains in force, it was possible to increase prices by 6%.

Contrary to expectations and the serious undertakings made to the company, cement prices were not deregulated. It should be recalled that when the cement industry was privatised it was expressly stated in the tender documentation that the price system would be deregulated.

4.1.2 Production

Thanks to technical intervention at the beginning of 2002, it was possible to return to a level of production close to that recorded in 2000 (762 000 t, representing growth of 8.3% over 2001). However, this did not prevent imports of clinker (subsidised by the State) in order to respond to trends in demand.

It was also necessary to reinstate stocks of clinker in keeping with the needs predicted for the 1st half of 2003, taking into account the programmed stoppages in the furnaces for the investment in increasing the plant's capacity (to approximately 1 000 000 tons per annum).

Output of binders stood at 1 064 000 t (up 8.1% on the previous year), allowing the company to respond to increasing demand. Work carried out to optimise production in the mills was largely responsible for these results, achieved with a significant reduction in specific electricity consumption. At the beginning of 2003 this work has been completed, and it is expected that binder output in the order of 1.4 million tons per annum can be achieved without any further investment.

Production 1 000 t

	1998	1999	2000	2001	2002
Clinker	731	703	766	703	762
Variation (%)	- 10,9	- 3,8	+ 9,0	- 8,2	+ 8,4
Binders					
Cement	724	781	940	904	980
Artificial lime	37	29	82	80	84
Total	**761**	**810**	**1 022**	**984**	**1 064**
Variation (%)	- 1,2	+ 6,4	+ 26,2	- 3,7	+ 8,1

The **Company**'s certification in 2001 under ISO 9002 (1994) was confirmed, and work started on transition to ISO 9000 (2000 version), with certification expected in 2003.

4.1.3 Human Resources

At the end of 2002, **SCG** had a total workforce of 475 employees, 22 less than at the end of 2001, due to a policy of streamlining deployment of human resources. Work started at the same time on the recruitment of qualified technicians for areas of fundamental importance to modernization of the company in the fields of management and technological conversion.

Workforce

	1998	1999	2000	2001	2002
Permanent employees	540	537	515	497	475
Variation (%)	- 0,9	- 0,6	- 4,1	- 3,5	- 4,4

Further initiatives were undertaken under the technical assistance and technology transfer contract between **Secil** and **SCG**. This included optimisation of the investments in the raw mills, the new centralized factory controls and implementation of a cost accounting system.

Support was maintained for social activities and for various regional and national funds.

In October 2002, the plant celebrated its 25th anniversary and the signing of contracts for increasing capacity and the installation of a coke/coal milling facility, at a ceremony presided over by the Minister of Industry and Energy.

In December agreement was reached with the workers' representatives on pay rises for the period 2002-2004 and on the replacement of the Personnel Statute (as used in public companies) by a Company Agreement.

4.1.4 Investment

Investment stood at approximately 5.9 million Euros. In addition to this amount, a further 3.1 million Euros was spend on major repairs or changes to equipment on the two lines, in order to extending their working life, to bring them into line with new technology and to prepare them for changes to the cyclone towers, to be carried out during 2003. The project for increased capacity should result in annual output of 1 000 000 t of clinker and 1 400 000 t of binder.

These investments, together with those planned for 2003 and 2004, are part of an overall modernization plan for the company, submitted to the Tunisian authorities under the national program for industrial modernization (known as the *Programme de Mise a Niveau*). Depending on how far these plans are implemented, the state contribution may be as much as 6 million dinars.

In August 2002, the final approval of the Ministry of Environment was obtained for coke/coal milling, and this is expected to be implemented in the course of 2003, at the same time as the investment in unloading, storage and loading operations at the Port of Gabès.

The company participated in the creation of a new ready-mixed concrete company in Zarzis, in conjunction with **Sud Beton** and a local businessman.

A medium and long term loan contract (up to 10 years) was signed in December with a Tunisian bank, for 15 million dinars, in order to finance the investment programme described above. This finance is expected to be used in full in the course of 2003.

4.1.5 Results

SCG recorded very positive performance. Sales were up by 9.2% on 2001, and EBITDA and net profits stood at 7.4 million Euros and 2.6 million Euros respectively, representing increases of 73.7% and 102.7% over the previous year.

These results were mainly due to increased production of clinker and to trends in sales, which allowed the company to offset the significant reduction (by more than 750 000 Euros) in financial results due to the major investments made, which were wholly funded out of company resources. By taking advantage of fiscal benefits permitted under Tunisian law, on the reinvestment of profits, and by means of operational improvements, the company was able to record an increase of approximately 103% in net profits.

These fiscal benefits, which have an impact of approximately 50 000 Euros on the net profits, are dependent on the following:

a) An increase in the share capital of **Zarzis Beton** by 260 000 Euros;

b) Approval of a capital increase of approximately 1 190 000 Euros through capitalization of reserves.

1 000 Euro

	1998	1999	2000	2001	2002	%
Turnover	29 837	32 000	38 298	39 338	42 938	9,2
EBITDA	4 733	4 631	7 024	4 268	7 414	73,7
EBIT	345	520	3 257	851	2 954	247,3
Net profits	751	1 216	2 794	1 261	2 556	102,7
Cash flow	5 477	5 327	6 562	4 917	7 016	42,7

4.1.6 Prospects for 2003

Tunisian GDP is expected to grow at a rate of between 3% and 4% in 2003. At the same time, a number of major public projects are to be relaunched under the 10th Five Year Plan, and the effects of this may be felt from the 2nd half onwards.

If these expectations are confirmed, cement consumption should grow at a rate close to that for GDP. **SCG**'s market share should remain at a level similar to 2002, with the result that sales of binders should rise, in volume, by approximately 3%.

Growth in sales in terms of value will depend on the Tunisian government's attitude to deregulations of binder prices in May: either it will confirm deregulation or else it will maintain the price homologation system, with the state fixing the price increase. If this is the case, we hope the increase will be no lower than the nominal 6% increase fixed in May 2002.

4.2 Ready-mixed and precast concrete

Sud Béton recorded encouraging performance, reflected in increased net profits (up by 62%) and EBITDA (up by 16,3%) over the previous year.

		2000	2001	2002	%
Concrete plants		1	2	2	0,0
Pre-cast lines			2	2	0,0
Concrete sales	1 000 m^3	64	69	80	15,9
Sales of pre-cast	1 000 t		18	15	-16,7
Turnover	1 000 Euro	3 790	3 897	4 157	6,7
EBITDA	1 000 Euro	670	553	643	16,3
EBIT	1 000 Euro	569	329	381	15,9
Net profits	1 000 Euro	413	171	277	62,0
Cash-Flow	1 000 Euro	514	396	531	34,1
Workforce		85	87	84	-3,4

(1) Figures for 2000 and 2001 have been adjusted in relation to those presented in the Report for 2001.

Significant developments included:

- Incorporation of **Zarzis Beton**, located in Zarzis;
- Production of 18 300 m3 during the first year of operation of the Gabès Plant;
- A slight reduction in the workforce.

Investments stood at 450 000 Euros and related basically to trucks for distribution and land in Gabès.

For 2003 the company expects a slight increase in operations, and consolidation of its presence in the Gabès market.

5. ANGOLA

5.1 Cement

The economic situation in Angola remains relatively undefined despite the fact that peace has been established.

Signs of an overall and regional recovery in the economy are expected and can already be seen, thanks to reconstruction of the country, and this will naturally have a very positive effect on demand and the cement industry. However, this recovery remains conditional on communication routes being repaired and reopened, which has not yet happened.

As a result of these constraints on its operations, **Tecnosecil** recorded a net loss of approximately 310 000 Euros. Sales stood at 26 480 t in quantity, and 3.9 million Euros, in value.

There was a substantial reduction in the factory workforce, and efforts were made to streamline costs and plant, with the acquisition and replacement of obsolete equipment, and reorganization of working processes.

Prospects for the cement market in 2003 are moderately good, both for the country as a whole and for the southern region, which is **Tecnosecil**'s natural market.

Efforts at the company will centre on installing a new cement mill, allowing the company to increase production capacity to 180 000 tons per annum.

6. LEBANON

6.1 Cement

The company **Ciment de Sibline** is located in the south of the country, near the city of Saída, and has annual production capacity of 1.2 million tons of cement.

Cement sales in Lebanon fell by 4.5% in relation to the previous year. Due to a new producer coming on to the market, **Ciment de Sibline** saw its market share fall slightly (from 20% to 19%).

In this context, and despite a drop of 8% in turnover, EBITDA fell by only 5%. In relation to net profits and cash flow, the company recorded a significant improvements which was directly due to reducing financial charges.

		2000	2001	2002	%
Plants		1	1	1	
Sales	1 000 t	576	551	500	-9,3
Turnover	1 000 Euro	36 623	34 995	33 575	-4,1
EBITDA	1 000 Euro	17 204	14 265	14 076	-1,3
EBIT	1 000 Euro	9 886	6 868	5 980	-12,9
Net profits	1 000 Euro	-1 790	-3 066	-1 024	-66,6
Cash Flow	1 000 Euro	5 528	4 332	7 072	63,2
Workforce		372	351	341	-2,8

At the end of 2002 contracts were signed for the extension of the port of Jieh and for fuel conversion to coal and coke. These investments, to be implemented in 2003, will allow the company to achieve considerable improvements in production costs and to increase its earnings through exports.

It is also expected that **Ciment de Sibline** will enter the concrete market, through acquisition of a company operating in this market. Efforts will also continue to acquire new quarries.

In April, **Secil** became a shareholder in the company with a 21.22% stake, acquired through a share issue. On the same date the other shareholders capitalized 60% of their debenture loan.

These operations allowed the company to achieve a substantial reduction in indebtedness and to improve its financial situation, reflected in the recording of positive results in the second half of 2002.

In 2003 it is expected that the market will invert the downward trend recorded in recent years. This will be due to the expected improvement to the economy in Lebanon, due to a loan of 1 300 million USD agreed at the Paris Conference at the end of 2002 and the privatisation programme planned for 2003.

These fact combined with the increase in the number of construction licenses issued in 2002 – which will have their impact in 2003 – allow the company to forecast an increase in the order of 2% in sales. The outcome of the conflict between Israel and Palestine and the current crisis in Iraq will also be crucial factors.

7. CAPE VERDE

7.1 Aggregates

There was no significant development in the market, due to the slower pace of adjudication of public works contracts. However, private consumption of aggregates increased, which leads us to believe that significant civil construction work is underway.

In this context **ICV** recorded relatively good performance, with sales in the order of 880 000 Euros, and a net profit in the order of 42 000 Euros.

One major development in the course of the year was the investment underway in the installation of a small cement precasting unit, with a cost of approximately 51 000 Euros.

Very moderate growth is expected in the aggregates market in 2003.

8. SPAIN

8.1 Trading

Secilpar, with registered offices in Madrid, has begun international trading operations, specializing in solid fuel, clinker and cement.

In its first year of operations, the company traded 432 000 t, corresponding to sales in the order of 17.7 million Euros. The results of trading operations stood at 2.6 million Euros and total net profits at 17.8 million Euros.

9. DEVELOPMENT

In the field of development, independent corporate projects continued to be pursued in relation to cement and complementary industrial areas, particularly with regard to innovative products for civil construction:

The main developments in the course of the year:

- Incorporation of **Seinpar Investments, B.V.,** 100% owned by **Semapa**;
- Incorporation of **Cimenpar Investments, B.V.**, 100 owned by **Secil Investimentos, SGPS, S.A.;**
- The share capital of **Secil Investimentos** is increased to 25 million Euros. This company is sold by **Secil** in December to **Seinpar Investments B.V.,** which is 100% owned by **Semapa.**
- Acquisition by **Semapa** from **Betopal Betões Preparados, S.A.** of the company **Betopal, S.L.;**
- Incorporation of holding companies, 100% owned by **Secil** or **CMP**, as part of the process of restructuring the group's holdings in Portugal and abroad. The companies incorporated are **Seciment Investments, B.V.** and **CMP Investments, B.V.;**

- Acquisition by **Secil** of a 21% stake in the Lebanese cement company **CDS – Ciment de Sibline**, which has an annual production capacity of approximately 1.2 million tons of cement per annum;

- Acquisition by **Secil** of the company **Florimar – Gestão e Participações, SGPS, Lda**., which holds a licence to operate at the Madeira International Business Centre.

- Acquisition by **Florimar** of the company **Somera Trading, Inc.**, owner of the cement ship with automatic unloading facility "Roaz", for maritime transportation of cement;

- Acquisition by **Secil Betões e Inertes** of various companies operating in the ready-mixed concrete market, including:

    - **Betostrong – Indústria de Betão, Lda.**
    - Betalves – Betão Preparado, S.A.
    - **Macrobetão – Comércio e Distribuição de Betão, S.A.**
    - **Almeida & Carvalhais** (holding increased by 11%, giving a total holding of 92%)
    - **Asfalbetão Industrial** (holding increased by 10%, giving a total holding of 94%)

- Acquisition by **Ciminpart SGPS,** on the stock market, of 500 000 shares in Cimpor, held by **Secilpar**.

- Acquisition by **Enersis** of the company Tomen Eléctrica, which then changed its name to **PEVB – Parque Eólico de Vila do Bispo, Lda.**, owner of a 10 MW wind farm in Vila do Bispo;

- A 50% partnership between **Enersis** and the Mota-Engil group on incorporation of **HE70, SGPS**, to develop projects in the renewable energy sector;

- The **Bigorne**, **Jarmeleira** and **Igreja Nova II** wind parks start operation, with total power of 11.75 MW;

- Various investment opportunities studies, in the cement industry in Northern Africa, the Middle East, Asia and Europe.

10. FINANCIAL AREA

10.1 Management of Financial Resources

Management of the **Semapa Group's** financial position in 2002 consisted primarily of:

a) Negotiating, with the closing in December, a 290 million Euros credit facility with a maturity of seven years, in order to finance almost the full cost of acquiring **FLSHH SGPS, Lda.**, holder of a 41.06% holding in the share capital of Secil;

b) monitoring existing debts, insofar as the financial policy adopted has provided the **Group** with debt instruments characterized essentially by:

- Negotiation of credit facilities with the necessaries amounts needed to pursue the long term strategy of the Company;
- Credit facilities with long term maturities;
- Guarantees and other conditions in line with the **Group's** risk profile;
- Flexibility in the management of the credit facilities;
- Definition of interest payment periods by the company;
- Suitability to interest rate curve;
- Maintain the debt in floating interest rates regime.

