

*FINANCIAL STATEMENTS*  
*AS OF 31<sup>ST</sup> DECEMBER 2003*

---

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

Av. das Forças Armadas, 125 – 7º • 1600-079 LISBOA • Tel. (351) 21 792 71 00 • Fax (351) 21 793 06 64

Mat. Cons. Reg. Com. de Lisboa sob o Nº 2630 Contribuinte Nº 502 593 130 • Capital Social 118.332.445 Euros

**DIRECTORS' REPORT**

**Individual Financial Statements for the year ended 31<sup>st</sup> December 2003**

## 1. OVERVIEW

The performance of the **Semapa Group** improved overall, with an increase of approximately 30% in net profits over the previous year.

This improvement resulted from consolidating a larger percentage of the profits generated by **Secil**, as a result of the acquisition by **Secil Investimentos, SGPS, S.A.** a wholly owned subsidiary of Semapa, of the holding previously owned by the Danish companies **Højgaard Holding A/S** and **FLS Industries A/S** in the share capital of **FLSHH, SGPS LDA** (which subsequently changed its name to **Cimentospar – Participações Sociais, SGPS, Lda**), which in turn held 21,728,520 shares in **Secil – Companhia Geral de Cal e Cimento, S.A.**, representing 41.06% of the share capital.

In conjunction with a group of Portuguese shareholders, these Danish groups were the driving force behind Secil.

This acquisition represented an investment of approximately 300 million Euros.

In order to obtain the funds needed for this acquisition, a financing contract for 290 million Euros was entered into by **Semapa** and a wholly owned subsidiary with an international bank, maturing in 7 years, under normal market conditions.

As duly disclosed to the market, **Semapa** is currently considering the possibility of disposing of the shares in Secil referred to in the preceding paragraph. To this end has started a process in late 2003 with a view of selecting parties potentially interested in acquiring a holding in **Secil**.

At the end of the third quarter, **Semapa** submitted to the free shareholders of **Secil – Companhia Geral de Cal e Cimento, S.A.** a takeover bid for total control of the company. This bid was duly disclosed and published, in notices in “*O Setubalense*” and “*Diário da República nº 202 III Série*”, on 27 August and 2 September.

After the end of the third quarter, by means of public deed of compulsory acquisition executed on 8 October, **Semapa** acquired the remaining 1,800 shares needed to in order to hold (directly and through related or group companies) 100% of voting stock in **secil** and 92.6% of the share capital (**Secil** hold 7.4% of its own shares).

After launching a tendering procedure to select an international audit firm, PriceWaterhouseCoopers was appointed as auditor of the company and all **Group** companies for the period 2003-2005.

As duly disclosed to the market, a change of the supervisory board was undertaken, with Belarmino Martins, Eugénio Ferreira e Associados, SROC being appointed as the statutory auditor.

In operating terms, the performance of **Semapa Group** companies in 2003 was down on the previous year, due essentially to an appreciable fall-off in business in the construction sector in **Portugal**, which significantly affected the Group's business in this sector, namely cement, ready-mixed concrete, aggregates, pre-cast concrete, binders and mortars. These developments had been foreseen some years in advance, and the shareholders had been kept informed of them.

The year's successes included productivity gains at the **Group's** main plants in **Portugal** and **Tunisia**, which made it possible to offset slightly the negative effects already mentioned.

In **Portugal**, demand for cement dropped for the second year running, standing at a total for the year of 9.5 million tons, which represents a sharp fall of 14.5% from the previous year.

The decrease in the market, which was felt in an even manner throughout the year, resulted from a significant fall-off in activity in the construction and public works industry.

According to figures published by INE (National Institute of Statistics), production in the civil construction and public works sector was lower by approximately 8% in 2003 (Production Index for Construction and Public Works – INE – February 2002). Information released by AECOPS (Association of Construction and Public Works Companies) has confirmed the trends, putting the contraction in the market at some 12%.

Residential construction was even harder hit, as is shown by a 12% decrease in the number of new homes completed compared with 2002 (INE – *Boletim Mensal de Estatística*).

In the public works and non-residential construction sector, the drop in activity was due to the economic slowdown caused, essentially, by an unfavourable economic situation internationally and an economic policy dominated by containment of public spending. The contraction of the economy in **Portugal** has been confirmed by a reduction of 1.3% in Gross Domestic Product (*Contas Nacionais Trimestrais e Anuais Previsionais 2003* – INE – March 2004).

The domestic market was supplied by Portuguese and imported cement, with imports slightly up on the previous year, and estimated at 1.4 million tons.

The **Group's** cement sales on the domestic market stood at 3.1 million tons, down 18% in volume and 20% in value. However, exports increased significantly, with total exports of cement and clinker totalling 326,000 tons.

The company continued the implementation of specific measures defined by the Board of Directors to increase the productivity of the various factors of production, and to lower the cost of goods and services acquired.

Power costs were reduced by approximately 4% thanks to a reduction in tariffs. However, there continues to be a large differential between the price paid by the Portuguese cement industry and that paid by the same sector in other European countries, and this results in the Portuguese industry being more vulnerable to imports.

At a time of significant contraction in the economy, the Board of Directors has alerted the Portuguese government about the need to pursue a power sector policy which makes it possible to reduce the competitive disadvantage to which the cement industry is subject.

The cost of thermal energy was appreciably lower – by around 16% - than in the previous year. Nonetheless, at the end of the year there was a very significant increase in maritime freights, which will have a significant impact on the final price of solid fuels consumed in the production process.

The Board of Directors wishes to express its apprehension as to the implementation of the directive on trading greenhouse gas/CO<sub>2</sub> emissions, which will add to the costs of producers located in member states of the EU. These producers will be placed at a disadvantage in relation to producers in countries which have not signed the Kyoto Agreement, as there are no effective compensation mechanisms.

In the field of renewable energy sources, experiments have been conducted using vegetable biomass sourced from forest clearance activities, and the know-how needed for continued operations in both the factories and the forests has been acquired. Plans for 2004 include a new forestry company in the form of a joint venture between **Secil** and production interests in the forestry sector.

An environmental control policy has been rigorously pursued, with heavy investment at all production plants.

At the **Secil-Outão** plant the new Monitoring Board has started its work, bringing together representatives of leading organisations in the local communities for a monthly meeting. This is an innovative initiative which has been wholly successful in achieving its aims of keeping out stakeholders permanently informed of activities at the plant, specially as regards environmental and social matters.

The Board of Directors continues to be concerned at the insistence throughout Europe on introducing penalising charges for industries with significant power consumption, without any charges to penalise manufacturers of the same products located outside the European Union. If no equilibrium mechanism is created, in the form of compensatory duties payable on the energy content of products from non-EU countries, the stage will be set for relocation of production outside the European Union, with significant social consequences in terms of job losses and aggravated environmental costs due to global pollution.

**Semapa's** subsidiaries operating in the ready-mixed, aggregates, pre-cast and binder/mortar sectors recorded results substantially down on those for 2003, as a result of the fall-off in construction activity as referred to above.

Very significant progress has been made in the power generation sector. **Energis** recorded total power generation of 411 GWh for the year and obtained substantial profits, well in excess of those experienced in 2002. The company has invested heavily in wind farms, and continues to invest in this sector.

A significant development in 2004 was the launch of the project “Gradual integration of sustainability within the strategic management of the **Secil Group**”. The project was approved in the 3<sup>rd</sup> quarter of 2003 and started up in January 2004. It will be run in all **Secil Group** companies in **Portugal**, with the prime aim of training company managers in sustainability concepts. The main aspects to be considered will be eco-efficiency of processes and creating integrated solutions for products and services with greater value added for the client. This last aspect is crucial given the increasingly competitive nature of the markets in which the companies operate.

In **Tunisia** consumption of cement and artificial lime stood at 5.6 million tons, which represents a 3.2% decreased in volume compared with 2002.

The drop in demand and, above all, the negative impact on operations of long stops in production caused by work undertaken to increase production capacity and switching the fuel to petcoke, lay behind the decrease in EBITDA (lower by 62%) and net profits (lower by 106%) recorded by **Société des Ciments de Gabès**.

The cement market in Tunisia has still 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 further price adjustment in July 2003. This behaviour may in fact undermine the credibility of future privatisations, and it is not impossible that this may in turn have a negative impact on the country’s economic growth.

**Secil** and its subsidiaries continue to sponsor prizes as a way of attracting positive publicity to its own products of Secil and its associates. The Secil Civil Engineering prize was awarded to the surrounding bridge of the Oporto city park, designed by Eng. João Pires da Fonseca. Architecture and civil engineering prizes were also awarded to university students in these respective fields.

Judicial actions which have been brought to enforce the rights of the company **Secilpar** (a subsidiary of **Semapa**) as a shareholder and director of Cimpor – Cimentos de Portugal, SGPS, S.A. have been described in sufficient detail in previous reports, and no conclusive or significant developments occurred in 2003.

Nonetheless, it should be stressed that the slow progress made by the judicial system and the legal complexity of some of the matters disputed has not and will not prevent **Secilpar** from enforcing its rights. The aim here is that investment in Cimpor should be create value fairly for all shareholders.

The Board of Directors wishes to express its appreciation to its clients and workforce, to the Supervisory 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** in a sustained and socially responsible manner, and in accordance with the national interest.

**Semapa** paid its shareholders dividends of 11,567,916.50 Euros in relation to profits from the 2002 financial year, corresponding to a dividend of 0.10 Euros per share.

### **Subsequent Events**

Considering the opportunity to disperse risk in terms of both operations and geographical region, on 25 February 2005, Semapa presented, through its subsidiary **Seinpart – Participações, SGPS, S.A.**, a proposal to buy a block of 230,250,000 registered shares, with a nominal value of € 1 each, representing 30% of the share capital of **Portucel – Empresa Produtora de Pasta e papel, S.A.**, as part of the public tendering procedure for the second phase of privatisation.

**Semapa** has renegotiated Semapa / 98 bond by eliminating the possibility of exercise of the call option and the put option as from the September 2004 coupon. The contractual repayments are therefore maintained, the last being in 2008.

### **Net Profits**

**Semapa** ended the year with a net profit of 40,072,775.06 Euros and with a consolidated result of the same amount.

### **Proposed for appropriation of profits**

Taking into account of needs to maintain a financial structure which is compatible with the sustained growth of the **Group** with its different areas of business;

Having given consideration to that the **Company's** independence from the financial system which it needs to maintain, in the short, medium and long term, levels of consolidated indebtedness which allow it to maintain sound indicators of solvency;

And taking into account that **Semapa** has decided, through one of its subsidiaries, to bid for the second phase of the privatisation of 30% of the share capital of **Portucel**, which will ultimately require considerable financial effort.

The following appropriation of the net profit of 40,072,775.06 Euros will be proposed:

Dividends on shares in issue	11 833 244,50
Legal reserves	2 003 638,75
Free reserves	26 235 891,81

## 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



Paulo Jorge Barreto de Carvalho Ventura  
Director

Luis Manuel Pego Todo Bom  
Director

Lisbon, 10 March 2004

## **Corporate Governance Report**

### **CHAPTER 0 DECLARATION OF COMPLIANCE**

In keeping with the general tendency in the market, Semapa has taken steps to implement the recommendations of the Securities Market Commission, taking into account in all cases the its particular circumstances and requests specifically made by shareholders. Further progress has been made in the course of the year, especially with regard to the crucial question of information.

#### **Recommendation no. 1**

The company stays in constant contact with the market, keeping to the principle of equal treatment for all shareholders, and taking steps to ensure that all investors enjoy uniform access to information. The company operates an investor support office.

This recommendation has therefore been adopted in full.

#### **Recommendation no. 2**

The recommendation has been adopted with regard to postal votes, with the voting slips available on the company's website. Postal votes are only required to arrive at the company three business days prior to the meeting, and the articles of association place no further limitation on this form of voting.

The only restriction in the articles of association on voting by proxy is that on the representation of individual shareholders, as referred to in article 380, para. 1 of the Companies Code.

The company has not adopted the recommendation that the requirement for deposit or freezing of shares be for no more than five business days, and instead requires that the documents proving the freezing of shares be presented 8 calendar days prior to the meeting. This is therefore a difference of merely one day, and does not therefore constitute a divergence from the principles which this recommendation seeks to preserve.

It should be noted that the 8-day rule was approved unanimously by all shareholders present at the annual general meeting in 2003. A motion requiring that shares should be owned no less than 30 days prior to the general meeting was also carried unanimously; the person or organisation depositing the shares may present proof of this 30-day period without having to freeze the shares in question for any part of this period in excess of the 8-day period required for notice.

This recommendation has not been adopted in full, due to this divergence of one day in the period for freezing shares.

#### **Recommendation no. 3**

The company has adopted the recommendation that an internal system of control be created. Risk control in Semapa is the responsibility of the directors themselves, and only in Secil, where the size and complexity of exposure so requires, have other staff been allocated to these duties.

#### **Recommendation no. 4**

No measures have been adopted in order to prevent the success of takeover bids, meaning that this recommendation has been adopted in full.

**Recommendation no. 5.**

The management body comprises several members, who effectively direct the management of the company and its senior staff. The recommendation to this effect has therefore been adopted by the company.

**Recommendation no. 6**

This recommendation has not been adopted because none of the current directors falls within the category of independent director as defined in para.2 of article 1 of Securities Market Commission Regulations 11/2003.

The Board of Directors believes that its composition reflects adequate diversity in order to maximise the pursuit of the company's interest, meaning that no immediate alteration to the composition of the board is justified in order to include a director who meets the criteria now adopted by these regulations, without prejudice to the possibility of evolving in due time in the direction recommended.

**Recommendation no. 7**

The company has not adopted the recommendation that internal control committees be created with powers to assess the company's structure and governance.

The board of directors is aware of the advantages of continuous reflection on and tuning of the governance structure and procedures, but has not considered the creation of a committee with these specific responsibilities to be justified. The board of directors itself exercises this form of control, and is open to opinions and suggestions from the other bodies and structures within the company.

**Recommendation no. 8**

The structure of the directors' remuneration, which under the articles of association may comprise a fixed and a variable component, the variable components possibly including profit sharing, makes it possible to align the directors' interests with those of the company.

The company has not adopted the recommendation that individual directors' remuneration be disclosed. This decision has been taken after weighing up all the interests at play, and in the opinion of the board of directors, in addition to other potentially negative effects, the gains resulting from such disclosure would not be greater than the loss to the right of privacy of each director.

**Recommendation no. 9**

The company's remuneration committee comprises only corporate bodies. In the light of the concept of independence followed by the recommendation, this means that the recommendation cannot but be deemed to be fully adopted.

**Recommendation no. 10**

This recommendation is not applicable because the company has not adopted by share or share option allocation scheme.

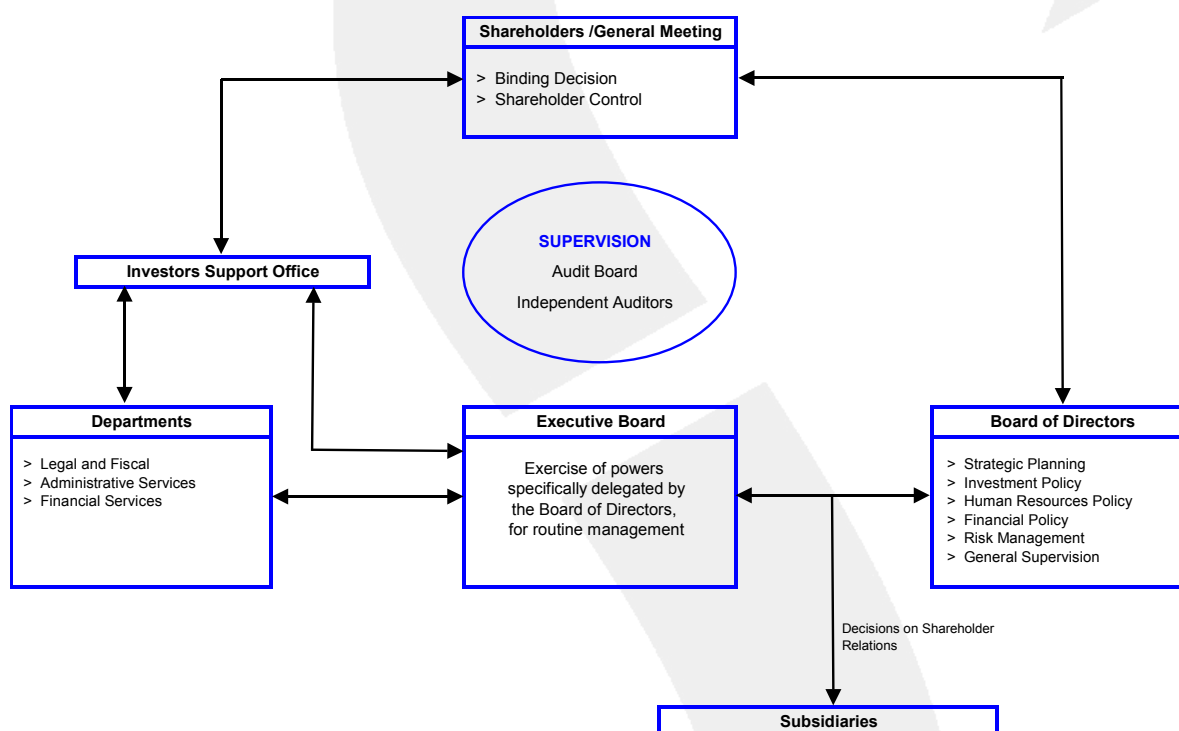
**Recommendation no. 11**

This recommendation is also not applicable, as it is aimed only at institutional investors.

## CHAPTER I DISCLOSURE OF INFORMATION

### 1. Organisational structure

The following diagrams shows how powers are distributed with regard to business decisions:



### 2. Specific Committees

The only specific committee within the company is the remuneration committee, which comprises the following shareholders in Semapa:

Sociedade Agrícola da Quinta da Vialonga, S.A.  
Cimo – Gestão e Participações, S.A.  
Longapar, SGPS, S.A.