In order to improve the risk allocation between assets and liabilities, it was contracted a credit facility from a Tunisian bank for 15 million Tunisian dinars, with a maturity of ten years, in order to finance investments programmes in Tunisia.

The national and foreign money markets were hit by the economic and social situation in the world economy, with a clear and immediate impact on small, relatively closed economies such as that of Portugal. Portuguese companies can therefore expect to face added difficulties, and their financial situation will not allow them to access the international financial markets on competitive terms.

In consolidated terms, **Group** investment during the financial year totalled 67.8 million Euros, with net financial liabilities as at 31 December 2002 of 373.8 million Euros, which despite the investment programme represents a reduction of 15% from the previous year.

It is anticipated that the operation for the purchase of **FLSHH SGPS, Lda.** will go ahead in March 2003, after which **Semapa** will own 100% of **Secil**, directly and indirectly.

10.2 Pension Funds

The action brought by our subsidiary **Secil** against the Portuguese State for compensation for damages caused by the incorrect valuation of the liabilities of **CMP's** Pension Fund in the confidential tendering documents for the privatisation of **Secil** and **CMP** is still at the Lisbon District Administrative Court, and no development at all was recorded during 2002.

The Independent Pension Funds created by **Group** companies have form the outset been managed by independent bodies.

Returns on these funds in the last two years have been hit by the situation in the financial markets, and further cash allocations have been needed.

As at 31 December 2002, the Independent Pension Funds, set up by the **Group** companies, recorded a financial surplus of 1.8 million Euros in relation to their actuarial liabilities calculated independently with reference to the same date.

10.3 Financial Holding in Cimpor

The **Group** has pursued a policy of recording financial holdings representing capital in other companies (investments representing less than 20%) at the lower of acquisition or market value.

As a result, the financial holding representing around 9% of the **Cimpor, S.G.P.S., S.A.** share capital equal to 12,091,940 shares, was registered as at 31 December 2002 at its quoted market value of 16 Euros per share.

A provision (not tax deductible) was therefore created in the course of the year with a value of approximately 18.1 million Euros under "Provisions for financial investments".

The consolidated net profits for the year were consequently reduced approximately by 12 million Euros, as deferred tax assets of 6.1 million Euros were recognized.

Also with regard to the holding in **Cimpor – Cimentos de Portugal, SGPS, S.A.,** the company also pursued its strategy of defending its interests through its subsidiary **Secilpar**. To pursue these objectives **SECILPAR**:

a) brought a legal action against the companies **Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A.,** and **TDP - Sociedade Gestora de Participações Sociais, S.A.** for compensation for damages resulting from the fact that these companies failed to launch a takeover bid for the totality of **Cimpor's** capital, after acquiring control of the company;

b) brought a legal action of joinder with regard to the action for annulment of the purchase of shares in **Cimpor** effected in breach of the provisions of Decree-Law no. 380/93, of 15 November, brought by the Department of Public Prosecutions against **Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A., TEDAL - Sociedade Gestora de Participações Sociais, S.A.,** and **TDP - Sociedade Gestora de Participações Sociais, S.A..**

10.4 Risk Management

10.4.1 Financial Risks

Risk management priorities have been to detect and cover risks which might have a materially relevant impact on the Net Result and Equity, or which may create significant constraints on the pursuit of the **Group**'s business interests.

In 2002, in relation to financial indebtedness, particular attention was paid to the state of major economies and interest rate trends, and it was decided in the light of this to keep all the **Group**'s borrowing on floating interest rate, and except for the credit facility of 15 million Tunisian dinars allocated to assets in Tunisia, all debt is denominated in Euros.

This being the case, in view of the maturity of the debt and the terms of the respective contracts, it is not anticipated that the current condition of the financial markets will place any significant constraints on the **Group**'s operations.

10.4.2 Client Portfolio Credit Risk

The **Group** has instituted a methodology of analysis and management of credit risks. In the past it also took out a credit insurance policy for the Cement, Ready-Mixed Concrete and Aggregates and Pre-Cast business sectors.

During the financial year, this policy was renegotiated, with an increase in premiums due to a higher claims rates, especially in concrete and pre-cast business, due to the unfavourable economic situation. However, the policy has allowed us to reduce the impact of losses on the accounts of the respective companies.

10.4.3 Property Risks, Civil Liability and Accidents and Health

The insurance market and especially the reinsurance market were very badly hit by the events of 11 September 2001 in the USA, and the natural disasters in Europe, which led to higher premiums for the Group, and greater difficulty in maintaining some forms of cover. It was not possible to obtain insurance for acts of war and terrorism either in Portugal or Tunisia.

There was a slight increase in premiums for workers compensation, and a significant increase for the All Risk Policy.

We would stress that at the end of the year we renegotiated the insurance portfolio for 2003, and despite the difficulties created by the reinsurers, coverage has been maintained, although the premium rates have risen in most areas.

10.4.4 Miscellaneous

As from 1 January 2002, the **Group** adopted the accounting policy of deferred taxes. As a result, all circumstances which may significantly affect future taxes will, from now on, be reflected in the accounts.

In 2005, to comply with Regulation (EC) no. 1606/2002, of 19 July, the **Group** will adopt the International Accounting Standards as the basis for financial reporting policies.

However, due to the fact that **Semapa** is listed on Euronext Lisbon, this will be brought to 2004.

In order to provide the **Group** with the human resources it needs, with the right technical skills in the fields of finance, accounts and management planning and control, a large-scale training programme has been implemented, monitored by a prestigious international audit firm.

In keeping with the resolution of the General Meeting of 27 March 2002, the **Company** paid dividends to its shareholders of 11 567 916.50 Euros.

At the stock exchange session of 5 March 2002, the **Company** acquired 1 100 000 (one million, one hundred thousand) of its own shares, representing 0.93% of the share capital with a price of 4.49 Euros per share, having 2,653,280 shares of a treasury stock, representing 2.24% of its share capital.

In consolidated terms, **Semapa** closed its accounts with a pre-tax profit of 81.7 million Euros and with a net result of 30.8 million Euros, generating an after-tax cash flow of 97.4 million Euros.

10.5 Developments since the end of the financial year

Since the end of the financial year, on 31 January 2003, a specially convened **CIMPOR** General Meeting was held on the request of that company's board of directors, to resolve on six amendments to the articles of association, including the introduction of a special rule for the election of directors by minority shareholder groups, under the terms of paragraphs 1 to 5 of article 392 of the Companies Code, which makes the election of a director proposed by groups of minority shareholders dependent on the favourable vote of the shareholders with the majority of voting rights.

10.6 Proposed Allocation of Profits

Considering that the **Company** should maintain a financial structure compatible with sustained growth by the **Group** which it heads, in its different areas of business;

Considering that the **Company**'s independence from the financial system requires it to preserve, in the short, medium and long term, levels of consolidated indebtedness which allow it to maintain a solid financial situation;

Considering also that **Semapa** has promised to acquire, through a wholly owned subsidiary, for a price of EUR 304 000 000 (three hundred and four million euros) subject to adjustment, the entire share capital of **FLSHH SGPS, Lda.**, which in turn holds 21 728 520 shares, corresponding of 41.06% of the share capital of **SECIL – Companhia Geral de Cal e Cimento, S.A.** and 44.6% of its voting rights, which undertaking represents a substantial financial effort;

We propose that the net profits of 30 837 144.41 Euros be allocated as follows:

Dividends per share in circulation	11 567 916.50
Legal Reserves	1 541 857.22
Free Reserves	17 727 370.69

Lisbon, 3 March 2003

THE BOARD OF DIRECTORS

_____
Pedro Mendonça de Queiroz Pereira
Chairman

_____
Maria Maude Mendonça de Queiroz Pereira Lagos
Director

_____
Carlos Eduardo Coelho Alves
Director

_____
José Alfredo de Almeida Honório
Director

_____
Frederico José da Cunha de Mendonça e Meneses
Director

_____
Gonçalo Allen Serras Pereira
Director

_____
Francisco José de Melo e Castro Guedes
Director

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

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2002 AND 2001

(Translation of a report originally issued in Portuguese - Note 60)

(Amounts stated in Euros)

ASSETS	Notes	2002 Gross Assets	2002 Depreciation/ provisions	2002 Net Assets	2001 Net Assets
FIXED ASSETS:					
Intangible assets:					
Incorporation expenses	27	3.663.140	(2.397.237)	1.265.903	638.447
Research and development expenses	27	1.313.405	(1.103.333)	210.072	281.654
Industrial property and other rights	27	87.562.407	(5.647.194)	81.915.213	83.696.351
Goodwill	27	325.710	(24.529)	301.181	315.851
Consolidation differences	10 and 27	212.517.347	(62.344.524)	150.172.823	99.232.018
Intangible assets in progress	27	102.396	-	102.396	517.635
Advances to suppliers of intangible assets	27	7.885	-	7.885	-
		305.492.290	(71.516.817)	233.975.473	184.681.956
Tangible assets:					
Land and natural resources	27 and 42	42.657.219	(7.504.151)	35.153.068	34.859.245
Buildings and other constructions	27 and 42	286.310.186	(190.847.590)	95.462.596	98.674.935
Machinery and equipment	27 and 42	836.997.912	(664.237.721)	172.760.191	186.076.463
Transport equipment	27 and 42	40.585.368	(33.635.492)	6.949.876	7.348.144
Tools and utensils	27 and 42	4.038.254	(3.612.262)	425.992	448.796
Administrative equipment	27 and 42	24.499.025	(21.234.899)	3.264.126	2.936.005
Reusable containers	27 and 42	18.801	(17.551)	1.250	1.985
Other tangible fixed assets	27 and 42	8.398.943	(5.555.410)	2.843.533	2.421.009
Construction in progress	27	14.989.908	-	14.989.908	10.235.767
Advances to suppliers of tangible fixed assets	27	1.933.957	-	1.933.957	381.481
		1.260.429.573	(926.645.076)	333.784.497	343.383.830
Investments:					
Investments in subsidiaries	27	16.669.205	-	16.669.205	11.677.031
Investments in affiliated companies	27	41.543.707	-	41.543.707	23.366.036
Loans to affiliated companies	27	386.388	-	386.388	2.211.882
Securities and other investments	27	218.477.330	(20.425.934)	198.051.396	214.391.222
Advances on account of investments	27	-	-	-	30.000
	46	277.076.630	(20.425.934)	256.650.696	251.676.171
MEDIUM AND LONG TERM RECEIVABLES:					
Accounts receivable - Medium and Long term:					
Group companies	58	10.000.000	-	10.000.000	-
Other debtors	55	2.449.641	-	2.449.641	1.906.108
		12.449.641	-	12.449.641	1.906.108
CURRENT ASSETS:					
Inventories:					
Raw, subsidiary and consumable materials		26.733.919	(2.285.523)	24.448.396	22.714.318
Work in progress		547.111	-	547.111	538.455
Finished goods and intermediate products		14.379.765	(18.827)	14.360.938	8.461.700
Merchandise		5.645.974	(419)	5.645.555	9.884.363
	46	47.306.769	(2.304.769)	45.002.000	41.598.836
Accounts receivable - Short term:					
Accounts receivable from customers		62.387.729	(54.233)	62.333.496	74.456.620
Notes receivable from customers		1.510.237	(54.644)	1.455.593	1.283.003
Doubtful accounts receivable		12.105.525	(11.235.921)	869.604	901.559
Accounts receivable from group companies	58	4.192.541	-	4.192.541	3.303.267
Participant and participated companies		4.050.781	-	4.050.781	2.035.446
Other shareholders	53	18.217	-	18.217	-
Advances to suppliers		92.920	-	92.920	2.009.771
Advances to suppliers of fixed assets		91.445	-	91.445	102.211
Accounts receivable from state entities	54	1.508.792	-	1.508.792	32.366.253
Other debtors	55	15.883.249	(6.243.134)	9.640.115	12.711.539
	46	101.841.436	(17.587.932)	84.253.504	129.169.669
Marketable securities:					
Other marketable securities		3.202.534	-	3.202.534	10.143.297
Other treasury investments		11.945.071	-	11.945.071	-
		15.147.605	-	15.147.605	10.143.297
Banks and cash:					
Bank deposits		33.800.621	-	33.800.621	36.198.650
Cash		156.611	-	156.611	95.502
		33.957.232	-	33.957.232	36.294.152
ACCRUALS AND DEFERRALS:					
Accrued income	56	252.036	-	252.036	616.086
Deferred costs	56	4.235.939	-	4.235.939	3.578.290
Deferred tax assets	38	48.751.163	-	48.751.163	-
		53.239.138	-	53.239.138	4.194.376
Total depreciation			(999.560.517)		
Total provisions			(38.920.011)		
Total assets		2.106.940.314	(1.038.480.528)	1.068.459.786	1.003.048.395

EQUITY, MINORITY INTERESTS AND LIABILITIES	Notes	2002	2001
EQUITY:			
Share capital	50 and 51	118.332.445	118.332.445
Treasury stock - nominal value	51	(2.653.280)	(1.553.280)
Treasury stock - discounts and premiums	51	(7.477.754)	(3.632.740)
Share premiums	51	3.923.459	3.923.459
Consolidation differences	10 and 51	2.467.979	(1.858.609)
Accumulated exchange adjustments	51	(4.032.658)	(407.247)
Revaluation reserves	51 and 52	12.161.624	13.727.564
Reserves:			
Legal reserves	51	9.571.895	7.364.592
Other reserves	51	61.342.637	30.971.799
Retained earnings	51	40.418	40.418
Consolidated net profit for the year	51	30.837.144	44.146.058
Total equity		224.513.909	211.054.459
MINORITY INTERESTS	53	209.809.652	197.057.336
LIABILITIES:			
PROVISIONS FOR RISKS AND COSTS:			
Provision for pensions	46	14.835.818	14.453.503
Provision for taxes	46	57.339	698.317
Other provisions for risks and costs	46	1.642.886	5.863.191
		16.536.043	21.015.011
MEDIUM AND LONG TERM LIABILITIES:			
Debenture loans	57	62.911.290	83.005.088
Bank loans	57	289.629.683	375.829.317
Other loans	57	3.451.730	2.499.456
Accounts payable to shareholders	53	243.733	557.653
Accounts payable to suppliers of fixed assets	47	146.874	187.056
		356.383.310	462.078.570
SHORT TERM LIABILITIES:			
Debenture loans	57	11.276.198	7.793.717
Bank loans	57	54.102.320	17.672.367
Other loans	57	1.613.435	1.717.351
Advances on sales		2.426	-
Accounts payable to suppliers		35.561.065	39.865.533
Suppliers' invoices pending		1.969.026	2.968.284
Notes payable to suppliers		658.998	2.083.063
Notes payable to suppliers of fixed assets		1.796.105	-
Accounts payable to group companies	58	140.208	278.857
Accounts payable to shareholders	59	6.691.787	6.273.960
Advances from customers		3.868	5.235
Accounts payable to suppliers of fixed assets	47	4.564.185	4.325.728
Accounts payable to state entities	54	34.197.708	12.438.137
Other creditors	55	4.070.810	894.853
		156.648.139	96.317.085
ACCRUALS AND DEFERRALS:			
Accrued costs	56	11.099.686	11.631.834
Deferred income	56	3.822.328	3.894.100
Deferred tax liabilities	38	89.646.719	-
		104.568.733	15.525.934
Total equity, minority interests and liabilities		1.068.459.786	1.003.048.395

The accompanying notes form an integral part of the consolidated balance sheet as of 31 December 2002.

The Accountant

The Board of Directors

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Translation of financial statements originally prepared in Portuguese - Note 60)

(Amounts stated in Euros)

EXPENSES	Notes	2002		2001	
Cost of inventories sold and consumed			141.916.352		151.402.577
External supplies and services			121.477.427		122.592.903
Payroll expenses:					
Salaries		46.436.880		43.438.742	
Social charges:					
Pensions	21	3.311.372		2.128.437	
Other		16.539.704	66.287.956	16.357.624	61.924.803
Depreciation and amortisation	27	63.098.647		59.937.406	
Provisions	46	3.502.775	66.601.422	2.249.179	62.186.585
Taxes		1.865.948		3.962.741	
Other operating costs		2.312.951	4.178.899	2.340.567	6.303.308
(A)			400.462.056		404.410.176
Loss on affiliated companies	27 and 44	1.099.789		248.583	
Depreciation and provisions for investments	27 and 44	18.768.744		76.030	
Other interest and similar expenses	44	22.078.206	41.946.739	27.569.125	27.893.738
(C)			442.408.795		432.303.914
Extraordinary expenses	45		3.023.001		5.906.906
(E)			445.431.796		438.210.820
Income tax for the year	38		21.149.593		4.314.457
			466.581.389		442.525.277
Minority interests	53		29.675.262		39.804.690
(G)			496.256.651		482.329.967
Consolidated net profit for the year			30.837.144		44.146.058
			527.093.795		526.476.025

INCOME	Notes	2002		2001	
Sales of merchandise and finished goods	36	472.331.057		484.176.491	
Services rendered	36	18.729.454	491.060.511	16.427.013	500.603.504
Variation in production			6.115.724		(1.016.072)
Work for the company			275.858		173.327
Supplementary income		2.989.362		2.528.470	
Subsidies		67.736		32.184	
Other operating income		1.501.313	4.558.411	2.351.236	4.911.890
(B)			502.010.504		504.672.649
Gain on investments:					
Relating to affiliated companies	27 and 44	8.163.803		6.877.129	
Relating to other companies	44	8.858.929		8.286.944	
Income relating to marketable securities	44	478.108		1.185.562	
Other interest and similar income:					
Income relating to group and affiliated companies		127.174		156.374	
Other	44	1.965.514	19.593.528	1.191.086	17.697.095
(D)			521.604.032		522.369.744
Extraordinary income	45		5.489.763		4.106.281
(F)			527.093.795		526.476.025

Operating results:	(B) - (A)	101.548.448	100.262.473
Net financial results:	(D - B) - (C - A)	(22.353.211)	(10.196.643)
Current results:	(D) - (C)	79.195.237	90.065.830
Profit before income tax and minority interests:	(F) - (E)	81.661.999	88.265.205
Consolidated net profit for the year:	(F) - (G)	30.837.144	44.146.058

The accompanying notes form an integral part of the consolidated statement of profit and loss by nature for the year ended 31 December 2002.

The Accountant

The Board of Directors

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY FUNCTIONS

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Translation of a report originally issued in Portuguese - Note 60)

(Amounts stated in Euros)

	Notes	2002	2001
Sales and services rendered	36	491.060.511	496.587.030
Cost of sales and services rendered		(272.060.137)	(291.038.280)
Gross results		**219.000.374**	**205.548.750**
Other operating income		8.393.663	11.090.214
Distribution cost		(50.907.021)	(49.272.490)
Administrative cost		(41.195.805)	(38.123.582)
Other operating costs		(12.277.755)	(14.047.621)
Operating results		**123.013.456**	**115.195.271**
Financing net cost		(19.491.997)	(25.381.861)
Income/(expenses) with affiliated companies		7.399.273	6.628.545
Income/(expenses) with others investments		(28.157.380)	(7.552.014)
Non usual or non frequent results		(1.101.353)	**3.955.264**
Current results		**81.661.999**	**92.845.205**
Income tax for the year	38	(21.149.593)	(8.894.457)
Minority Interests		(29.675.262)	(39.804.690)
Net profit for the year		**30.837.144**	**44.146.058**
Net profit per share		**0,26**	**0,37**

The accompanying notes form an integral part of the consolidated statements of profit and loss by functions for the year ended 31 December 2002.

The Accountant

The Board of Directors

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2002 AND THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS BY NATURE FOR THE YEAR THEN ENDED
(Translation of a report originally issued in Portuguese - Note 60)
(Amounts stated in Euros)

INTRODUCTION

The Semapa Group ("the Group") is formed by Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and its subsidiaries (Note 1). Semapa was incorporated in 21 June 1991 and its main object consists of the management of financial investments in other companies, as an indirect form of carrying out economic activity.

Semapa is the main company of a group with activities in Portugal, Tunisia, Spain, Angola, Holland, Greece, Lebanon and Cape Verde and its main activities are the production of cement, through its subsidiaries, in the Maceira, Pataias, Gabés (Tunisia) and Lobito (Angola) plants and the production and commercialisation of ready mixed concrete and clay and the operation of quarries, also through its subsidiaries.

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 INFORMATION CONCERNING COMPANIES INCLUDED IN CONSOLIDATION AND OTHERS

1. COMPANIES INCLUDED IN THE CONSOLIDATION

The parent company Semapa – Sociedade de Investimentos e Gestão, SGPS, S.A. and its subsidiaries listed in Appendix 1 were fully consolidated based on the rules established in line a), Article 1 of Decree-Law 238/91 of 2 July (majority of voting rights).

The change in the companies included in the consolidation by the integral method is shown in Note 14.

2. COMPANIES EXCLUDED FROM THE CONSOLIDATION

Group companies listed in Appendix 2 were excluded from the consolidation, for the reasons explained below.

Group companies Secil Energia, Lda. and Trochee Investment, 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 Semapa Group, as set forth in item 1 Article 4 of Decree-Law 238/91, of 2 July.

The participation in Asfalbetão Transportes, Lda. was excluded from 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 eolic energy parks, included in the Group's consolidation, prepared consolidated financial statements for the first time in 2001. As a result of this, and of the different nature of the operations of these subsidiaries, the fact that the activity's financing is structured as a "Project Finance" system and also its plants being operated on a concession basis, this subsidiary was included in the consolidated financial statements in accordance with the equity method rather than fully consolidated. 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. As of 31 December 2002, the total consolidated assets and consolidated income of this subsidiary were of Euros 151,280,620 and Euros 29,721,430, 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

The associated companies listed in Appendix 3, were included in the consolidated financial statements in accordance with the equity method, as provided for in item 13.6 of the consolidation procedures established in Decree-Law 238/91 of 2 July.

7. AVERAGE NUMBER OF EMPLOYEES

The companies included in the consolidation had the following average number of employees in 2002 and 2001:

By activity	2002	2001
Portugal		
Cement	750	762
Ready mixed concrete and aggregates	582	598
Others	190	184
Tunisia		
Cement	488	518
Ready mixed concrete	85	88
Total	2,095	2,150

III INFORMATION CONCERNING THE CONSOLIDATION PROCEDURES

10. CONSOLIDATION DIFFERENCES

a) Consolidation differences included in equity

The balance of the equity caption “Consolidation differences” in the amount of Euros 2,467,979, reflects the adjustments recorded as of the first application of the equity method as well the adjustments made by Secil and other subsidiaries directly to their own equity, after that date.

The movements occurred directly in Secil’s and other subsidiaries’ caption “Retained earnings” and other equity captions, and the correspondent effect in the caption “Consolidation differences” in Semapa are described in Note 51.

b) Consolidation differences included in intangible assets

As from 1991 the consolidation differences related with Group and associated companies are recorded under the caption “Intangible assets” at cost, deducted from amortisation. As of 31 December 2002 this caption was made up as follows:

	Year	Cost	Proportion of equity held %	Goodwill (Note 27)	Amortisation period (years)	Amortisation for the year (Note 27)	Accumulated amortisation (Note 27)
Acquisitions of Secil							
CMP, S.A.	1994	182,713,032	97	95,361,753	14	4,883,564	41,642,546
Betão Liz, S.A.	1999	2,168,798	7	722,853	20	36,143	144,571
Secil, Betões e Inertes, SGPS, S.A.	2000	40,555,771	94	100,139	-	-	100,139
Société des Ciments de Gabés	2000	244,553,770	99	87,471,646	20	4,373,582	13,120,747
Tercim - Terminais de Cimento, S.A.	2001	249,399	100	190,257	5	38,052	76,103
Cimentaçor - Cimentos dos Açores, Lda.	2001	1,363,381	5	1,042,019	5	208,404	416,807
Others	2002	1,631,000	100	1,600,000	5	-	-
		473,235,151		186,488,667		9,539,745	55,500,913
Acquisitions of CMP :							
Enersis- S.G.P.S, S.A.	1994	10,866,781	90	6,050,169	15	464,264	3,264,566
Acquisitions of Secil, Betões e Inertes, SGPS, S.A.:							
Unibetão-Indústrias de Betão, SA	2000	5,128	100	5,128	5	1,026	3,077
Secil Betão-Indústrias de Betão, SA	2000	556,339	100	556,339	5	111,268	333,804
Sulbetão-Preparados de Betão,SA	2000	987,869	100	987,869	5	197,574	592,722
Betopal-Betões Preparados,SA	2000	33,355	100	31,897	5	6,379	19,138
ECOB-Empresa de Construção e Britas,SA	2000	9,143	100	5,028	5	1,006	3,017
Asfalbetão - Sociedade Industrial, Lda.	2001	5,994,987	90	5,741,780	20	287,089	861,267
Asfalbetão - Sociedade Industrial, Lda.	2002	434,727	10	370,850	20	18,542	18,542
Asfalbetão Transportes, Lda.	2001	251,703	100	190,963	-	171,867	190,963
Almeida & Carvalhais, Lda.	2001	5,662,134	81	4,274,795	20	213,739	427,479
Almeida & Carvalhais, Lda.	2002	423,790	9	254,476	19	13,386	13,386
Almeida & Carvalhais, Lda.	2002	103,055	2	61,943	19	3,258	3,258
Vermofeira - Extracção e Comércio de Areias, Lda.	2001	55,152	50	11,108	5	2,222	4,443
Lisconcreto-Betão Pronto,SA	2000	1,203,046	100	1,100,910	19	57,908	173,724
Britobetão-Central de Betão,SA	1998	110,494	55	55,626	5	11,125	55,626
Betostrong-Industria de Betão, Lda	2002	1,745,105	100	1,311,171	20	65,559	65,559
Betalves- Betão Preparado S.A.	2002	653,766	100	582,701	20	29,135	29,135
Macrobetão- Comércio e Distribuição de Betão, S.A.	2002	725,462	100	688,527	20	34,426	34,426
		18,955,255		16,231,111		1,225,509	2,829,566
Acquisition of Société des Ciments de Gabés:							
Sud-Béton - Société de Fabrication de Béton du Sud	2001	5,425,365	100	3,747,400	10	374,740	749,479
				212,517,347		11,604,258	62,344,524

The acquisitions in the year ended 31 December 2002 resulted in consolidation differences of Euros 4,869,668 (Note 27), including Euros 1.600.000, resulting from investments effected by Secil, in December 2002, to be amortized over a period of five years, beginning in 2003.

The difference of Euros 15,533 between the amortisation for the year mentioned on this Note and the correspondent amount mentioned on Note 27, of Euros 11,619,791, is due to the exchange adjustment.

By application by the Group, for the first time, at 1 January 2002, of the accounting policy of deferred taxes (Note 23 i)), the adjusted equity of the subsidiary Socitété des Ciments de Gabés, was decreased in the amount of Euros 64,403,240. The effect of this adjustment in the consolidated financial statements consisted in the record of a deferred tax liability in the amount of Euros 64,403,240 (Note 38), by correspondent charge to the assets caption “Consolidation differences” (Note 27). Additionally, the amortisation of 2000 and 2001, in the amount of Euros 6,440,324 were recognized in the caption “Accumulated amortisation of consolidation differences” (Note 27), by charge of the equity caption “Consolidation differences” and the caption “Minority interests”, in the amounts of, respectively, Euros 3,566,447 (Note 51) and Euros 2,873,877 (Note 53).

During the year ended 31 December 2002, the Group has recorded an extraordinary amortisation over the consolidation difference of the subsidiary Asfalbetão Transportes, Lda. amounting to Euros 162,319, net of accumulated amortisation of Euros 28,644, as this company is in a process of liquidation, as described in Note 2.

In April 2002, the subsidiary Secil acquired a participation in Ciment de Sibline, S.A.L. with headquarters in Beirut, Lebanon, representing 21.2172% of its capital (Note 3), at a cost of Euros 22,854,680, resulting in negative goodwill of Euros 238,717 (Note 27) which was recorded under the caption “Deferred income” (Note 56), for amortisation to the statement of profit and loss over a period of five years, beginning in April 2002.