The duties usually assigned to other committees, such as assessment of corporate structure and governance or ethical questions, are attributed in Semapa to the Board of Directors. In relation to questions of ethics, the Board of Directors was assigned specific powers as a result of the approval in 2002 of the company's "Principles of Professional Conduct".

As a holding company, Semapa has a relatively simple structure, and there are therefore various committees in the companies controlled by Semapa, without any direct impact on the company.

### **3. Risk Control**

Risk control activities are carried on by the independent auditors, the company boards and the departments with specific duties in this area.

Independent audits of Semapa and the companies it controls are conducted by PriceWaterhouseCoopers.

Internally, in addition to the leading role played by the Audit Board, risk management differs between Semapa and its main subsidiary, Secil, in view of the different nature and exposure of the two companies.

At Semapa, risk control is the responsibility of the directors themselves, under the leadership of Dr. José Alfredo de Almeida Honório. Risk management at Semapa focuses on the management of financial resources, as other risk components, namely client credit risks and property risks, third party liability and health risks, are covered to a significant extent by the work of our subsidiaries.

In the case of Secil, which is a company of major importance in terms of the potential effects of risks on Semapa, risk control activities are more wide-ranging, dealing also with environmental components, and specific staff have been appointed for this purpose, reporting directly to the directors responsible for the area in question.

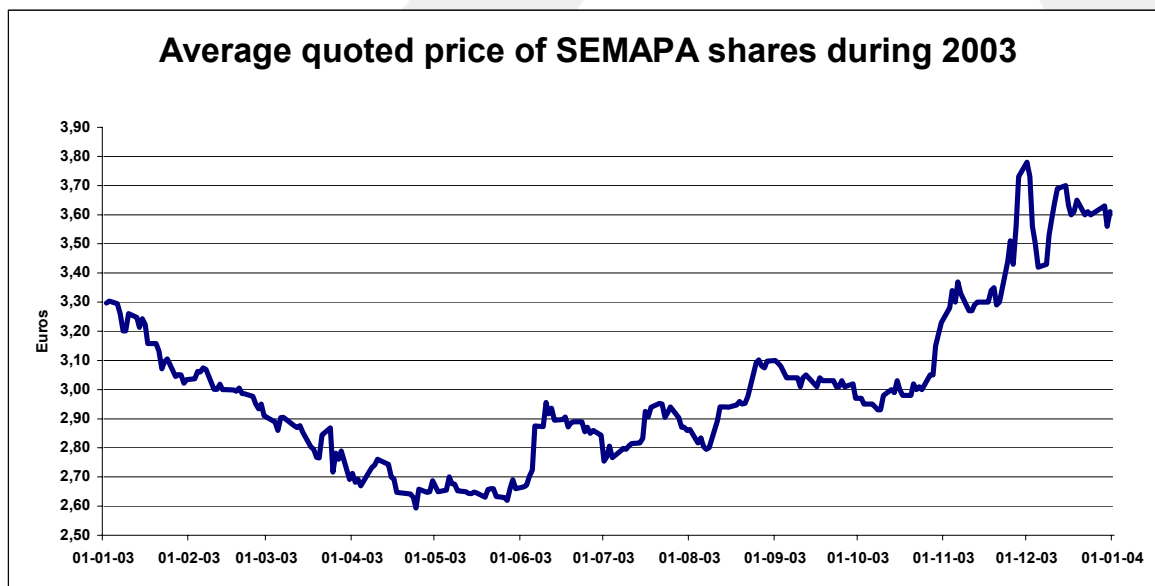
### **4. Quoted share prices**

At the first stock exchange session of 2003, Semapa shares traded at an average price of EUR 3.30, and at the last session of the year the average price stood at EUR 3.61. The average quoted price of Semapa shares varied during the year between a minimum of EUR 2.59 and a maximum of EUR 3.78, fluctuating essentially in line with the PSI-20 index. An average of 51,686 shares were traded each day at stock exchange sessions during the period.

On 18 March 2003, when the Company informed the market of its results for the financial year of 2002, the average share price held steady, with no change to the price of EUR 2.80 recorded the day before.

The payment of 10 EURO cents dividend per share in circulation - which in net terms, for shareholders subject to tax, representing approximately 8 EURO cents per share for resident shareholders and 7 EURO cents per share for non-resident shareholders – also had no significant impact on price formation.

The following graph shows quoted prices over the period.



## 5. Dividend distribution policy

The Company has followed a policy of distributing a large amount without resorting to borrowing for this purpose and without jeopardising its sound financial position. It is the Directors' understanding that:

- the Company should maintain a financial structure compatible with the sustained growth of the Group, in its various business areas.
- the Company's independence from the financial system depends on preserving, in the short, medium and long term, consolidated levels of borrowing which enable it to maintain sound levels of solvency.

We should underline, in relation to the dividend proposal for 2003, the financial effort required for the acquisition of 21,728,520 shares in Secil through FLSHH, SGPS, Lda, now called CIMENTOSPAR Participações Sociais, Lda, which involved a payment of approximately 300 million Euros. A further financial effort may also be required of the company as a result of the decision to bid in the second phases of the privatisation of 30% of the share capital of Portucel.

The pay-out ratio (dividends/net profit) in recent years has been high, reaching a high point of 94% in 1995, and standing at its lowest in 2001, at 26%.

In the last three years, the dividend per share in circulation has been as follows:

2001 (in relation to 2000)	0.32 € per share
2002 (in relation to 2001)	0.10 € per share
2003 (in relation to 2002)	0.10 € per share

## 6. Share and option allocation schemes

The Company runs no share or option allocation scheme.

## 7. Transactions with company officers and subsidiaries

The only information to be disclosed here is that on the acquisition and disposal of holdings as detailed in the annex to the Directors' Report – disclosure required by articles 447 and 448 of the Companies Code.

## 8. Investor Support Office

The investor support service is provided from a newly created office, headed by Dr. José Miguel Gens Paredes. The office is adequately staffed and enjoys swift access to all sectors of the company, in order to ensure an effective response to requests, and also to transmit relevant information to shareholders and investors in good time and without any inequality.

In addition to the general contact details for the company, Dr. José Miguel Gens Paredes can be contacted at the address [jmparedes@semapa.pt](mailto:jmparedes@semapa.pt). Whenever necessary, contact can also be made with the company's representative for market relations, the Director Dr. José Alfredo de Almeida Honório, at [jose.honorio@secil.pt](mailto:jose.honorio@secil.pt) or by telephone (+351) 21 792 7120.

All public information on the company can be accessed in this form. Please note, in any case, that the information most frequently requested by investors is available at the company's website at [www.semapa.pt](http://www.semapa.pt).

## 9. Remuneration Committee

As indicated above, the Semapa Remuneration Committee is made up as follows:

Sociedade Agrícola da Quinta da Vialonga, S.A.  
Cimo – Gestão e Participações, S.A.  
Longapar, SGPS, S.A.

All of these companies have directors who are also directors of Semapa.

## 10. Remuneration of Auditors

The following costs were incurred in relation to auditors in 2003 by the company and other related companies:

Services – Audit of Accounts	256.142
Other services – reliability assurance	57.100
Fiscal consultancy services	41.942
Services and other than legal auditing	11.624
	<hr/>
	366.808

In relation to fiscal consultancy services and services other than legal auditing, our auditors have set strict rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the company.

## CHAPTER II EXERCISE OF VOTING RIGHTS AND REPRESENTATION OF SHAREHOLDERS

### 1. Company rules on voting rights

There are no company rules which in any way limit voting rights or disallow postal voting. The only company rules on the exercise of voting rights by shareholders are those detailed below.

## **2. Postal vote form**

The company provides a postal vote form. This form is available at the company's website and may be requested from the investor support office.

## **3. Electronic voting**

Electronic voting is still not provided for. Note that no shareholder or investors have yet requested or expressed an interest in such procedures.

## **4. Period for freezing shares**

The company's articles of association require that shareholders submit a document proving ownership of the shares no less than eight days prior to the date of the general meeting.

The same document must also state that the shareholder has owned the shares in the company since at least 30 days prior to the date of the meeting, and that the shares will be frozen until the end of the meeting. As stated in this report, this 30 day period may be certified by the party making the deposit, without any requirement that shares be blocked for any part of this period in excess of the 8-day period required for notice.

## **5. Deadline for receipt of postal votes**

Postal votes must be received no less than three business days prior the date of the general meeting.

## **6. Number of shares corresponding to one vote**

There is one vote for each 385 shares in the company.

# **CHAPTER III COMPANY RULES**

## **1. Codes of Conduct**

In December 2002, the Board of Directors approved the Company's "Principles of Professional Conduct". This document took immediate effect, and establishes ethical principles and rules applicable to company staff and officers.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to guard against conflict of interest situations, and the duty of confidentiality, in relation to the treatment of relevant information.

The document also establishes duties of environmental conservation and protection of all shareholders, namely minority shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally.

Access to this document is reserved.





Maria Maude Mendonça de Queiroz Pereira Lagos

CIMIANTO - Gestão de Participações, S.A.  
O E M - Organização de Empresas, SGPS, S.A.  
SODIM, SGPS, S.A.  
Hotel RITZ, S.A.  
LONGAVIA - Imobiliária, S.A.  
VERTICE - Gestão de Participações, SGPS, S.A.  
Ideias Interactivas – Informática, S.A.