14. CHANGE IN THE COMPANIES INCLUDED IN THE CONSOLIDATION

The following changes took place in the companies included in the consolidation in the year ended 31 December 2002:

Acquisitions:

- Acquisition of 100% of the capital of Florimar–Gestão e Participações, SGPS, Lda., with head office in Funchal – Madeira – Portugal;
- Acquisition of 100% of the capital of Somera Trading Inc. with head office in the Republic of Panama;
- Acquisition of 100% of the capital of Betostrong - Indústrias de Betão, Lda. with head office in Mafra - Portugal;
- Acquisition of 100% of the capital of Betalves – Betão Preparado, S.A., with head office in Penafiel - Portugal;
- Acquisition of 100% of the capital of Macrobetão – Comércio e Distribuição de Betão, S.A., with head office in Leiria - Portugal.
- Acquisition of 100% of the capital of Betopal, S.L., with head office in Madrid.

Incorporations:

- Incorporation of Seciment Investments, B.V., with head office in Amsterdam and capital of Euros 18,000 on which Secil has a participation of 100%;
- Incorporation of CMP Investments, B.V., with head office in Amsterdam and capital of Euros 18,000 on which CMP has a participation of 100%;
- Incorporation of Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda. with head office in Lisbon and capital of Euros 5,000, on which Secil has a participation of 58.4%;
- Incorporation of Seinpar Investments, BV, with capital of Euros 18,000, on which Semapa has a participation of 100%;
- Incorporation of Cimenpar Investment BV, with capital of Euros 18,000, on which Secil – Investimentos, SGPS, S.A. has a participation of 100%;

The total assets, liabilities and income of the companies included in the consolidation amount to Euros 10,602,692, Euros 4,005,848 and Euros 6,822,450 respectively at 31 December 2002.

In addition the Group increased its investment in (i) Asfalbetão – Sociedade Industrial, Lda., by acquiring an additional participation of 10% and (ii) Almeida & Carvalhais, Lda. by acquiring an additional participation of 11%, these companies already having been fully consolidated in the preceding year.

Semapa acquired to Secil, trough its subsidiary Seinpart Investments B.V., the totality of the capital of Secil – Investimentos, SGPS, S.A..

15. CONSISTENCY OF VALUATION CRITERIA APPLIED

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

17. AMORTISATION OF CONSOLIDATION DIFFERENCES

Consolidation differences are amortised on a straight-line basis over periods that vary from 5 to 20 years. The periods were determined considering the nature of the operations of the companies and the estimated period for return of the investment. Consolidation differences arising on the acquisition of additional participations in subsidiary companies are amortised over the remaining period of useful life defined for amortisation of the initial consolidation differences.

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

18. BASIS OF RECORDING INVESTMENTS IN AFFILIATED COMPANIES

Investments in affiliated companies are recorded in accordance with the equity method.

IV INFORMATION RELATING TO COMMITMENTS

21. PENSIONS

As mentioned in Note 23 h), the Group implemented the following pension plans:

(i) Defined benefits plans with autonomous funds managed by a third party

Secil and its subsidiaries: (i) CMP- Cimentos Maceira e Pataias, S.A., (ii) Unibetão – Indústrias de Betão Preparado, S.A., (iii) Secil Betão – Indústrias de Betão, S.A., and (iv) Sulbetão – Preparados de Betão, S.A., have assumed the commitment to pay their employees pension complements for retirement due to age, incapacity, early retirement and survivor pensions. The liabilities regarding these commitments, with exception to Betopal – Betões Preparados, S.A., are covered by autonomous funds, managed by third parties, the assets of the fund being segregated from those of the subsidiaries. The liability under the plan is valued half yearly by specialized independent entities, using the: (i) Credit Projected Unit (Secil and CMP) and (ii) Aggregate method (Unibetão, Secil Betão and Sulbetão).

In accordance with actuarial valuations, prepared by specialized independent entities, the present value of the past service liability for the retirement benefits (total liability) of current and retired employees as well as the market value of the funds as of 31 December 2002 and 2001 are as follows:

	2002			2001
	Secil and CMP	Grupo Secil, Betões e Inertes	Total	Total
Liability for past services	30,398,104	655,545	31,053,649	31,950,422
Market value of the Fund	31,129,215	1,755,873	32,885,088	32,945,238
	731,111	1,100,328	1,831,439	994,816

In overall terms, the Group's liabilities are covered by the funds, although individually some liabilities are overfunded and some underfunded, as follows:

	2002			2001
	Secil and CMP	Grupo Secil, Betões e Inertes	Total	Total
Overfunding	1,103,161	1,100,328	2,203,489	1,329,529
Underfunding	(372,050)	-	(372,050)	(334,713)
	731,111	1,100,328	1,831,439	994,816

The overfunding of Euros 2,203,489, results from the fact that (i) in previous years Secil made contributions to the fund in excess of the pensionable basis considered in the calculation of the liability, which was detected and corrected in the year ended 31 December 2002 and (ii) the Secil Betões e Inertes group reduced the number of employees since the funds were established and those employees had not acquired pension rights. This amount is not reflected in the financial statements of the Group as of 31 December 2002.

The underfunding of CMP's Fund, of Euros 372,050, is recorded as a liability under the caption "Provisions for pensions" (Note 46).

Evolution of the equity of the Group's pension funds during the years ended 31 December 2002 and 2001 is as follows:

	2002			2001
	Secil and CMP	Grupo Secil, Betões e Inertes	Total	Total
Balance at the beginning of the year	31,193,204	1,752,034	32,945,238	34,065,753
Contributions made during the year	2,050,000	-	2,050,000	1,147,235
Charges for managing the fund	(88,271)	(179,033)	(267,304)	(120,912)
Income of the fund for the year	454,546	206,426	660,972	430,520
Pensions paid during the year	(2,480,264)	(23,554)	(2,503,818)	(2,577,358)
Balance at the end of the year	31,129,215	1,755,873	32,885,088	32,945,238

Contributions made to the fund during year ended 31 December 2002, in the amount of Euros 2,050,000, were recorded in the captions "Payroll expenses – social charges" in the amount of Euros 1,247,280 and, by use of previously constituted provisions, in the caption "Provisions for risks and costs – other provisions for risks and costs", in the amount of Euros 802,720 (Note 46).

The actuarial valuations as of 31 December 2002 and 2001 used the following assumptions:

	2002		2001	
	Secil and CMP	Secil Betões e Inertes	Secil and CMP	Secil Betões e Inertes
Incapacity table	EKV 80/ Swiss Re	Swiss Re	EKV 80/ Swiss Re	Swiss Re
Mortality table	TV 73/77	TV 73/77	TV 73/77	TV 73/77
Salary growth rate	3.0%	3.0%	3.0%	3.0%
Fund income rate	5.5%	4.5%	5.5%	4.5%
Technical interest rate - pensioners	4.5%	4.5%	4.5%	4.5%
Pension growth rate	2.0%	0.0%	2.0%	0.0%
Formula for the Social Security Benefits	Decree-Law 35/2002 from February, 19th		Decree-Law 329/1993 from September, 25th	

(ii) Unfunded defined benefit plan

The liability relating to retired personnel as of the date of foundation of the fund and the liability for the 14th month relating to pensioners since that date are the direct responsibility of Secil. These liabilities are also valued half yearly by an independent entity, using the capital coverage method for calculation of the corresponding single premiums for immediate life pensions for valuation of the liability relating to current pensioners and the projected unit credit method for valuation of the liability relating to current employees. The liability is fully provided for under the caption "Provisions for pensions" (Note 46) in accordance with the actuarial valuation as of 31 December 2002. In the years ended 31 December 2002 and 2001 Secil's liability was as follows:

	2002	2001
Balance at the beginning of the year	14,453,503	15,098,696
Cost of interests	623,107	605,809
Pensions paid during the year	(1,596,710)	(1,592,386)
Actuarial losses	921,285	220,456
Actuarial gains	(68,109)	-
Pension growth	111,505	30,018
Current services growth	19,187	90,910
Balance at the end of the year	14,463,768	14,453,503

The liability generated in the year ended 31 December 2002, had an increase of Euros 1,696,027 and a decrease of Euros 89,052 (Euros 20,943 relating to employees retiring during the year and Euros 68,109 relating to actuarial gains in the evolution of the liability of the current employees) corresponding to a net increase of Euros 1,606,975.

The above mentioned liability of Euros 1,696,027 was recorded in the caption "Provisions for risks and costs – provisions for pensions" (Note 46) by corresponding charges of Euros 1,676,840 to the caption "Payroll expenses – social charges" and Euros 19,187 to the caption "Accruals and deferrals – deferred costs" (Note 56).

During the year ended 31 December 2002 the Company paid retirement pension complements totalling Euros 1,596,710 to pensioners, which were recorded as a decrease in the provision set up for that purpose (Note 46). The amount of Euros 89,052, corresponding to the decrease in the liability to current employees, referred to above, was reversed from the provision (Note 46).

The assumptions used in the actuarial calculations, are the following:

	2002	2001
Salary growth rate	3.0%	3.0%
Technical interest rate - pensioners	4.5%	4.5%
Pension growth rate	2.0%	2.5%

22. RESPONSABILITIES UNDER GUARANTEES GIVEN

As of 31 December 2002 the Group had responsibilities under bank guarantees totalling Euros 18,746,014, from which highlight the bank guarantees to IAPMEI, related with: (i) the "SIME – Sistema de Incentivos à Modernização Empresarial" Program in the amount of Euros 13,229,198 and (ii) PEDIP, in the amount of Euros 1,818,961.

In addition, during year 2000, Secil contracted bank loans to finance the acquisition of Société des Ciments de Gabés, in Tunisia. Under the terms of those loans, the Company provided an irrevocable power of attorney to the banks, enabling them to pledge the shares of that company in guarantee of the loan, in the event of non-compliance by the Company with the terms of the loan.

V INFORMATION CONCERNING ACCOUNTING POLICIES

23. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

The accompanying 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. 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 in accordance with 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 is recorded in accordance with the equity method).

The financial statements of foreign companies are translated to Euros at year-end exchange rate for assets and liabilities and historical exchange rate for the equity captions. Profit and loss captions are translated to Euros at the average monthly exchange rate, which represents approximately the exchange rate at transactions date. The exchange differences resulting from application of the above mentioned exchange rates are reflected in the caption "Accumulated exchange adjustments".

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 the cost of the rights acquired to operate stone quarries, which are not being amortised. Consolidation differences arising on the acquisition of investments are amortised as explained in Notes 10 and 17.

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. The tangible fixed assets of CMP and Société des Ciments de Gabés (SCG) are stated at cost based on valuations made by independent entities.

Depreciation is computed essentially on a straight line basis as from the date the assets start being used, at rates acceptable for income tax purposes to depreciate the fixed assets during their estimated useful lives. Some categories of assets, for which legislation permits the use of decreasing rates, are being depreciated at such rates.

c) Finance lease contracts

Fixed assets acquired under finance 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, computed 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) 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, after fair value of assets and liabilities, are recorded: (i) as intangible assets under the caption "Consolidation differences", when the difference is positive, being amortised during the average estimated recovery period for the investments (Note 17), and (ii) as "Deferred income" when the difference is negative (Note 56), and amortised during five years.

In accordance with the equity method investments are adjusted annually by charge or credit to the caption loss or gain relating 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. which is stated based on the equity method).

Real estate investments are stated at cost, revalued in accordance with applicable legislation, deducted from the correspondent depreciation.

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, intermediate products and work-in-progress

Finished goods, 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, payroll costs and production overheads.

f) Marketable securities

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

g) 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 year.

h) Pensions

Secil and several subsidiaries have assumed the commitment to pay their employees pension complements for retirement due to age, incapacity, early retirement and survivor pensions. As explained in Note 21 the Group has established autonomous pension funds to fund the liability for such payments. The other part is a direct liability of the Group.

The Group's total liability (whether funded or not) is valued on a half yearly basis, for each fund separately, by specialised independent entities. That liability is stated in the balance sheet, net from the market value of the funds. 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 in the caption "Payroll expenses – Social charges".

The cost related with past services of current employees has been deferred and will be recorded as cost in accordance with the average number of years in service of the Company's employees.

i) Income tax

Income tax for the year ended 31 December 2002 includes current and deferred tax. Up to 31 December 2001, the income tax included only the current tax. Income tax is recognised in the statement of profit and loss, except that relating to gains and losses recorded directly in reserves, in which case the income tax is also recorded directly in reserves, namely, that relating to the effect of asset revaluations.

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

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

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

As explained in Note 38 and referred to above, in the year ended 31 December 2002 the Company computed deferred tax assets and liabilities in order to apply Portuguese Accounting Directive 28. The deferred tax assets and liabilities as of 1 January 2002, in the amounts of Euros 42,044,302 and Euros 94,021,914 were recorded as an increase of Euros 7,886,843 in the equity caption "Consolidation Differences", a decrease of Euros 1,060,246 in "Revaluation reserve", an increase of

Euros 5,599,031 in the liabilities caption "Minority interests" and an increase of Euros 64,403,240 in the assets caption "Consolidation differences". The effect for the year, in the amount of Euros 10,948,690 was recorded as a credit to net profit for the year.

j) Provisions

The provisions are recorded in the amounts necessary to cover estimated financial losses.

k) Subsidies to finance tangible fixed assets

Non-repayable subsidies attributed to the Group to finance tangible fixed assets are recorded as deferred income (Note 56) and amortised to extraordinary income in the consolidated statement of profit and loss in proportion to the depreciation of the subsidised tangible fixed assets.

l) Accrual basis

The Group records income and expenses on an accrual basis. Under this basis income and expenses are recorded in the year to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in accrual and deferral captions (Note 56).

m) Segment information

A *business segment* is a distinguishable component of the Group, committed to supply an individual product, and which is subject to different risks and returns from the other business segments of the Group. Three business segments were identified: Cement, ready mixed Concrete and Aggregates.

A *geographical segment* is a distinguishable component of the Group, committed to supply products inside a specific economic environment, and which is subject to different risks and returns from the other geographical segments of the Group that act in different economic environments. Two major geographical business segments were identified: Portugal and Tunisia.

24. TRANSLATION RATES

All assets and liabilities of foreign subsidiary and affiliated companies are translated to Euros at the exchange rates prevailing at 31 December 2002. The profit and loss captions are translated to Euros at the average exchange rates for the year. Differences resulting from application of the above mentioned exchange rates when compared to previous amounts were reflected in the equity caption "Accumulated exchange adjustments".

The following exchange rates were used as of 31 December 2002 and 2001:

	2002	2001
TND (tunisian dinar)		
Average exchange rate of the year	1.3446	1.2861
Exchange rate as of 31 December	1.4003	1.2903
LBN (lebanese pound)		
Average exchange rate of the year	1,438.92	-
Exchange Rate as of 31 December	1,580.92	-

The foreign associated company, Ciment de Sibline, S.A.L., with head office in Lebanon, was acquired in April 2002, its financial statements being translated to Euros at the exchange rate as of that date, 1,337.77.

VI INFORMATION RELATING SPECIFIC 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 2002 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	4,406,390	5,510	-	807,833	(146,265)	(1,410,328)	3,663,140
Research and development expenses	1,065,210	11,380	-	168,179	-	68,636	1,313,405
Industrial property and other rights	87,556,725	-	(6,394)	12,076	-	-	87,562,407
Goodwill	335,952	-	(10,242)	-	-	-	325,710
Consolidation differences (Note 10)	143,563,908	-	(319,471)	4,869,668	-	64,403,242	212,517,347
Intangible assets in progress	517,635	-	-	45,360	-	(460,599)	102,396
Advances to suppliers of intangible assets	-	-	-	7,885	-	-	7,885
	237,445,820	16,890	(336,107)	5,911,001	(146,265)	62,600,951	305,492,290
Tangible fixed assets:							
Land and natural resources	41,864,499	21,489	(26,544)	419,888	(12,174)	390,061	42,657,219
Buildings and other constructions	280,746,105	4,582,504	(1,105,890)	1,117,659	(12,470)	982,278	286,310,186
Machinery and equipment	817,605,603	4,652,322	(3,114,705)	14,233,571	(4,876,180)	8,497,301	836,997,912
Transport equipment	41,285,611	625,930	(708,655)	2,803,666	(3,371,605)	(49,579)	40,585,368
Tools and utensils	3,831,135	-	-	197,197	(1,495)	11,417	4,038,254
Administrative equipment	22,479,360	49,244	(4,433)	1,312,951	(83,719)	745,622	24,499,025
Reusable containers	18,801	-	-	-	-	-	18,801
Other tangible fixed assets	7,517,761	65,047	(265,045)	859,333	(19,973)	241,820	8,398,943
Construction in progress	10,235,767	13,180	(72,270)	15,960,752	(28,711)	(11,118,810)	14,989,908
Advances to suppliers of tangible fixed assets	381,481	-	-	1,656,808	-	(104,332)	1,933,957
	1,225,966,123	10,009,716	(5,297,542)	38,561,825	(8,406,327)	(404,222)	1,260,429,573
Financial investments:							
Investments in subsidiaries	11,677,031	-	-	295	(10,638)	5,002,517	16,669,205
Investments in affiliated companies	23,366,036	-	-	23,132,082	(171,076)	(4,783,335)	41,543,707
Loans to affiliated companies	2,211,882	-	-	-	-	(1,825,494)	386,388
Securities and other investments:							
Investments in other companies	213,375,257	-	-	259,425	-	1,707,035	215,341,717
Other financial investments	545,976	-	32,100	-	-	-	578,076
Real estate investments	2,725,497	-	-	-	(167,960)	-	2,557,537
Advances on account of investments	30,000	-	-	-	-	(30,000)	-
	253,931,679	-	32,100	23,391,802	(349,674)	70,723	277,076,630
	1,717,343,622	10,026,606	(5,601,549)	67,864,628	(8,902,266)	62,267,452	1,842,998,493

	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	3,767,943	4,329	-	549,934	-	(1,924,969)	2,397,237
Research and development expenses	783,556	11,380	-	319,777	-	(11,380)	1,103,333
Industrial property and other rights	3,860,374	-	(5,702)	1,792,522	-	-	5,647,194
Goodwill	20,101	-	(1,828)	6,256	-	-	24,529
Consolidation differences (Note 10)	44,331,890	-	(47,481)	11,619,791	-	6,440,324	62,344,524
	52,763,864	15,709	(55,011)	14,288,280	-	4,503,975	71,516,817
Tangible fixed assets:							
Land and natural resources	7,005,254	-	-	500,915	(2,018)	-	7,504,151
Buildings and other constructions	182,071,170	2,471,251	(828,682)	7,162,035	(6,235)	(21,949)	190,847,590
Machinery and equipment	631,529,140	3,922,699	(2,640,771)	35,243,484	(3,695,052)	(121,779)	664,237,721
Transport equipment	33,937,467	343,526	(634,100)	3,296,644	(3,260,693)	(47,352)	33,635,492
Tools and utensils	3,382,339	-	-	230,749	(2,506)	1,680	3,612,262
Administrative equipment	19,543,355	30,444	(3,022)	1,730,356	(66,796)	562	21,234,899
Reusable containers	16,816	-	-	443	-	292	17,551
Other tangible fixed assets	5,096,752	48,893	(225,840)	645,741	(10,791)	655	5,555,410
	882,582,293	6,816,813	(4,332,415)	48,810,367	(7,044,091)	(187,891)	926,645,076
Financial investments:							
Investments in other companies:							
Provisions (Notes 44 and 46)	106,987	-	-	18,135,745	-	-	18,242,732
Securities and other investments:							
Provisions (Notes 44 and 46)	34,876	-	(3,628)	22,312	-	-	53,560
Real estate investments:							
Provisions (Note 46)	756,062	-	-	-	-	(25,044)	731,018
Depreciation (Note 44)	1,357,583	-	-	41,041	-	-	1,398,624
	2,255,508	-	(3,628)	18,199,098	-	(25,044)	20,425,934
	937,601,665	6,832,522	(4,391,054)	81,297,745	(7,044,091)	4,291,040	1,018,587,827

The increase of Euros 10,026,606 in fixed assets, related with changes in perimeter respects essentially to the inclusion of assets from subsidiaries: Macrobetão, Betalves, Betostrong and Betopal, S.L., which where fully consolidated for the first time during the year ended 31 December 2002, as mentioned in Note 14.

During the year 2001, Group Secil Betões e Inertes decided to contract ready mixed concrete transportation services trough outsourcing, and from then on its transportation fleet has been sold. This sell makes off the major selling of basic equipment recorded as of 31 December 2002.

The amount of Euros 14,989,908 in the caption construction in progress corresponds to several projects, of which the more significant ones are the creation of a pre-homo area for raw materials in Pataias, the increase in the capacity and modernisation of the number 8 cement milling machine, a new grill cooler and a sleeve filter to exhaust the number 3 furnace, in Maceira plant, which at 31 December 2002 were not yet operating.

As of 31 December 2002, investments in subsidiaries and affiliated companies and other securities and investments, were as follows:

	Head office	Capital	Equity	Net income	Participation % (b)	Participation Book value	Participation Proportional share in net income
Subsidiaries (a):							
Trochee Investment BV	Amesterdam	18,197	18,197	(9,950)	100.00	8,247	(9,950)
Tecnosecil, SARL	Luanda	263,451	(g)	(g)	70.00	183,523	-
Enersis, S.G.P.S., S.A.	Lisbon	4,750,000	11,869,182	6,096,258	89.92	16,154,536	5,481,755
Secil - Energia, Lda.	Lisbon	1,995	1,995	-	100.00	1,995	-
Asfalbetão Transportes, Lda.	Torres Vedras	49,880	314,698	6,202	100.00	320,904	6,202
						16,669,205	5,478,008
Affiliated companies:							
Betão Liz, S.A.	Lisbon	7,000,000	29,353,601	3,222,889	33.37	10,869,667	1,075,368
Transecil - Gestão Transp. Mar Especiais, Lda.	Lisbon	2,245	2,245		33.33	748	
Becim - Mediadora de Seguros, Lda.	Lisbon	150,000	193,702	187,200	27.40	104,498	51,295
Cimentaçor - Cimentos dos Açores, Lda.	P.Delgada	1,246,995	6,508,753	3,457,670	25.00	2,491,606	864,418
Secil Unicon - S.G.P.S., Lda.	Lisbon	4,987,979	9,224,640	163,372	50.00	4,694,006	81,686
Viroc Portugal - Ind. de Madeira e Cimento, S.A.	Setúbal	8,708,014	(1,750,528)	13,874	32.83	- (e)	-
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos, Lda.	Lisbon	49,880	157,872	(136,075)	50.00	10,899	(68,038)
ICV - Inertes de Cabo Verde, Lda.	Cape Verde	680,179	336,168	41,937	37.50	141,789	15,726
Ciment de Sibline, S.A.L.	Beirut	87,373,986	91,819,291	1,749,498	21.22	19,852,677	371,194
Astakos Domika Alouminouha	Athens	500,000	500,000	-	50.00	250,000	-
Chryso - Aditivos de Portugal, S.A.	Lisbon	50,000	68,683	50,966	40.00	47,860	20,386
Cimianto - Sociedade Técnica de Hidráulica, S.A.	Alhandra	1,500,000	7,257,620	273,431	39.96	3,009,333	109,260
Cimentrans - Transportes de Cimento, Lda.	Lisbon	299,279	346,916	80,768	-	- (c)	32,308
Vermofeira - Extracção e Comércio de Areias, Lda.	Carnaxide	12,000	104,458	36,789	50.00	70,624	18,395
						41,543,707	2,571,998
Securities and other investments:							
Sadigolf - Turismo, S.A.	Setúbal	1,237,019	(g)	(g)	0.07	19,453	-
Secil Marítima, S.A.	Luanda	249,399	(g)	(g)	42.90	106,986 (d)	-
Cimentos Madeira, Lda.	Funchal	1,745,793	9,602,463	2,346,813	14.29	1,707,035	335,259
Soset - Soc. Desenvol. Regional Pen. Setúbal, S.A.	Setúbal	299,279	(g)	(g)	1.67	49,880	-
Banco Espírito Santo, S.A.	Lisbon	435,779,955	(g)	(g)	0.07	922,017	-
Scoreco	Setúbal	74,820	(g)	(g)	25.00	700	-
Ambelis - Agência p/Modern. B.E.C. Lisboa, S.A.	Lisbon	997,596	(g)	(g)	2.00	19,952	-
Cimpor, S.G.P.S., S.A.	Lisbon	672,000,000	(g)	(g)	8.99	211,606,784 (f)	-
Sonagi, S.A.	Lisbon	1,000,000	9,766,509	570,754	2.00	908,910	-
						215,341,717	335,259

(a) Group companies excluded from consolidation, for the reasons stated in Note 2;

(b) Percentages held directly and indirectly by the Group;

(c) This investment was sold during the second semester of 2002. The amounts of share capital, equity and net profit/loss presented on this Note refer to the selling date of that participation;

(d) This investment is fully provided for (Note 46);

(e) The equity of this company was negative as of 31 December 2002 and, consequently, the investment is stated at zero in the Company's balance sheet and a provision of Euros 569,646, corresponding to the Group's proportion of its negative equity, was recorded under the caption "Provisions for other risks and costs" (Note 46);

(f) The market value of the investment in Cimpor, S.G.P.S., S.A., which corresponds to 12,091,940 shares, fell during the year ended 31 December 2002 to Euros 16 per share. To cover the unrealised loss, the Group recorded a provision of Euros 18,135,745 in the caption "Provisions for other investments" (Note 46);

(g) Information not available at the present time.

The movement in the captions investments in subsidiaries, investments in affiliated companies and in other companies during the year ended 31 December 2002 was as follows:

	Investments in			
	Subsidiaries	Affiliated companies	Other companies	Total
Opening Balance	11,677,031	23,366,036	213,375,257	248,418,324
Acquisition/ incorporation/ increase in investments in the following companies:				
Ciment de Sibline	-	22,854,680	-	22,854,680
Astakos Domika Alouminouha	-	250,000	-	250,000
BES	-	-	259,425	259,425
Betopal, S.L.	295	-	-	295
Becim	-	27,402	-	27,402
	295	23,132,082	259,425	23,391,802
Sale of investments in the following companies:				
Betopal, S.L.	(10,638)	-	-	(10,638)
Cimentrans	-	(171,076)	-	(171,076)
Results of group and affiliated companies recorded by the equity method (Note 44):				
- Gains	5,487,958	2,640,036	335,259	8,463,253
- Losses	(9,950)	(68,038)	-	(77,988)
Dividends distributed to the Group	(427,114)	(2,183,064)	(268,834)	(2,879,012)
Negative Goodwill on acquisition of the investment in Ciment de Sibline (Note 10)	-	238,717	-	238,717
Transfer of the investment in the company Cimentos Madeira	-	(1,651,793)	1,651,793	-
Adjustments in the equity of group and associated companies due to:				
- accumulated exchange adjustments in Sibline (Note 51)	-	(3,611,915)	-	(3,611,915)
- other variations in the equity of subsidiary and affiliated companies (Note 51)	(48,377)	(147,278)	(11,183)	(206,838)
Closing Balance	16,669,205	41,543,707	215,341,717	273,554,629

Investments in property as of 31 December 2002 are made up as follows:

	Cost	depreciation	Provisions	value
Properties in Angola	1,600,310	(869,292)	(731,018)	-
Property in Av. Conselheiro Fernando de Sousa	957,227	(529,332)	-	427,895
	2,557,537	(1,398,624)	(731,018)	427,895

Investments in property, net of accumulated depreciation amount to Euros 1,158,913 (Note 42).

33. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

As of 31 December 2002 debenture loans and bank loans repayable in more than five years amount to Euros 171,986,025 (Note 57).

36. SEGMENT INFORMATION

Segment Information is presented for the business (primary) and geographical (secondary) segments of the Group.

The net results, assets and liabilities of each segment correspond to those, which are directly attributable, as well as those that can be reasonably attributed to the segment. The net results, assets and liabilities not directly attributable to the segments and included in the column “Others” refer essentially to financial operations.