Manager  
Manager  
Manager  
Chairman Board of Directors  
Manager  
Manager  
Manager

Carlos Eduardo Coelho Alves

BETOPAL, S.L. (SG)  
CIMIANTO - Gestão de Participações, S.A.  
CIMINPART - Investimentos e Participações, SGPS, S.A.(SG)  
CIMO - Gestão de Participações, SGPS, S.A.  
CMP - Cimentos Maceira e Pataias, S.A. (SG)  
CMPartin - Inversiones y Participaciones Empresariales SL (SG)  
LONGAPAR, SGPS, S.A.  
PARCIM Investment B.V. (SG)  
PARSECIL, SL (SG)  
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (SG)  
SCG - Soci  t   des Ciments de Gab  s, S.A. (SG)  
SECIL - Companhia Geral de Cal e Cimento, S.A. (SG)  
SECIL - Investimentos, SGPS, S.A. (SG)  
SECILPAR, SL (SG)  
SEINPART Participa   es, SGPS, S.A. (SG)  
SEMAPA Inversiones, SL (SG)  
SODIM, SGPS, S.A.  
SONACA - Sociedade Nacional de Canaliza   es, S.A.  
CIMENTOSPAR Participa   es Sociais, Lda. (SG)  
FLORIMAR - Gest  o e Participa   es, SGPS,  
SociedadeUnipessoal, Lda. (SG)  
ENERSIS, SGPS, S.A. (SG)

Director  
Director  
Director  
Director  
Director/Chairman Exec. Board  
Director  
Director  
Director  
Director  
Director  
Presidente  
Director/Chairman Exec. Board  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Manager  
Chairman of General Meeting

Jos   Alfredo de Almeida Hon  rio

BETOPAL, S.L. (SG)  
CIMIANTO - Gest  o de Participa   es, S.A.  
CIMINPART - Investimentos e Participa   es, SGPS, S.A. (SG)  
CIMO - Gest  o de Participa   es, SGPS, S.A.  
CMP - Cimentos Maceira e Pataias, S.A. (SG)  
CMPartin-Inversiones y Participaciones Empresariales SL (SG)  
LONGAPAR, SGPS, S.A.  
PARCIM Investment B.V. (SG)  
PARSECIL, SL (SG)  
PARSEINGES - Gest  o de Investimentos, SGPS, S.A. (SG)  
SECIL - Companhia Geral de Cal e Cimento, S.A. (SG)  
SECIL Investimentos, SGPS, S.A. (SG)  
SEINPART Participa   es, SGPS, S.A. (SG)  
SEMAPA Inversiones, SL (SG)  
CIMENTOSPAR Participa   es Sociais, Lda. (SG)  
FLORIMAR - Gest  o e Participa   es, SGPS  
Sociedade Unipessoal, Lda. (SG)

Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Manager  
Manager



Parque Eólico de Marco Negro - Prod.Ener.Renováveis, Lda <sup>a</sup> (SG)	Manager
Parque Eólico da Penha da Gardunha, Lda. (SG)	Manager
Parque Eólico Serra da Opa, Lda. (SG)	Manager
Parque Eólico do Zibreiro, Lda. (SG)	Manager
PECF - Parque Eólico de Chão Falcão, Lda. (SG)	Manager
PEL - Parque Eólico da Lousão, Lda. (SG)	Manager
PEP - Parque Eólico da Povoeira, Lda. (SG)	Manager
PESM - Parque Eólico da Serra das Meadas, Lda. (SG)	Manager
PEVB - Parque Eólico de Vila do Bispo, Lda. (SG)	Manager

Francisco José Melo e Castro Guedes

CDS - Ciment de Sibline, SGPS, S.A. (SG)	Director
CIMINPART - Investimentos e Participações, SGPS, S.A. (SG)	Director
CMP - Cimentos Maceira e Pataias, S.A. (SG)	Director
ENERSIS, SGPS, S.A. (SG)	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (SG)	Director
PHAISTOS, S.A. (SG)	Director
SCG - Société des Ciments de Gabès, S.A. (SG)	Director
SECIL - Companhia Geral de Cal e Cimento, S.A. (SG)	Director
SECIL Investimentos, SGPS, S.A. (SG)	Director
SEINPART Participações, SGPS, S.A. (SG)	Director
SEMAPA Inversiones, SL (SG)	Director
SILONOR, S.A. (SG)	Director

Paulo Jorge Barreto de Carvalho Ventura

Besleasing e Factoring – Instituição Financeira de Crédito, S.A.	Chairman of General Meeting
CARREFOUR - Sociedade de Exploração de Centros Comerciais, S.A.	Chairman of General Meeting
CIMIANTO - Gestão de Participações, S.A.	Chairman of General Meeting
CIMIANTO - Sociedade Técnica de Hidráulica, S.A.	Chairman of General Meeting
CIMINPART - Investimentos e Participações, SGPS, S.A. (SG)	Chairman of General Meeting
CMP - Cimentos Maceira e Pataias, S.A. (SG)	Chairman of General Meeting
Companhia de Seguros Allianz, Portugal, S.A.	Chairman of General Meeting
Companhia de Seguros Tranquilidade, S.A.	Chairman of General Meeting
ESIA - Inter Atlântico Companhia de Seguros, S.A.	Chairman of General Meeting
Espírito Santo Financial (Portugal), S.G.P.S., S.A.	Chairman of General Meeting
EUROGES - Aquisição de Créditos a Curto Prazo, S.A. (até 2-2-04)	Chairman of General Meeting
Galerias Ritz - Imobiliária, S.A.	Chairman of General Meeting
GOLIATUR - Sociedade de Investimentos Imobiliários, S.A.	Chairman of General Meeting
HIDROPROJECTO - Engenharia e Gestão, S.A.	Chairman of General Meeting
Hotel Ritz, S.A	Chairman of General Meeting
JCDECAUX AIRPORT - Publicidade em Aeroportos, S.A.	Chairman of General Meeting
JCDECAUX NEONLIGHT – Publicidade Luminosa, S.A.	Chairman of General Meeting
Parque Ritz - Imobiliária, S.A.	Chairman of General Meeting
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (SG)	Chairman of General Meeting
RED PORTUGUESA - Publicidade Exterior, S.A.	Chairman of General Meeting
SAIVANE Imobiliária S.A.	Chairman of General Meeting
SECIL - Companhia Geral de Cal e Cimento, S.A. (SG)	Chairman of General Meeting
SECIL - Investimentos, SGPS, S.A. (SG)	Chairman of General Meeting
SECIL, Betões e Inertes - Sociedade Gestora de Participações Sociais, S.A. (SG)	Chairman of General Meeting
SEINPART - Participações, SGPS, S.A. (SG)	Chairman of General Meeting
SODIM - SGPS, S.A.	Chairman of General Meeting
SONACA - Sociedade Nacional de Canalizações, S.A.	Chairman of General Meeting
VÉRTICE - Gestão de Participações, SGPS, S.A.	Director

Luís Manuel Pego Todo Bom

Banco Finantia, S.A.

Amorim Imobiliária, SGPS, S.A.

Celulose do Caima, SGPS, S.A.

Companhia de Seguros Sagres, S.A.

Director

Director

Director

Director

## **2. Executive Board**

The only board with management powers is the Executive Board, which comprises, as already stated, Messrs. Pedro Mendonça de Queiroz Pereira, Eng. Carlos Eduardo Coelho Alves, Dr. José Alfredo de Almeida Honório, Eng. Gonçalo Allen Serras Pereira and Dr. Francisco José Melo e Castro Guedes.

The Executive Board has been granted the widest management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407, para. 4 of the Companies Code.

## **3. Workings of the Management Body**

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

The two bodies are co-ordinated and kept in contact by the fact that they have a common chairman, and through regular transmission of all relevant information on the day-to-day management of the company to the non-executive directors, in order to keep them abreast of the company's life at all times. In addition, meetings of the Board of Directors are called for all decisions regarded as especially important, even if they fall within the scope of the powers delegated to the Executive Board.

It is relevant to note in this regard that the members of the Executive Board are available at all times to provide the information requested by the other members of the Board of Directors. It is standard practice for this information to be transmitted immediately when the importance or urgency of the matter so requires.

The Executive Board cannot resolve on the following:

- i) Selection of the chairman of the Board of Directors;
- ii) Co-opting of directors;
- iii) Requests for the call of a general meeting;
- iv) Annual reports and financial statements;
- v) Provision of bonds and personal or real guarantees by the company;
- vi) Change in registered offices and increases in share capital; and
- vii) Plans for merger, break-up or transformation of the company.

There are no internal rules on incompatibility or on the maximum number of offices which directors can hold in the management bodies of other companies.

The Board of Directors met nine times in 2003.

## **4. Remuneration Policy**

Remuneration policy is not set by the Board of Directors, and aligns the interests of the directors with those of the company, dividing remuneration into a fixed component and a variable component.

The fixed component is determined in line with the usual criteria in directorships, taking special account of responsibilities, the size and capacity of the company, the remuneration paid in the market for equivalent posts and the fact of the director being executive or non-executive. The variable component consisted in the previous period in a share in profits approved by the General meeting and limited by the articles of association to 5% of the net profits.