Net results for the year by business segment are as follows:

	Cement		Ready mixed Concrete		Aggregates			
	Portugal	Tunisia	Portugal	Tunisia	Portugal	Others	Eliminations	Consolidated
INCOME								
External Sales	263,725,507	45,491,286	141,586,873	4,023,712	17,739,108	18,494,025	-	491,060,511
Inter-segment Sales	155,673,797	1,107,174	438,984	-	3,216,770	19,100,687	(179,537,412)	-
Total Income	**419,399,304**	**46,598,460**	**142,025,857**	**4,023,712**	**20,955,878**	**37,594,712**	**(179,537,412)**	**491,060,511**
External operating results	78,194,658	(3,898,680)	37,755,415	1,520,666	2,430,566	(14,454,177)	-	101,548,448
Inter-segment operating results	14,037,339	358,013	(29,843,605)	(1,107,174)	3,137,917	13,417,510	-	-
Total Operating Results	**92,231,997**	**(3,540,667)**	**7,911,810**	**413,492**	**5,568,483**	**(1,036,667)**	**-**	**101,548,448**
External net financial results	4,085,343	142,325	(1,020,132)	(58,166)	(58,321)	(32,843,533)	-	(29,752,484)
Internal net financial results	886,547	-	(477,654)	-	(98,319)	(310,574)	-	-
Total Financial Results	**4,971,890**	**142,325**	**(1,497,786)**	**(58,166)**	**(156,640)**	**(33,154,107)**	**-**	**(29,752,484)**
Participation in net profit of affiliated companies	1,830,935	-	1,081,571	-	-	4,486,767	-	7,399,273
Income Tax	-	-		-	-	(21,149,593)	-	(21,149,593)
Results of ordinary activities	**99,034,822**	**(3,398,342)**	**7,495,595**	**355,326**	**5,411,843**	**(50,853,600)**	**-**	**58,045,644**
Extraordinay Items	**-**	**-**	**-**	**-**	**-**	**2,466,762**	-	**2,466,762**
Minority Interests	**2,124**	**31,819**	**423,016**	**3,593**	**260,970**	**28,953,740**	-	**29,675,262**
Net Results of the year	**99,032,698**	**(3,430,161)**	**7,072,579**	**351,733**	**5,150,873**	**(77,340,578)**	**-**	**30,837,144**
OTHER INFORMATION								
Assets by segment	431,137,805	212,644,820	80,230,873	2,919,760	22,162,905	319,363,623	-	1,068,459,786
Inter-segment assets	131,367,625	185,687	2,428,191	-	3,252,727	41,419,631	(178,653,861)	-
Total assets	562,505,430	212,830,507	82,659,064	2,919,760	25,415,632	360,783,254	(178,653,861)	1,068,459,786
Equity investments in affiliated companies	-	-	10,869,667	-	-	30,674,040	-	41,543,707
Liabilities by segment	47,723,466	13,160,688	27,426,700	1,119,905	6,027,051	538,607,517		634,065,327
Inter-segment liabilities	109,231,042	343,994	(1,130,984)	185,687	3,298,887	46,717,299	(158,645,925)	-
Total liabilities	156,954,508	13,504,682	26,295,716	1,305,592	9,325,938	585,324,816	(158,645,925)	634,065,327
Capital expenditure	39,958,062	7,597,448	3,419,627	465,583	3,067,825	6,773,980	-	61,282,525
Depreciation	42,680,300	9,024,042	4,799,110	204,766	2,876,213	3,514,216	-	63,098,647
Other costs not yet paid (provisions)	4,050,686	417,733	884,659	58,027	83,101	18,804,349	-	24,298,555

38. INCOME TAX

Group companies are subject to corporate income tax on an individual basis, except for Secil and several of its subsidiaries (in which minimum participations of 90% are held), which are subject to Corporate Income Tax under the special regime for Groups of companies.

In accordance with current legislation, profits and losses in subsidiaries and affiliated companies resulting from application of the equity method are deducted from or added to, respectively, the profit for the year in computing taxable income. For tax purposes, dividends are recorded in the year when received.

All other situations that could affect significantly future income tax, are recorded in the income statement, as of 31 December 2002 under Portuguese Accounting Directive 28, as describe in Note 23 i). In accordance with the transitory provisions of that Accounting Directive the accumulated effect, at 31 December 2001, of recording deferred taxes for the first time is recorded directly in equity, and in the case of subsidiary Société des Ciments de Gabés that, for being a recent acquisition, was recorded in the assets caption “Consolidation differences” (Note 10).

Deferred tax assets and liabilities at 31 December 2002 are made up as follows:

	Total	Profit and Loss Statement Items	Changes in other Equity and Minority Interests captions: Revaluation Reserves	Changes in other Equity and Minority Interests captions: Consolidation diferences and minority interests	Consolidation differences (assets) (Note 10)	Changes in consolidation perimeter
Timing differences giving rise to deferred tax assets						
Taxed provisions	20,468,865	18,776,874		1,691,991	-	-
Tax losses carried forward	6,688,653	3,678,646	-	2,605,871	-	404,136 (a)
Retirement benefits not coverd by an autonomous fund	14,642,395	452,181	-	14,190,214	-	-
Gains subject to deferred tax originated in intra-group transactions	104,589,942	(4,239,692)	-	108,829,634	-	-
	146,389,855	**18,668,009**	-	**127,317,710**	**-**	**404,136**
Timing differences giving rise to deferred tax liabilities						
Revaluation of fixed assets	(37,579,461)	6,612,065	(3,212,866)	(40,978,660)	-	-
Fair value of subsidiary Societé des Ciment de Gabés (Note 10)	(164,147,341)	6,620,639	-	13,241,278	(184,009,258)	-
Deferred losses resulting from intra-group transactions	(734,910)	(734,910)	-	-	-	-
Deferred taxation of capital gains	(57,941,511)	991,001	-	(58,932,512)	-	-
Increased amortisation	(1,302,576)	(452,190)	-	(850,386)	-	-
	(261,705,799)	**13,036,605**	**(3,212,866)**	**(87,520,280)**	**(184,009,258)**	**-**
Amounts reflected on the balance sheet						
Deferred tax assets	48,751,163	6,573,495	-	42,044,302	-	133,366
Deferred tax liabilities	(89,646,719)	4,375,195	(1,060,246)	(28,558,428)	(64,403,240)	-

(a) Tax losses carried forward, in the amount of Euros 404,136, gave rise to a deferred tax asset of Euros 133,366, recorded at 31 December 2001 by the company Macrobetão, S.A., which was consolidated with the Group for the first time in 2002, as explained in Note 14.

The deferred tax assets and liabilities as of 1 January 2002, in the amounts of Euros 42,044,302 and Euros 94,021,914, respectively, were recorded as an increase of Euros 7,886,843 in the equity caption "Consolidation differences" (Note 51), a decrease of Euros 1,060,246 in "Revaluation reserve" (Note 51 and 52), an increase of Euros 5,599,031 in the liabilities caption "Minority interests" (Note 53), and an increase of Euros 64,403,240 in the assets caption "Consolidation differences" (Note 10).

Income tax for the year is made up as follows:

Current income tax (Note 54)	32,098,283
Deferred tax	(10,948,690)
	21,149,593

Reconciliation of the effective tax rate is as follows:

Profit before income tax	81,661,999
Nominal rate of income tax	33.00%
Expected income tax	26,948,460
Permanent differences (a)	(5,662,444)
Change in tax rate (b)	(3,256,602)
Adjustments to taxable income	830,017
Tax losses recovered trough the special regime for tributation of Groups of companies	190,963
Tax losses not recoverable	2,099,199
	21,149,593
Effective rate of income tax	25.90%

(a) This amount is made up essentially of:

Amortisation of Goodwill (Note 10)	11,604,258
Effects arising from the application of the equity method (Note 27)	(7,754,007)
Tax losses	(22,495,339)
Dividends from foreign companies headquarted outside E.U.	1,074,485
Others	411,681
	(17,158,922)
Tax effect (33.00%)	(5,662,444)

(b) This amount includes the effect of the change in Municipal Tax of some of the Group companies as well as the effect of companies being subject to different tax rates.

In accordance with current Portuguese tax legislation the tax returns of the companies included in the consolidation are subject to review and correction by the tax authorities during a period of four years and ten years for social security. Consequently, the tax returns for the years 1999 to 2002 are subject to review and correction. The tax returns of Secil (individual and consolidated tax group) for the year 1999 were inspected in 2001 and resulted in a proposed adjustment to taxable income, already communicated to the company, for which it recorded a provision of Euros 57,339 in the caption "Provision for taxes" (Note 46). At the time of closing the accounts for 2002 a tax inspection of the return for the year 2000 was in progress.

The Management of Semapa believes that any corrections that may be made by the tax authorities as a result of a review will not have a significant impact on the consolidated financial statements as 31 December 2002.

41. REVALUATIONS – LEGISLATION

The Group companies headquartered in Portugal 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, Decree-Law 430/78, Decree-Law 219/82, Decree-Law 319-G/84, Decree-Law 118-B/86, Decree-Law 111/88, Decree-Law 49/91, Decree-Law 264/92, Decree-Law 22/92, Decree-Law 31/98.

42. REVALUATION OF TANGIBLE FIXED ASSETS

As of 31 December 2002 the cost and revaluation of tangible fixed assets and investments (investments in property), net of accumulated depreciation, are as follows:

Caption	Historical costs	Revaluations	Revaluated amounts
Tangible fixed assets:			
Land and natural resources	23,862,659	11,290,409	35,153,068
Buildings and other constructions	59,879,713	35,582,883	95,462,596
Machinery and equipment	123,527,378	49,232,813	172,760,191
Transport equipment	6,688,962	260,914	6,949,876
Tools and utensils	299,879	126,113	425,992
Administrative equipment	2,792,203	471,923	3,264,126
Reusable containers	1,250	-	1,250
Other tangible fixed assets	2,574,718	268,815	2,843,533
	219,626,762	97,233,870	316,860,632
Investments:			
Investments in property (Note 27)	91,276	1,067,637	1,158,913
	219,718,038	98,301,507	318,019,545

44. CONSOLIDATED NET FINANCIAL RESULTS

Net financial results are made up as follows, in the years ended 31 December 2002 and 2001:

	2002	2001
Expenses:		
Interest expense	17,470,445	23,786,342
Depreciation and provisions for investments in property (Note 27)	18,768,744	76,030
Foreign currency exchange loss	1,760,733	669,208
Financial discounts allowed	1,950,791	2,151,822
Other financial expenses	896,237	961,753
Loss on affiliated companies (Note 27)	1,099,789	248,583
	41,946,739	27,893,738
Net financial results	(22,353,211)	(10,196,643)
	19,593,528	17,697,095
Income:		
Interest income	1,231,990	466,205
Income from participations	457,307	1,165,607
Income from properties	20,801	19,955
Gain on investments in affiliated companies (Note 27)	8,163,803	6,877,129
Gain on investments in other companies (Note 27)	8,858,929	8,286,944
Foreign currency exchange gain	655,556	455,580
Financial discounts received	184,313	416,152
Other financial income	20,829	9,523
	19,593,528	17,697,095

The caption “Depreciation and provisions for investments”, includes: (i) provisions for potential loss in investments, in the amount of Euros 18,158,057 (Note 27), (ii) amortizations of investments in property in the amount of Euros 41,041 (Note 27), (iii) provision for the negative equity of associated company Viroc Portugal, S.A., in the amount of Euros 569,646 (Note 27).

The caption “Loss on affiliated companies” includes: (i) the amount of Euros 77,988 (Note 27), related with the application of the equity method and (ii) the amount of Euros 1,021,806, related with the cost recognized for the negative equity of affiliated companies as of the date of acquisition.

The caption “Gain on investments in affiliated companies” includes the amount of Euros 35,809, related to the recognition in the profit and loss statement of part of the difference between the cost and proportional share equity of Ciment de Sibline S.A L. as of the date of acquisition (Notes 27 and 56).

The caption “Gain on investments in other companies” respects essentially to: (i) the dividend received from Cimpor by affiliated company Secilpar, in the amount of Euros 8,464,358 and (ii) the amount of Euros 335,259 (Note 27), related with appropriation of the net result of Cimentos Madeira, Lda., trough the equity method, as mentioned in Note 23 d).

45. CONSOLIDATED NET EXTRAORDINARY ITEMS

Net extraordinary items are made up as follows, as of 31 December 2002 and 2001:

	2002	2001
Expenses:		
Donations	244,993	360,013
Uncollectable debts	218,091	281,425
Losses on inventories	77,252	20,561
Losses on fixed assets	401,309	4,103,456
Fines and penalties	38,458	26,487
Prior year adjustments	208,991	136,728
Other extraordinary expenses	1,833,907	978,236
	3,023,001	5,906,906
Net extraordinary results	2,466,762	(1,800,625)
	5,489,763	4,106,281
Income:		
Tax refund	13,433	3,449
Recovery of debts	14,428	-
Gains on inventories	118	57
Gains on fixed assets	1,634,604	1,415,986
Contractual penalty benefits	-	568
Decrease in provisions (Note 46)	1,661,488	973,508
Prior year adjustments	59,558	26,839
Other extraordinary income	2,106,134	1,685,874
	5,489,763	4,106,281

The amount recorded in the caption "Other extraordinary expenses" includes: (i) the amount of Euros 948,798 relating to the insufficiency of the provision for estimated Corporate Income Tax recorded in 2001, due to changes in the perimeter of companies included in the Group for tax purposes in relation to that initially expected, as a result of publication of Circular number 5/2002, of 2 April, of the General Directorate of Contributions and Taxes (D.G.C.I.), the companies Ecob, Sulbetão, Lisconcreto, Betopal and Fabetão having been excluded from the Group. Additionally, Argibetão was excluded because it was sold to a company not included in the Group for tax purposes and (ii) the amount of Euros 679,026 referring to adjustments made by the tax authorities to the Corporate Income Tax returns for the years 1997 and 1998, and corresponding compensatory interest. In 2001 a provision to cover this liability was recorded in the caption "Provisions for taxes" (Note 46). The liability was paid in 2002, outside the Special Regime for the Settlement of Tax Liabilities, and the provision was reversed.

The caption "Other extraordinary income" includes: (i) the amount of Euros 350,690 relating to the decrease in Corporate Income Tax, due to application of the special regime for taxation of groups of companies (Note 54), (ii) the amount of Euros 204,180 related with the overprovision for income tax for the year 2001 of several subsidiaries and (iii) the recognition of the investments subsidies, in the amount of Euros 1,072,350 (Note 56), as referred in Note 23 k).