## **5. Remuneration**

The total remuneration earned by directors with executive powers in the company, including amounts paid on any grounds by controlled or controlling companies stood at 3,865,558.76 €, of which 2,848,892.76 € corresponded to the fixed component, and 1,016,666.00 € corresponded to profit sharing.

Total remuneration earned by non-executive directors, including amounts paid on any grounds by controlled or controlling companies, stood at 974,330.98 €, of which 540,996.98 € corresponded to the fixed component and 433,334.00 € corresponded to profit sharing.



**Disclosures required under articles 447 and 448 of the Companies Code and para. 1 e) of article 6 of Securities Market Commission Regulations no. 11/2000 (2003)**

- 1. Securities issued by the company and held by officers:** José Alfredo de Almeida Honório – 20,000 shares; Frederico José da Cunha Mendonça e Meneses – 8,000 shares.
- 2. Securities issued by controlled or controlling companies and held by officers:** Carlos Eduardo Coelho Alves - 761 shares in Enersis - Energia e Sistemas, S.A.
- 3. Securities issued by the company held by companies in which the officers in this company hold office:** Cimianto – Gestão de Participações, S.A. – 100 shares; Cimo - Gestão de Participações, SGPS, S.A. – 14,592,300 shares; Longapar, SGPS, S.A. – 20,000,000 shares; Sodim SGPS, S.A. – 26,115,000 shares; Sociedade Agrícola da Quinta da Vialonga, S.A. – 642,535 shares; Sonaca - Sociedade Nacional de Canalizações, S.A. – 1,250,000 shares; OEM - Organização de Empresas, SGPS, S.A. – 500,000 shares; Secil Investimentos, SGPS, S.A. – 2,727,975 shares.
- 4. Acquisition, disposal or encumbrance of securities issued by the company, or controlled or controlling companies, or group companies, by officers in the companies referred to in 3:**  
On 5-5-2003 Carlos Eduardo Coelho Alves sold to Semapa 1,440 shares in Secil – Companhia Geral de Cal e Cimento, S.A. for a price of 13.56€ per share; on 21-5-2003 José Alfredo de Almeida Honório sold to Semapa 900 shares in Secil – Companhia Geral de Cal e Cimento, S.A. for a price of 13.56€ per share, and to Secil 125 shares in CMP – Cimentos Maceira e Pataias, S.A. for a price of 20.00€ per share; on 9-12-2003 Secil Investimentos, SGPS, S.A. acquired 22,895 shares in Semapa for a price of 3.53077€ per share, on 10-12-2003 it acquired 32,100 shares for a price of 3,59467€ per share, on 11-12-2003 19,700 shares for a price of 3.64214€ per share and on 16-12-2003 2,653,280 shares for a price of 3.63€ per share; on 31-12-2003 Sodim, SGPS, S.A. acquired from Sonagi, SGPS, S.A. 1,115,000 shares in Semapa for a price of 3.63€ per share; on 6-2-2003 Banco Espírito Santo de Investimento, S.A. sold 500 shares in Semapa for a price of 3.07€ per share, on 14-2-2003 5,574 shares for a price of 3,00€ per share, on 17-2-2003 6,085 shares for a price of 3.00 € per share and on 23-4-2003 53,915 shares for a price of 2.65€ per share.

## 5. Qualifying holdings calculated under the terms of article 20 of the Securities Code

Shareholder	No. shares	% voting rights	% voting rights not suspended
<b>A -</b> Cimianto - Gestão de Participações, S.A.	100	0,00%	0,00%
Cimo - Gestão de Participações, SGPS, S.A.	14.592.300	12,33%	12,62%
Longapar, SGPS, S.A.	20.000.000	16,90%	17,30%
Sonaca - Sociedade Nacional de Canalizações, S.A.	1.250.000	1,06%	1,08%
OEM - Organização de Empresas, SGPS, S.A.	500.000	0,42%	0,43%
Sociedade Agrícola da Quinta da Vialonga, S.A.	642.535	0,54%	0,56%
Sodim, SGPS, S.A.	26.115.000	22,07%	22,59%
José Alfredo Almeida Honório	20.000	0,02%	0,02%
Frederico José da Cunha Mendonça e Meneses	8.000	0,01%	0,01%
<b>Total:</b>	<b>63.127.935</b>	<b>53,35%</b>	<b>54,61%</b>
<b>B -</b> BPI - SGPS, S.A.	-	-	-
Banco Português de Investimento, S.A.	620.590	0,52%	0,54%
BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	1.351.172	1,14%	1,17%
BPI Fundos - Gestão de Fundos de Investimento Mobiliário, S.A.	2.649.810	2,24%	2,29%
BPI Vida - Companhia de Seguros de Vida, S.A.	19.780	0,02%	0,02%
Clientes institucionais com gestão discricionária de carteira	167.353	0,14%	0,14%
Clientes particulares com gestão discricionária de carteira	1.222.942	1,03%	1,06%
<b>Total:</b>	<b>6.031.647</b>	<b>5,10%</b>	<b>5,22%</b>
<b>C -</b> Cimpor Portugal, SGPS, S.A.	23.695.611	20,02%	20,50%
<b>D -</b> AF Investimentos - Fundos Mobiliários, S.A.	2.468.900	2,09%	2,14%

It should be noted that 2,727,975 shares in the Company held by Secil Investimentos, SGPS, S.A., and corresponding to 2.305% of the share capital, are subject to the rules on own shares.



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

BALANCE SHEETS AS OF 31 DECEMBER 2003 AND 2002

(Amounts stated in Euros)

ASSETS	Notes	2003		2002		EQUITY, MINORITY INTERESTS AND LIABILITIES	Notes	2003	2002
		Gross	Depreciation/ provisions	Net	Net				
FIXED ASSETS:									
Intangible assets:									
Incorporation expenses	8 e 10	236.233	(174.607)	61.626	101.683	Share capital	36 e 40	118.332.445	118.332.445
Goodwill	8 e 10	92.087	(92.087)	-	-	Treasury stock - nominal value	40	-	(2.653.280)
		328.320	(266.694)	61.626	101.683	Treasury stock - discounts and premiums	40	-	(7.477.754)
Tangible assets:									
Transport equipment	10	296.270	(192.905)	103.365	94.488	Share Premium	40	3.923.459	3.923.459
Administrative equipment	10	68.193	(62.871)	5.322	8.200	Adjustments in investments in subsidiaries and affiliated companies	10 e 40	(13.477.352)	10.596.945
		364.463	(255.776)	108.687	102.688	Reserves:			
Investments:									
Investments in subsidiaries	10 e 16	260.641.000	-	260.641.000	257.041.685	Legal reserves	40	11.113.753	9.571.895
Securities and other investments	10 e 16	1.229	-	1.229	-	Other reserves	40	77.530.008	61.342.637
		260.642.229	-	260.642.229	257.041.685	Retained earnings	40	130.418	40.418
MEDIUM AND LONG TERM RECEIVABLES:									
Accounts receivable - Medium and long term:						Net profit for the year	40	40.072.775	30.837.144
Group companies		-	-	-	30.000	Total Equity		237.625.506	224.513.909
CURRENT ASSETS:									
MEDIUM AND LONG TERM LIABILITIES:									
Accounts receivable - Short term:						Debenture loans	29 e 51	19.153.839	23.942.299
Accounts receivable from group companies	53	33.132.690	-	33.132.690	79.075	Bank loans	29 e 51	4.046.429	-
Other debtors	49	456.148	-	456.148	1.217.976			23.200.268	23.942.299
		33.588.838	-	33.588.838	1.297.051	SHORT TERM LIABILITIES:			
Banks and cash:									
Bank deposits	55	71.201	-	71.201	3.027	Debenture Loans	51	4.788.460	-
Cash	55	465	-	465	250	Bank loans	51	735.714	680.163
		71.666	-	71.666	3.277	Accounts payable to suppliers		22.194	16.901
ACCRUALS AND DEFERRALS:									
Deferred costs	50	14.170	-	14.170	-	Accounts payable to group companies	53	17.789.601	1.321.791
						Shareholders	52	6.419.209	6.518.638
Total depreciation			(522.470)			Accounts payable to state entities	48	225.169	744.387
Total provisions			-			Other creditors	49	613	33.636
Total assets		295.009.686	(522.470)	294.487.216	258.576.384			29.980.960	9.315.516
ACCRUALS AND DEFERRALS:									
						Accrued costs	50	672.572	737.671
						Deferred income	50	-	39.115
								672.572	776.786
Total equity, minority interests and liabilities									
								294.487.216	258.576.384

The accompanying notes form an integral part of the balance sheet as of 31 December 2003.