46. MOVEMENT IN PROVISIONS

The movement in provisions during the year ended 31 December 2002 was as follows:

Captions	Opening Balance	Changes in perimeter	Exchange adjustments	Increase	Utilisation/ reversal	Transfers (Note 55)	Closing Balance
Provisions for losses on inventories	1,878,842	-	(148,585)	645,331	(70,819)	-	2,304,769
Provisions for doubtful accounts:							
Customers	10,816,927	51,568	(104,176)	1,645,397	(1,064,918)	-	11,344,798
Other debtors (Note 55)	534,065	-	(10,770)	924,202	-	4,795,637	6,243,134
	11,350,992	51,568	(114,946)	2,569,599	(1,064,918)	4,795,637	17,587,932
Provisions for risks and costs:							
Pensions provisions (Note 21)	14,453,503	-	-	2,068,077	(1,685,762)	-	14,835,818
Tax provisions (Notes 38 and 45)	698,317	-	-	14,946	(655,924)	-	57,339
Other provisions for risks and costs	5,863,191	539,641	-	842,545	(806,854)	(4,795,637)	1,642,886
	21,015,011	539,641	-	2,925,568	(3,148,540)	(4,795,637)	16,536,043
Provisions for investments (Note 27)	897,925	-	(3,628)	18,158,057	(25,044)	-	19,027,310
	35,142,770	591,209	(267,159)	24,298,555	(4,309,321)	-	55,456,054

The movement in provisions for pensions, risks and costs and investments was as follows:

	Changes in perimeter	Increase	Utilisation/ reversal
Provisions for pensions (Note 21):			
Underfunding - CMP	-	372,050	-
Increase in the liabilities of the unfunded defined benefit plan	-	1,696,027	-
Pensions paid during the year	-	-	(1,596,710)
Decrease in the liabilities related with current employees	-	-	(89,052)
	-	2,068,077	(1,685,762)
Provisions for risks and costs:			
Provisions for investments (Note 27)	-	569,646	-
Contributions to the pensions plan- CMP (Note 21)	-	-	(802,720)
Others	539,641	272,899	(4,134)
	539,641	842,545	(806,854)
Provisions for investments:			
Devaluation of the investment in Cimpor (Note 27)	-	18,135,745	-
Others	-	22,312	(25,044)
	-	18,158,057	(25,044)

The increase in provisions in year ended 31 December 2002, in the amount of Euros 24,298,555, was recorded by charge to the captions: (i) “Payroll – social charges”, Euros 2,068,077 (Note 21), (ii) “Amortisation and provisions for investments”, Euros 18,727,703 (Notes 27 and 44), and (iii) “Provisions for the year”, Euros 3,502,775.

The decrease in provisions, in the amount of Euros 4,309,321, corresponds to direct utilisation of Euros 2,647,833, and reversal of Euros 1,661,488 (Note 45).

47. ASSETS UNDER FINANCE LEASE

Assets under finance lease as of 31 December 2002 were as follows:

Caption	Cost	Accumulated amortisation	Net Value
Machinery and Equipment	653,796	(288,905)	364,891
Transport Equipment	26,301	(20,489)	5,812
	680,097	(309,394)	370,703

The liabilities under finance lease contracts are payable as follows:

Payable in up to 1 year	260,834
Payable between 1 and 5 years	146,874
	407,708
Future interest payable	66,966

VII OTHER INFORMATION

50. COMPOSITION OF CAPITAL

The Company's share capital at 31 December 2002 consisted of 118,332,445 shares of Euro 1 each, fully subscribed and paid up, totalling Euros 118,332,445.

Accordingly with the last Shareholders' General Meeting, dated 27 March 2002, the following entities own more than 20% of the Company's share capital, as of 31 December 2002:

Name	%	Shares
Sodim, SGPS, S.A.	21.13	25,000,000
Cimpor Portugal, SGPS, S.A.	20.02	23,695,611

51. MOVEMENT IN EQUITY ACCOUNTS

The movement in the equity accounts during the year ended 31 December 2002 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)	-	(1,100,000)	-	(2,653,280)
Discounts and premiums	(3,632,740)	-	(3,845,014)	-	(7,477,754)
Share Premiums	3,923,459	-	-	-	3,923,459
Consolidation differences	(1,858,609)	3,820,894	-	505,694	2,467,979
Accumulated exchange adjustments	(407,247)	-	(3,625,411)	-	(4,032,658)
Revaluation reserves (Notes 41 and 52)	13,727,564	-	(1,060,246)	(505,694)	12,161,624
Reserves:					
Legal reserves	7,364,592	-	-	2,207,303	9,571,895
Other reserves	30,971,799	-	-	30,370,838	61,342,637
Retained earnings	40,418	-	-	-	40,418
Consolidated net profit for the year	44,146,058	30,837,144	(11,567,917)	(32,578,141)	30,837,144
	211,054,459	34,658,038	(21,198,588)	-	224,513,909

As decided by the Shareholders' General Meeting held on 27 March 2002, the consolidated net profit for 2001 was appropriated as follows:

Dividends distributed	11,567,917
Legal reserves	2,207,303
Other reserves	30,370,838
	44,146,058

The movements on the caption retained earnings of Secil and the correspondent impact on the caption "Consolidation differences" of Semapa were as follows:

Movements	Impact in Secil		Impact in Semapa
	Increase	Decrease	
Profits distributed to employees of the subsidiary and affiliated companies	-	743,136	(411,526)
Amortisations of 2000 and 2001, related with the adjustment made in caption " Consolidation Differences" (Notes 10 and 27)	-	6,440,324	(3,566,447)
Deferred taxes (Note 38)	14,242,138	-	7,886,843
Other adjustments made by associated companies (Note 27)	-	206,838	(114,540)
Other adjustments	40,149	-	22,230
	14,282,287	7,390,298	3,816,560

The caption "Consolidation differences" includes also the amount of Euros 4,334 referring to the initial adjustment related with the consolidation of Betopal, S.L. for the first time.

Accumulated exchange adjustment: The amount of Euros 3,625,411, reflected in this caption, corresponds to the proportion of the decrease in the equity of Société des Ciments de Gabés, Sud-Béton, and Ciment de Sibline, resulting from exchange differences arising on the translation to Euros of the balance sheets of the foreign affiliates and subsidiary.

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 cannot be distributed to the shareholders except upon liquidation of Secil, but may be used to absorb losses after all other reserves have been used up, or to increase capital.

52. CHANGE IN THE REVALUATION RESERVES

In year ended 31 December 2002, the amount of the revaluation reserve realised in the year, through depreciation or sale of the assets, was transferred to the equity caption "Consolidation differences", in the amount of Euros 505,694. Additionally, as referred to in Note 38, there was a decrease in the amount of Euros 1,060,246 (Notes 38 and 51) by correspondent credit to the caption "Deferred tax liabilities", related with the part of the revaluation not relevant for tax purposes, not realised at 31 December 2001.

53. MINORITY INTERESTS

As of 31 December 2002 and 2001 the caption "Minority interests" included in liabilities refer to the following subsidiaries:

	2002	2001
Secil	201,983,053	189,221,535
Grupo CMP	20,545	451,296
Grupo Secil, Betões, Inertes	3,625,383	3,820,935
Société des Ciments de Gabés	469,011	484,790
Secil Martingança	2,969,631	2,667,418
Others	742,029	411,362
	209,809,652	197,057,336

The movement in the caption “Minority interests” in the year ended 31 December 2002 was as follows:

Opening Balance	197,057,336
Net profit attributed to minority shareholders	29,675,262
Dividends attributed to minority shareholders	
Secil	(15,625,435)
Dividends in CMP	402,228
Proportion in other adjustments made in equity captions:	
Deferred taxation (Note 38)	
Impact in Retained Earnings	6,453,387
Impact in Revaluation Reserves	(854,356)
Amortisations of 2000 and 2001, resulting from the adjustment in the caption	
Consolidation differences (Note 10)	(2,873,877)
Change in the caption "Accumulated exchange adjustments"	(2,921,392)
Profits distributed to employees of the subsidiary and affiliated companies	(331,610)
Changes in perimeter	(297,041)
Other adjustments made by subsidiaries and associated companies	(874,850)
Closing Balance	209,809,652

Additionally, as of 31 December 2002, the Group had: (i) accounts receivables on a short-term basis, from minority shareholders in the amount of Euros 18,217 and (ii) accounts payables on a short and medium and long term of Euros 173,149 and Euros 243,733, respectively.

54. STATE AND OTHER GOVERNMENT ENTITIES

There are no overdue debts to the State and other government entities as of 31 December 2002. The balances with these entities are made up as follows:

	Receivable Balances	Payable Balances
Corporate income tax	366,913	27,076,057
Personal income tax	103,452	958,794
Tax added value	1,031,749	4,330,362
Social security contributions	-	1,382,088
Other taxes	6,678	450,407
	1,508,792	34,197,708

As of 31 December 2002, the receivable and payable balances related with “Corporate income tax” are made up as follows:

	Receivable Balances	Payable Balances	Total
Income tax for the year (Note 38)	(2,131,140)	(29,967,143)	(32,098,283)
Exchange rate adjustment	36,013	-	36,013
Payments on account	1,774,458	2,438,934	4,213,392
Withholdings at source	677,048	101,462	778,510
Income tax from previous years	10,534	-	10,534
Tax benefits arising from aplication of the tax regimen applicable to groups of companies (Note 45)	-	350,690	350,690
	366,913	(27,076,057)	(26,709,144)

55. OTHER DEBTORS AND CREDITORS

As of 31 December 2002 and 2001, these captions were made up as follows:

	2002	2001
Other Debtors- Medium and Long Term:		
TER-Transportes Europeus Rápidos	101,165	318,303
Roclim, Lda.	1,216,420	1,151,438
Filimate	551,555	-
Lusarcim	5,355	-
Carvalho & Faísca Transportes	79,418	329,909
Subsídios para investimento POE	63,794	-
Manuel Augusto Oliveira	422,342	-
Others	9,592	106,458
	2,449,641	1,906,108
Other Debtors- Short Term:		
Salary advances to personnel	185,940	103,177
Other operations with personnel	499,023	694,508
Portuguese State (liability for the sale of CMP)	5,598,358	5,598,358
Other debtors :		
Affiliated companies	798,427	203,216
Tecnosecil, S.A.R.L. (Note 58)	511,031	408,138
TER-Transportes Europeus Rápidos	252,299	315,357
Roclim, Lda.	699,572	297,852
Filimate	650,471	160,049
Carvalho & Faísca Transportes	707,791	579,382
António Jesus Carreira, Lda.	116,947	-
E.Correia de Brito, Lda.	313,226	-
António José & Irmão	199,495	-
Manuel Augusto Oliveira	218,717	-
Cimenbritas	267,346	-
Pledge in favor of third parties	1,056,125	902,192
Others	3,808,481	3,449,310
	15,883,249	12,711,539
Provision for bad debtors (Note 46)	(6,243,134)	-
	9,640,115	12,711,539

	2002	2001
Other creditors:		
Other operations with personnel	129,575	142,358
Unions	-	2,264
Consultants/ Professionals	-	2,847
Creditors for unpaid investments (Note 58)	166,873	198,570
Asfalbetão Transportes, Lda.	194,384	-
Insurance - Grupo Mutuelle	653,669	-
SIV	70,258	-
Cimpor (Consortium to the islands)	1,188,369	-
Trade accounts receivable	189,461	247,978
Other creditors	1,478,221	300,836
	4,070,810	894,853

The amount of Euros 5,598,358 receivable from the Portuguese State results from an actuarial study, made by a specialized independent entity, of the liability for retirements as of 31 December 1993, following the reprivatisation process of CMP. As a result of the study errors were detected, the Management of CMP having, in 1996, requested that the Portuguese State settle the above amount. The receivable is fully provided for in the caption "Provision for doubtful accounts receivable", having in 2002 been reclassified to this caption (Note 46).

56. ACCRUALS AND DEFERRALS

Accruals and deferrals in 2002 and 2001 are made up as follows:

	2002	2001
Accrued Income:		
Interest to receive	18,904	6,296
Technical assistance	100,703	-
Other accrued income	132,429	609,790
	252,036	616,086
Deferred Costs:		
Rentals	117,982	522,064
Expenses related with financing	49,650	74,581
Maintenance	3,258,656	1,952,347
Advertising	170,333	-
Past service of current employees (Note 21)	193,424	263,289
Others	445,894	766,009
	4,235,939	3,578,290
Accrued costs		
Vacation pay, vacation subsidy and other costs with personnel	6,859,467	6,214,540
Accrued interest	1,035,942	2,446,899
Consulting	120,171	-
Maintenance	511,352	-
Accrued insurance	234,906	-
Others	2,337,848	2,970,395
	11,099,686	11,631,834
Deferred Income:		
Subsidies for investments	3,149,588	3,811,942
Badwill (Notes 10 and 27)	202,909	-
Other financial gains	469,831	82,158
	3,822,328	3,894,100

Investment subsidies are recognised as income in proportion to depreciation of the subsidised equipment, the Group having recognised income of Euros 1,072,350 (Note 45) in the year. In year ended 31 December 2002 non-repayable investment subsidies received by the Group were of Euros 409,996.

As mentioned in Notes 10 and 27, the Group recorded negative goodwill of Euros 238,717 arising from the acquisition of the investment in Ciment de Sibline, S.A.L., which will be amortised to the statement of profit and loss over a period of five years, beginning on April 2002. During year ended 31 December 2002, the Group recognised the amount of Euros 35,809 as financial income (Note 44).

57. LOANS

Loans obtained as of 31 December 2002 bear interest at normal market rates and are made up as follows:

	Short Term	Medium and Long Term
Debenture Loans:		
Semapa/98 Debenture loan	-	23,942,299
CMP / 97 Debenture loan	9,477,160	37,908,640
Secil / CMP 95 Debenture loan	1,479,961	613,643
Others	319,077	446,708
	11,276,198	62,911,290
Bank loans:	54,102,320	289,629,683
Other loans:		
Loans obtained under the POE	-	2,018,146
Loans obtained under the PEDIP II- Medida 3.3	1,301,687	1,433,584
EFTA Fund for the Industrial Development of Portugal	311,748	-
	1,613,435	3,451,730
	66,991,953	355,992,703

On 9 March 1998, the Company issued 4,800,000 bonds with a nominal value of tEsc. 1 each, redeemable in 10 years. During the year ended 31 December 2001, bonds were redenominated to Euros, totalling Euros 23,942,299, corresponding to 2,394,229,906 bonds with a nominal value of Euros 0.01 each. The bonds were fully subscribed for and paid up upon subscription and are represented by dematerialised securities rated in Euronext Lisbon. Coupon interest is payable half yearly and the bonds are redeemable 20% on the due date of the 12th and 14th coupons, 25% on the due dates of the 16th and 18th coupons and 10% on the due date of the 20th coupon, early redemption being possible total or partially, with no penalty.

"Debenture loan CMP/97" was incurred totally by CMP on 14 July 1997 in the amount of tEsc 9,500,000 (Euros 47,385,800). These bonds were fully subscribed for and paid up upon subscription and are represented by dematerialised securities. Coupon interest is payable quarterly in arrears and the bonds are redeemable 20% on the due dates of the 24th and 28th coupons, 25% on the due dates of the 32nd and 36th coupons and 10% together with the 40th coupon, early redemption being possible at par. Early redemption can also be requested if Secil's participation in CMP falls bellow 51%.

"Debenture loan Secil - CMP/95" was contracted by the Group on 1 March 1995. Two group companies, Secil and CMP, issued bonds totalling tEsc 10,000,000 (Euros 49,879,790). The bonds were fully subscribed for and paid up upon subscription, and represented by dematerialised securities. Coupon interest is payable half yearly and the bonds are redeemable 20% on the due date of the 6th and 10th coupons, 25% on the due dates of the 14th and 16th coupons and 10% on the due date of the 20th coupon, early redemption being possible at pre-established prices.

In 1998 CMP and Secil made an early redemption of tEsc 3,000,000 (Euros 14,963,937) together with repayment of the amount of tEsc. 2,000,000 (Euros 9,975,958) due upon maturity of the 6th coupon.

In the year ended 31 December 2002 CMP and Secil made an early redemption of Euros 4,141,373, together with payment of the amount payable on the due date of the 14th coupon, in a total amount of Euros 12,469,947.

At the financial statements closing date, CMP and Secil came to knowledge that some bondholders will exert the correspondent "put option" with the payment of 15th coupon, in 1 March 2003, in the amount of Euros 101,929. For that reason, the last payment of Euros 613,643 occurring in 1 March 2005, at 20th coupon, will be reduced in that amount.

On 31 December 2002 a medium and long term repayable subsidy of Euros 2,018,146 was obtained by CMP under the "*SIME – Sistema de Incentivos à Modernização Empresarial*" programme. The maximum amount of the repayable subsidy is Euros 12,225,722, and it is to be used for industrial investment in the Maceira-Liz and Cibra – Pataias plants. The repayable subsidy does not bear interest and is repayable in eight equal and successive half yearly instalments starting eighteen months after the date of the first amount drawn.

On 3 September 1999 CMP obtained a medium and long-term loan of Euros 1,870,492 increased in 15 January 2002 in the amount of Euros 623,497, under the "PEDIP II – Medida 3.3", which establishes the maximum amount of repayable subsidy at Euros 2,493,989 for investment in the Maceira-Liz and Cibra - Pataias plants. This loan does not bear interest and is repayable in eight consecutive half yearly instalments, the first of which is due 18 months of the first amount drawn.

On 20 April 1998 CMP obtained a medium and long-term loan in the amount of Euros 2,493,989 from "*The EFTA Fund for the Industrial Development of Portugal*". Interest on this loan is payable on a half yearly basis and the loan is repayable in eight consecutive half yearly instalments of Euros 311,749 each, the first of which is due 18 months after the first utilisation. This loan was obtained to finance modernisation and expansion of the clinker line in the Cibra-Pataias plant.

As of 31 December 2002 the loans classified as medium and long term are repayable as follows:

2004	48,899,118
2005	47,163,637
2006	47,589,712
2007	40,354,211
2008 and following (Note 33)	171,986,025
	355,992,703

58. GROUP COMPANIES

The balances at 31 December 2002 with the principal Group companies are as follows:

	Assets				Liabilities		
	Accounts receivable from customers	Group companies	Other Debtors (Note 55)	Group companies -medium and long term	Accruals and deferrals	Other Creditors (Note 55)	Group companies -short term
Tecnosecil, S.A.R.L.	14,926	4,073,587	511,031	-	-	166,873	-
Trochee Investment B.V.	-	862	-	-	-	-	-
CMP, Imvestments,B.V.	-	-	-	-	-	-	500
Secil Energia	-	499	-	-	-	-	499
Enersis-Energia e Sistemas SA	-	117,593	378	10,000,000	2,528	-	-
Asfalbetão Transportes, S.A.	-	-	-	-	-	-	100,000
Other subsidiaries	-	-	-	-	-	-	39,209
	14,926	4,192,541	511,409	10,000,000	2,528	166,873	140,208

The amount of Euros 10,000,000 in the medium and long-term asset caption "Group companies" corresponds to a loan made to the subsidiary Enersis on 29 August 2002. The loan bears interest at normal market rates and has no defined repayment date.

59. SHAREHOLDERS

At 31 December 2002, this caption included the amount of Euros 6,518,638, to be paid to the minority shareholders of the company. This amount bear interest at normal market rates and has no defined reimbursement term.

60. 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 Chart 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 1

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	
Subsidiaries:			
Betopal, S.L.	Madrid	-	100.0000
Seinpar Investments, B.V. and Subsidiaries:	Amsterdam	-	100.0000
Secil - Investimentos, SGPS, S.A.	Lisbon	-	100.0000
Cimenpar Investments, B.V.	Amsterdam	-	100.0000
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
Florimar - Gestão de Participações, SGPS, Lda.	Funchal	99.9995	55.3765
Somera Trading Inc.	Panama	99.9995	55.3765
Seciment Investments, B.V.	Amsterdam	99.9995	55.3765
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	Lisbon	58.3997	32.3399
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
Société des Ciments de Gabés	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	93.6595	51.8657
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	86.1231	47.6922
Betalves- Betão Preparado, S.A.	Penafiel	93.6595	51.8657
Macrobetão - Comércio e Distribuição de Betão, S.A.	Leiria	93.6595	51.8657
Betostrong - Indústrias de Betão, Lda.	Mafra	93.6595	51.8657
Macmetal - Indústrias Metalo-Mecânicas da Maceira, Lda.	Leiria	50.9997	28.2420
Secil Martingança - Aglomerantes e Novos Materiais para Construção, Lda.	Leiria	51.1903	28.3476
IQM - Indústrias Químicas da Martingança, Lda.	Lisbon	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
CMP Investments, B.V.	Amsterdam	99.9838	55.3678

APPENDIX 2

COMPANIES EXCLUDED FROM CONSOLIDATION

	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
Tecnosecil-Investimentos e Participações, SARL	Luanda	69.9997	38.7636
Trochee Investments, B.V.	Amsterdam	99.9995	55.3765
Subsidiárias e associadas da Enersis-S.G.P.S., S.A.:			
Enersis-S.G.P.S., S.A.	Lisbon	89.9043	49.7861
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, S.A.	Ovadas	89.9043	49.7861
Hidrotuela - Hidroeléctrica do Tuela, S.A.	Vale das Fontes	83.4008	46.1847
Hidrocorgo - Hidroeléctrica do Corgo, S.A.	Vila Real	89.1960	49.3939
Enervia - Sociedade de Produção de Energia, S.A.	Lisbon	84.0567	46.5479
Produtora de Energia Minihídrica, Lda.	Vinhais	89.9003	49.7839
Enerflora - Podução de Energia Eléctrica, Lda.	Lisbon	89.9060	49.7871
PESM - Parque Eólico da Serra das Meadas, Lda.	Magueija	89.9003	49.7839
Telener - Serviços de Telecomunicações, Lda.	Vila Real	68.7669	38.0809
Enermais - Produção de Energia Eléctrica, Lda.	Lisbon	79.1064	43.8066
Enerdurero Zamorana, S.A.	Madrid	84.0562	46.5476
Hidroeléctrica da Ribeira de Alforfa, S.A.	Covilhã	89.1960	49.3939
Parque Eólico de Vila do Bispo, Lda.	Vila do Bispo	89.5560	49.5933

APPENDIX 3

ASSOCIATED COMPANIES

	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
Viroc Portugal - Indústria 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.	Cape 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
Astakos Domika Alouminouha	Athens	49.9998	27.6883
Ciment de Sibline, S.A.L.	Beirut	21.2172	11.7494

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

Paulo Jorge Morais Costa
The Accountant

Francisco José de Melo e Castro Guedes
Member

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Translation of a report originally issued in Portuguese - Note 60)

(Amounts stated in Euros)

	Notes	2002	2001
OPERATING ACTIVITIES:			
Receives from customers		523.916.019	505.908.818
Paid to suppliers		(248.542.658)	(272.329.015)
Paid to personnel		(43.534.838)	(40.967.572)
Flows from operations		231.838.523	192.612.231
(Payments)/Receipts of income tax		18.643.668	(34.288.340)
Other (payments)/receipts relating to operating activities		(52.972.419)	(48.438.089)
		197.509.772	109.885.802
(Payments)/Receipts related with extraordinary captions		268.504	211.133
Flows from operating activities (1)		197.778.276	110.096.935
INVESTING ACTIVITIES:			
Receipts relating to:			
Investments		36.013.841	8.079.822
Tangible fixed assets		1.288.157	3.341.715
Subsidies		90.017	1.140.387
Interest and similar income		604.958	165.355
Dividends		37.425.354	8.968.830
		75.422.327	21.696.109
Payments relating to:			
Investments		(89.653.250)	(25.162.842)
Tangible fixed assets		(39.854.864)	(26.573.537)
Intangible fixed assets		(788.686)	(326.369)
Others		(6.910.763)	(20.082)
		(137.207.563)	(52.082.830)
Flows from investing activities (2)		(61.785.236)	(30.386.721)
FINANCING ACTIVITIES:			
Receipts relating to:			
Loans obtained		774.722.819	1.151.215.516
Capital increases, supplementary capital contributions and share premiums		137.703	820
Subsidies and donations		7.028	650.608
Shareholders' loans		-	2.917.001
		774.867.550	1.154.783.945
Payments relating to:			
Loans obtained		(831.583.366)	(1.147.283.631)
Amortisation of lease contracts		(744.514)	(835.869)
Interest and similar expenses		(17.429.895)	(23.233.160)
Dividends		(53.642.526)	(39.105.551)
Treasury stock acquisitions		(4.945.014)	-
Shareholders' loans		-	(423.980)
		(908.345.315)	(1.210.882.191)
Flows from financing activities (3)		(133.477.765)	(56.098.246)
VARIATION IN CASH AND EQUIVALENTS (4) = (1) + (2) + (3)		2.515.275	23.611.968
Effect of exchange differences		(369.487)	153.005
Regularization of the opening balance due to changes in the perimeter		69.725	57.632
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR	2	46.167.090	22.344.485
CASH AND EQUIVALENTS AT THE END OF THE YEAR	2	48.382.603	46.167.090

The accompanying notes form an integral part of the consolidated statements of cash flows for the year ended 31 December 2002.

The Accountant

The Board of Directors

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

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2002

(Translation of a report originally issued in Portuguese - Note 60)

(Amounts stated in Euros)

1. PURCHASE/SALE OF EQUITY INVESTMENTS

The information related with purchase/sale of equity investments is described in Notes 1, 2, 3, 10, 14 and 27 to the consolidated balance sheet as of 31 December 2002, and the statement of profit and loss for the year then ended.

2. CASH AND EQUIVALENTS

Cash and equivalents as of 31 December 2002 and 2001 are made up as follows:

	2002	2001
Treasury securities	3,202,534	10,143,297
Bank deposits payable on demand	45,703,621	36,198,650
Cash	156,611	95,502
Bank overdrafts	(680,163)	(270,359)
	48,382,603	46,167,090

3. BANK LOANS AVAILABLE AND NOT USED

As of 31 December 2002, bank loans available and not used amounted to Euros 173,059,921.

The Accountant

The Board of Directors

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 - Note 60)

1. We have audited the accompanying consolidated financial statements of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and Subsidiaries ("the Group") which comprise the consolidated balance sheet as of 31 December 2002, 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 consolidate financial statements are the responsibility of Semapa's Board of Directors. Our responsibility is to express a professional and independent opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with generally accepted auditing standards in Portugal, 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 included verifying, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the estimates, based on criteria defined by the Board of Directors, used in their preparation. An audit also included verifying the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and evaluating the overall presentation of the consolidated financial statements. We believe that our audit and the reports of other auditors as explained in paragraph 3 below provide a reasonable basis for our opinion.

3. The financial statements as of 31 December 2002 of consolidated subsidiaries representing approximately 30% of the consolidated assets and approximately 17% of the total consolidated income 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.

4. In our opinion, based on our audit and the reports of other auditors referred to in paragraph 3 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 2002 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 5 below, were applied on a basis consistent with that of the preceding year.

5. As mentioned in Note 38 of the notes to the balance sheet and statement of profit and loss, following publication of Portuguese Accounting Directive 28 relating to income tax, the Group adopted the procedure of recording deferred taxes, effective as from 1 January 2002. The accumulated effect of this change in accounting policy as of 1 January 2002 corresponds to the recording of deferred tax assets and deferred tax liabilities of Euros 42,044,302 and Euros 94,021,914, respectively. As established in the transitory provisions of the Accounting Directive, those amounts were recorded in the captions affected by the causes which gave rise to the deferred tax assets and liabilities and corresponded to an increase in the equity caption "consolidation differences" of Euros 7,886,843, a decrease in the caption "revaluation reserves" of Euros 1,060,246, an increase in the liabilities caption "minority interests" of Euros 5,599,031 and an increase in the assets caption "consolidation differences" of Euros 64,403,240. The effect of this change in accounting policy on net profit for the year was to increase it by Euros 10,948,690.

Lisbon, 10 March 2003

DELOITTE & TOUCHE