The Accountant

The Board of Directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.  
INCOME STATEMENT BY NATURE FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Amounts stated in Euros)

EXPENSES	Notes	2003	2002	INCOME	Notes	2003	2002
Cost of inventories sold and consumed		508.036	597.096	Services rendered	44	1.126.538	1.491.502
Payroll expenses:				Supplementary income	53	685.797	13.564
Salaries		2.588.751	2.391.076	Other Operating Income		-	13.564
Social charges:		247.517	204.983	(B)		1.812.335	1.505.066
		2.836.268	2.596.059				
Depreciation and amortisation	10	187.723	86.022	Gain on investments relating to affiliated companies	16 e 45	45.851.006	35.597.792
Provisions	16 e 34	-	27.874	Gain on investments relating to other companies		32	-
			113.896	Other interest and similar income:			
Taxes		219.387	84.286	Income relating to group and affiliated companies	45 e 53	260.094	233.291
Other operating costs		14.095	1.127.857	Other	45	242	473
(A)		3.765.509	4.519.194	(D)		47.923.709	37.336.622
Losses on affiliated companies	45 e 53	18.000	142.136	Extraordinary income	46	82.915	9.918
Depreciation and provisions for investments	34 e 45	3.007.910	-				
Other financial expenses	45	1.095.426	1.288.712				
(C)		7.886.845	5.950.042				
Extraordinary expenses	46	2.200	6.016				
(E)		7.889.045	5.956.058				
Income tax for the year	6	44.804	553.338				
(G)		7.933.849	6.509.396				
Net profit for the year		40.072.775	30.837.144	(F)		48.006.624	37.346.540
		48.006.624	37.346.540				
				Operating results:	(B) - (A)	(1.953.174)	(3.014.128)
				Net financial results:	(D-B) - (C-A)	41.990.038	34.400.708
				Current results:	(D) - (C)	40.036.864	31.386.580
				Profit before income tax and minority interests:	(F) - (E)	40.117.579	31.390.482
				Consolidated net profit for the year:	(F) - (G)	40.072.775	30.837.144

The accompanying notes form an integral part of the income statement by nature for the year ended 31 December 2003.

The Accountant

The Board of Directors

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

INCOME STATEMENT BY FUNCTIONS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Amounts stated in Euros)

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
Sales and services rendered	44	1.126.538	1.491.502
Cost of sales and services rendered		<u>(2.443.183)</u>	<u>(873.000)</u>
Gross results		<u>(1.316.645)</u>	<u>618.502</u>
Other Operating income		740.838	23.482
Administrative Cost		<u>(451.648)</u>	<u>(2.419.565)</u>
Other Operating costs		<u>(872.878)</u>	<u>(1.161.747)</u>
Operating results		<u>(1.900.333)</u>	<u>(2.939.328)</u>
Financing net cost	45	(835.090)	(1.062.287)
Income/(expenses) with affiliated companies	16 e 45	42.852.970	35.462.995
Income/(expenses) with others investments		32	-
Current results		<u>40.117.579</u>	<u>31.461.380</u>
Income tax for the year	6	<u>(44.804)</u>	<u>(553.338)</u>
Current results after taxes		<u>40.072.775</u>	<u>30.908.042</u>
Net profit for the year		<u>40.072.775</u>	<u>30.908.042</u>
Net profit per share		0,34	0,26

The accompanying notes form an integral part of the income statement by function for the year ended 31 December 2003.

The Accountant

The Board of Directors

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

CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Amounts stated in Euros)

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
<b>OPERATING ACTIVITIES:</b>			
Paid to suppliers		(1.030.626)	(589.579)
Paid to personnel		(4.388.906)	(2.533.088)
Flows from operations		(5.419.532)	(3.122.667)
Payments of income tax		(557.311)	-
Other (payments)/receipts relating to operating activities		2.569.359	(643.691)
Flows before extraordinary captions		(3.407.484)	(3.766.358)
Receipts related with extraordinary captions		-	-
Flows from operating activities (1)		(3.407.484)	(3.766.358)
<b>INVESTING ACTIVITIES:</b>			
Receipts relating to:			
Tangible fixed assets		-	19.453
Interest and similar income		101.724	453.318
Dividends	10	18.891.842	18.891.809
		18.993.566	19.364.580
Payments relating to:			
Investments	10	(329.083)	(6.518.000)
Tangible fixed assets		(61.084)	(94.907)
		(390.167)	(6.612.907)
Flows from investing activities (2)		18.603.399	12.751.673
<b>FINANCING ACTIVITIES:</b>			
Receipts relating to:			
Loans obtained		50.019.449	3.016.081
Loans granted		25.014.633	27.299.859
Capital increases, supplementary capital contributions and share premiums		9.631.381	-
		84.665.463	30.315.940
Payments relating to:			
Loans obtained		(29.008.633)	(1.285.930)
Loans granted		(56.668.561)	(20.445.500)
Interest and similar expenses		(1.867.715)	(1.470.149)
Dividends	40	(11.567.917)	(11.565.917)
Treasury Stock		-	(4.945.014)
		(99.112.826)	(39.712.510)
Flows from financing activities (3)		(14.447.363)	(9.396.570)
VARIATION IN CASH AND EQUIVALENTS (4) = (1) + (2) + (3)		748.552	(411.255)
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR	55	(676.886)	(265.631)
CASH AND EQUIVALENTS AT THE END OF THE YEAR	55	71.666	(676.886)

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2003.

The Accountant

The Board of Directors

**SEMAPA — SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.****NOTES TO THE BALANCE SHEET AS OF 31 DECEMBER 2003 AND INCOME STATEMENT  
FOR THE YEAR THEN ENDED**

(Translation of a report originally issued in Portuguese – Note 56)  
(Amounts stated in Euros)

**INTRODUCTION**

Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("The Company") was incorporated in 21 June 1991 and its main object consists in holding a position in other companies, namely in Secil – Companhia Geral de Cal e Cimento, S.A., and in indirectly in its subsidiary companies, with activity in Portugal, Tunisia, Spain, Angola and Netherlands, its main activities being the production of cement, the production and commercialisation of concrete premix and clay and the operation of quarries.

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

**3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

The accompanying financial statements have been prepared on a going concern basis from the accounting records of the Company maintained in accordance with generally accepted accounting principles in Portugal, which may be different from those used in other countries.

These financial statements, which reflect only the individual and not the consolidated accounts of the Company, were prepared in accordance with legal requirements for approval in the General Shareholders Meeting and public release. The Company has also prepared consolidated financial statements which reflect the following differences, considering the individual financial statements, as of 31 December 2003:

Total Assets, net	934.005.342
Total liabilities (excluding minority interests)	926.608.416
Total income	423.725.923

The most relevant accounting policies used in preparing the financial statements are as follows:

**a) Intangible assets**

Intangible assets include costs incurred with capital increases, which are amortized on a straight-line basis over five years and costs incurred with the issuance of the debenture loan, which are amortised on a straight-line basis over ten years (the redemption period of that loan) and goodwill recorded on the acquisition of financial investments which are amortized on a straight-line basis during the periods expressed in Note 8.

**b) Tangible fixed assets**

Tangible fixed assets consist of transport equipment and administrative equipment, which are recorded at cost and depreciated on a straight-line basis over periods from three to twelve years.

	<u>Useful life (years)</u>
Transport Equipment	3 to 4
Administrative Equipment	3 to 12

**c) Investments**

Investments in group companies (and subsidiaries of group companies) and affiliated companies are recorded in accordance with the equity method.

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 as intangible assets under the caption goodwill, when positive (Note 3.a)) and amortized during the expected period for the recovery of the investments (Note 8).

In accordance with the equity method, investments are increased or reduced, at the year end, by the amount corresponding to the Company's proportion in the net result of the subsidiaries, by corresponding entry to the statement of profit and loss captions gain or loss for the year (Note 45). Additionally, dividends from group companies resulting from distribution of profits or reserves are deducted from the amount of the investments in the year in which they are received.

**d) Accrual basis**

The Company records income and expenses on an accrual basis. Under this basis income and expenses are recorded in the period they are generated or incurred, independently of when they are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in accruals and deferrals captions (Note 50).

**e) Corporate income tax**

The income tax for the year includes current and deferred tax, when applicable, as stated in Portuguese Accounting Directive 28. 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 tax legislation in force as of the balance sheet date.

The deferred tax is computed 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 computed in accordance with the rates expected to be in force when the timing differences revert.

The Company 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.

**f) Use of estimates**

The preparation of the consolidated financial statements, requires that management applies its judgment in the calculation of estimates affecting revenue, expenses, assets, liabilities and presentation and disclosure on balance sheet date. These estimates are determined by the Group's management and are based on i) best information and knowledge of present events, which is supplemented in some cases with independent opinions from third parties and ii) the specific steps which the company may undertake in the future. Nonetheless, based on the date the year-end results were closed for recording purposes, these values may differ from the estimates included in the financial statements.

**6. INCOME TAX**

In accordance with current legislation, tax losses are carried forward for a period of six years and may be deducted to tax profits during that period. The company is subject to corporate income tax on an individual basis, having tax losses not used since 1998, which amount to Euros 13,589,779. As mentioned in Note 3.e), and as the company has been generating operating losses, there is no reasonable certain that future tax profits will be generated so, the deferred tax assets generated by the referred tax losses have not been recorded.

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

Income tax for the 2003 and 2002 years relate to current income tax raising Euros 44,804 and Euros 553,338, respectively.

As of 31 December 2003, assets and liabilities from deferred taxes are as follows:

	<b>2003</b>	<b>2002</b>
Profit before income tax	40.117.579	31.390.482
Nominal rate of income tax	<u>33,00%</u>	<u>33,00%</u>
Estimated income tax	13.238.801	10.358.859
Permanent differences (a)	(14.239.988)	(11.832.083)
Autonomous taxation (b)	44.804	553.338
Tax losses not recovered	<u>1.001.187</u>	<u>1.473.224</u>
	<u>44.804</u>	<u>553.338</u>
Effective rate of income tax	<u>0,11%</u>	<u>1,76%</u>

(a) This amount corresponds essentially to:

	<b>2003</b>	<b>2002</b>
Amortisation of goodwill (Note 8)	92.087	-
Appropriation of results of subsidiaries and affiliated companies by the equity method (Note 10)	(45.833.006)	(35.455.656)
Nondeductible tax provisions (Note 34)	3.007.910	27.874
Others	<u>(418.471)</u>	<u>(427.016)</u>
	<u>(43.151.480)</u>	<u>(35.854.798)</u>
Tax Effect (33,00%)	<u>(14.239.988)</u>	<u>(11.832.083)</u>

(b) This value respects to the autonomous taxation

In accordance with current tax legislation, tax returns are subject to review and adjustment by the tax authorities during a period of four years and five years for Social Security. Consequently, the Company's tax returns for the years from 2000 to 2002 are still subject to review.

The Company's Management believes that any possible adjustments that may be made by the tax authorities as result of their reviews, will not have a significant effect on the financial statements as of 31 December 2003.



## 7. AVERAGE NUMBER OF EMPLOYEES

The average number of employees as of 31 December 2003 and 2002 was 14 and 11, respectively.

## 8. INCORPORATION EXPENSES/GOODWILL

As of 31 December 2003, this caption was made up as follows:

Costs with the capital increase (year 2000)	164.336
Expenses with the debenture loans (year 1998)	71.897
Goodwill (year 2003)	92.087
	<u>328.320</u>

As explained in Note 3.a), the differences between cost and the equity value of the investments in group and affiliated companies at their acquisition dates, after fair value of assets and liabilities, are recorded in the caption goodwill and amortized over the estimated period to recover the investments, as follows:

Year of Acquisition	Cost	Proportion of equity held in the acquired companies		Goodwill (Nota 10)	Amortization period (years)	Amortization for the year (Notes 6 and 10)	Acumulated Amortization (Note 10)
		%	Amount				
2003	253,843	0.035%	161,756	<u>92,087</u>	1	<u>92,087</u>	<u>92,087</u>

The amortisation of goodwill is recorded in the statement of profit and loss, in the caption "Depreciation and amortisation" (Note 10).

## 10. MOVEMENT IN FIXED ASSETS

During the year ended 31 December 2003, the movement in intangible and tangible fixed assets and investments, and in the related amortisation, depreciation and provision, was as follows:

Fixed Assets				
Captions	Opening balance	Increases	Disposals and others	Closing balance
<b>Intangible assets:</b>				
Incorporation expenses (Note 8)	236.233	-	-	236.233
Goodwill (Note 8)	-	92.087	-	92.087
	<u>236.233</u>	<u>92.087</u>	<u>-</u>	<u>328.320</u>
<b>Tangible fixed assets:</b>				
Transport Equipment	236.206	60.064	-	296.270
Administrative Equipment	66.679	1.514	-	68.193
	<u>302.885</u>	<u>61.578</u>	<u>-</u>	<u>364.463</u>
<b>Investments:</b>				
Investments in subsidiaries (Note 16)	257.041.685	324.849	3.274.466	260.641.000
Other financial investments	-	1.229	-	1.229
	<u>257.041.685</u>	<u>326.078</u>	<u>3.274.466</u>	<u>260.642.229</u>
	<u>257.580.803</u>	<u>479.743</u>	<u>3.274.466</u>	<u>261.335.012</u>

Accumulated amortisation, depreciation and provisions				
Captions	Opening balance	Increases	Disposals and others	Closing balance
<b>Intangible assets:</b>				
Incorporation expenses	134.550	40.057	-	174.607
Goodwill (Note 8)	-	92.087	-	92.087
	<u>134.550</u>	<u>132.144</u>	<u>-</u>	<u>266.694</u>
<b>Tangible fixed assets:</b>				
Transport Equipment	141.718	51.187	-	192.905
Administrative Equipment	58.479	4.392	-	62.871
	<u>200.197</u>	<u>55.579</u>	<u>-</u>	<u>255.776</u>
	<u>334.747</u>	<u>187.723</u>	<u>-</u>	<u>522.470</u>

The movement in the captions investments in subsidiaries, investments in affiliated companies and investments in other companies for the year ended 31 December 2003 was as follows:

Opening Balance	257.041.685
Results of group and affiliated companies recorded by the equity method (Note 6, 16 and 45):	
- Profits	45.851.006
- Losses	(18.000)
Dividends distributed by Secil, S.A.	(18.891.810)
Aquisition of 18.720 shares of Secil, S.A. (Note 8)	253.843
Goodwill of Secil's shares aquisition (Note 8)	(92.087)
Capital subscriptions of the affiliated companies:	
- Semapa Inversiones, S.L.	3.006
- Semapa Investments, B.V.	18.000
- Geciment - Gestão de Participações, SGPS, S.A.	50.000
Adjustment in the equity of affiliated companies (Note 40):	(23.574.643)
- Secil - Companhia Geral de Cal e Cimento, S.A. due to:	
- changes in the caption of foreign currency exchange reserves	(6.980.094)
- registry of passed liabilities with post-employment benefits, net of active deferred taxes	(5.297.178)
- proportion of profit distributed to employees by its subsidiaries and associated companies	(664.129)
- other equity changes	(733.433)
- Seinpart Investments B.V. by the effect of the subsidiary Secil Investimentos, SGPS, S.A. acquired in 2003 2.727.975 shares of Semapa. The equity of that company is reduced by the aquisition value of the referred shares (Note 16)	(9.899.809)
Closing Balance	<u>260.641.000</u>

## 16. SUBSIDIARIES AND AFFILIATED COMPANIES AND OTHER INVESTMENTS

As of 31 December 2003, investments in subsidiaries, affiliated and other were as follows:

Subsidiaries	Head Office	31 of December 2003			%	Participation	
		Share Capital	Equity	Net Result		Book Value (Note 10)	Proportional share in net results (Notes 10 and 45)
					(a)		
Secil, S.A.	Outão	264,600,000	460,881,715	56,029,914	55.42%	255,399,688	31,049,230
Seinpar Investments, B.V.	Amesterdão	18,000	5,167,671 (b)	14,781,141	100.00%	5,167,671	14,781,141
Betopal, S.L.	Madrid	3,005	20,635 (d)	48,509	100.00%	20,635	20,635
Semapa Investments, B.V.	Amesterdão	18,000	(3,007,910)	(3,025,910) (c)	100.00%	-	(18,000)
Geciment, SGPS, S.A.	Lisboa	50,000	-	-	100.00%	50,000	-
Semapa Inversiones, S.L.	Madrid	3,006	-	-	100.00%	3,006	-
						<u>260,641,000</u>	<u>45,833,006</u>

(a) Percentages held directly by the Company

(b) The company Seinpar Investments, B.V. holds, indirectly, 44,58% of the share capital of Secil – Companhia Geral de Cal e Cimento, S.A., through its participation of 100% of the share capital of Secil Investimentos, SGPS, S.A. capital, that bought in March 2003 all the share capital of Cimentospar – Participações Financeiras, SGPS, Lda. (ex-FLSHH, SGPS, S.A.).

The equity of Seinpar Investments B.V. is reduced by the net book value of the shares held by its subsidiary Secil Investimentos, SGPS, S.A., in Semapa, in the amount of Euros 9.899.809 (Note 10);

(c) The net income of Semapa Investments, B.V. is reduced in the amount of the gain obtained with the disposal, in December 2003, of 4.859.000 shares of Cimpor, by Secilpar (subsidiary of Secil – Companhia Geral de Cal e Cimento, S.A.) to this company, in the amount of Euros 3.014.596.

As a consequence of this adjustment, the equity of these companies was negative as of 31 December 2003 and, consequently, the investment is stated at zero in the Company's balance sheet and provisions of Euros 3,007,910, corresponding to the Company's proportion of their negative equity, have been recorded under the caption "Provisions for risks and costs" (Note 34).

(d) During the year ended 31 December 2003 the company Betopal SI obtained a net profit for the year of Euros 48.409, having Semapa reversed the provision set in prior years, in the amount of Euros 27.874 (note 34) and took property, by the Equity Method, of the Equity of Betopal, S.L. in the amount of Euros 20.635.

#### 19. MARKET VALUE OF CURRENT ASSETS

As of 31 December 2003 and 2002 no significant differences not covered by provisions, existed between the market value of current assets and their book value, calculated in accordance with the principles used by the Company (Note 3).

#### 29. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

As of 31 December 2003, accounts payable in more than 5 years amounted to Euros 1.103.573 (Note 51).

#### 32. GUARANTEES GRANTED

Semapa has entered into a loan agreement with a financial institution during the year ended 31 December 2003, through one of its subsidiaries, for the purpose of the acquisition of the whole of the share capital of Cimentospar – Participações Financeiras, SGPS, Lda, which by itself owns 21,728,520 shares in Secil, S.A. representing 41% of the later's share capital. As part of this loan agreement, the Company has provided an irrevocable power of attorney to the financial institution, which in case of default of the debt obligations, will authorize it to pledge 49% of the share capital of Secil, S.A..

#### 34. MOVEMENT IN PROVISIONS

The movement in provisions during the year ended 31 December 2003, was as follows (Note 16):

Captions	Opening balance	Increase (Note 45)	Decreases (Note 46)	Closing balance
Provisions for risks and costs				
Other provisions for risks and costs	<u>27.874</u>	<u>3.007.910</u>	<u>(27.874)</u>	<u>3.007.910</u>

#### 36. CAPITAL

As of 31 December 2003 the Company's share capital, totally subscribed and paid for, consisted of 118,332,445 shares of 1 Euro each (Note 40).

### 37. ENTITIES HOLDING THE SHARE CAPITAL

In accordance with the most recent shareholder's meeting, held on 31 March 2003, and the participations mentioned, the company's share capital as of 31 December 2003 is owned by:

	<u>Amount</u>	<u>%</u>
Sodim, SGPS, S.A.	26.115.000	22,07
Cimpor Portugal, SGPS, S.A.	23.695.611	20,02
Longapar, SGPS, S.A.	20.000.000	16,90
Cimo - Gestão de Participações, SGPS, S.A.	14.592.300	12,33
Secil, Investimentos - SGPS, S.A.	2.727.975	2,31
BPI Fundos - Gestão de Fundos de Investimento Mobiliário, S.A.	2.649.810	2,24
Other shareholders with a participation lower than 2%	<u>28.551.749</u>	<u>24,13</u>
	<u><u>118.332.445</u></u>	<u><u>100,00</u></u>

### 40. MOVEMENT IN EQUITY ACCOUNTS

The movement in the equity accounts during the year ended 31 December 2003 was as follows:

<u>Caption</u>	<u>Opening balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Tranfers</u>	<u>Closing balance</u>
Share capital	118.332.445	-	-	-	118.332.445
Treasury stock - nominal value	(2.653.280)	2.653.280	-	-	-
Treasury stock - discounts and premiums	(7.477.754)	6.978.101	-	499.653	-
Share Premium	3.923.459	-	-	-	3.923.459
Adjustments in investments in subsidiaries and affiliated companies (Note 10)	10.596.945	-	(23.574.643)	(499.654)	(13.477.352)
Reserves:					
Legal reserve	9.571.895	-	-	1.541.858	11.113.753
Other reserves	61.342.637	-	-	16.187.371	77.530.008
Retained earnings	40.418	90.000	-	-	130.418
Net profit for the year	<u>30.837.144</u>	<u>40.072.775</u>	<u>(13.107.916)</u>	<u>(17.729.228)</u>	<u>40.072.775</u>
	<u><u>224.513.909</u></u>	<u><u>49.794.156</u></u>	<u><u>(36.682.559)</u></u>	<u><u>-</u></u>	<u><u>237.625.506</u></u>

As decided by the Shareholders' General Meeting held on 31 March 2003, the net profit for 2002 was appropriated as follows:

Distribution of Dividends	11.567.916
Legal reserves	1.541.857
Other reserves	16.187.371
Bonus to Board Members	1.540.000
	<u>30.837.144</u>

The dividends approved on 31 March 2003 were fully paid by 31 December 2003. In relation to bonus to Board Members, the paid amount raised only Euros 1.450.000.

Treasury Stock: the movements registered in these captions come as a result of the alienation by Semapa to its subsidiary Secil Investimentos SGPS, S.A., of 2,653,280 shares by the market value of 9,631,431 Euros, which incorporated a premium of 6,978,151 Euros. In result, the difference between the acquisition premium of the treasury stock and the premium that resulted from their disposal was transferred to the caption "Adjustments in investments in subsidiaries and affiliated companies" in the amount of 499,603 Euros.

Adjustments in investments in subsidiaries and affiliated companies relates to the difference between the net book value of the financial investments in group companies and the proportion of Equity held in that companies as of the date of the first application of the Equity Method, as well as adjustments made after that date relating to changes in the participations in group companies concerning adjustments made directly to their Equity.

Legal reserve: In accordance with current legislation the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. This reserve cannot be distributed to the shareholders but may be used to absorb losses after all other reserves have been used up or to increase capital.

#### 43. REMUNERATION OF THE MEMBERS OF THE STATUTORY BOARDS

Remuneration attributed to the members of the statutory boards during the year ended 31 December 2003, were as follows:

Board of Directors	3.101.377
Audit Board	<u>2.394</u>
	<u>3.103.771</u>

#### 44. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKET

Sales and services rendered by geographic market during the years ended 31 December 2003 and 2002, were as follows:

	<u>2003</u>	<u>2002</u>
Domestic Market (Notes 53 and 54)	639.038	1.041.502
Foreign Market (Note 53)	<u>487.500</u>	<u>450.000</u>
	<u>1.126.538</u>	<u>1.491.502</u>

#### 45. FINANCIAL RESULTS

Net financial results during the years ended 31 December 2003 and 2002 are made up as follows:

	<u>2003</u>	<u>2002</u>
<b><u>Expenses</u></b>		
Interest expense with loans obtained from shareholders (Note 52)	277.920	279.893
Interest expense with loans obtained from group companies (Note 53)	11.170	2.528
Interest expense with other loans obtained	788.698	903.430
Amortizations and provisions for participations (Note 34)	3.007.910	
Losses on subsidiaries and affiliated companies (Notes 10 and 16)	18.000	142.136
Foreign currency exchange losses	-	924
Other financial expenses	<u>17.638</u>	<u>101.937</u>
	4.121.336	1.430.848
Net financial results	<u>41.990.038</u>	<u>34.400.708</u>
	<u>46.111.374</u>	<u>35.831.556</u>
<b><u>Income:</u></b>		
Interest income on loans granted to group companies (Note 53)	260.094	233.291
Interest income on bank deposits	242	253
Gains on subsidiaries and affiliated companies (Notes 10 and 16)	45.851.006	35.597.792
Income from other equity investments	32	-
Foreign currency exchange gains	<u>-</u>	<u>220</u>
	<u>46.111.374</u>	<u>35.831.556</u>



#### 46. EXTRAORDINARY RESULTS

Extraordinary results are made up as follows:

	2003	2002
<b><u>Extraordinary expenses:</u></b>		
Donations	2.200	599
Loss on fixed assets	-	1.658
Other extraordinary expenses	-	3.759
	<u>2.200</u>	<u>6.016</u>
Net extraordinary results	<u>80.715</u>	<u>3.902</u>
	<u>82.915</u>	<u>9.918</u>
<b><u>Extraordinary income:</u></b>		
Gains on fixed assets	-	9.789
Prior year adjustments	4.140	102
Decrease in provisions (Note 34)	27.874	27
Other extraordinary income	50.901	-
	<u>82.915</u>	<u>9.918</u>

#### 48. STATE ENTITIES

As of 31 December 2003 and 2002 there were no overdue accounts payable to State entities. The balances payable to these entities were made up as follows:

	2003	2002
Corporate income tax	35.003	548.555
Personal income tax	56.546	48.613
Social security	25.125	18.990
Value added tax	106.995	128.229
Other taxes	1.500	-
	<u>225.169</u>	<u>744.387</u>

As of 31 December 2003 and 2002 the caption "Corporate Income Tax" was made up as follows:

	2003	2002
Corporate income tax for the year - estimate	44.804	553.338
Payments on account	(8.721)	(4.739)
Withholdings at source	(1.080)	(44)
	<u>35.003</u>	<u>548.555</u>

#### 49. OTHER DEBTORS AND CREDITORS

As of 31 December 2003 and 2002, these captions were made up as follows:

	<u>2003</u>	<u>2002</u>
<b><u>Other Debtors</u></b>		
Other debtors:		
Group Companies (Note 53)	166.444	1.214.532
Affiliated Companies	285.600	-
Others	4.104	3.444
	<u>456.148</u>	<u>1.217.976</u>
<b><u>Other Creditors</u></b>		
Consultants/ professionals	119	-
Other Creditors		
Group Companies (Note 53)	-	33.005
Shareholders	-	630
Others	494	1
	<u>613</u>	<u>33.636</u>

## 50. ACCRUALS AND DEFERRALS

As of 31 December 2003 and 2002, these captions were made up as follows:

	<u>2003</u>	<u>2002</u>
<b><u>Deferred costs</u></b>		
Expenses incurred to open credit lines	13.044	-
Other deferred costs	<u>1.126</u>	<u>-</u>
	<u>14.170</u>	<u>-</u>
<b><u>Accrued costs</u></b>		
Accrued insurance	8.269	-
Vacation pay, vacation subsidy and other personnel costs	392.944	363.644
Other accrued interest	187.772	267.061
Judicial assistance	11.910	-
Audit	56.378	23.483
Consulting	-	70.897
Other accrued costs	<u>15.299</u>	<u>12.586</u>
	<u>672.572</u>	<u>737.671</u>
<b><u>Deferred income</u></b>		
Other deferred income	<u>-</u>	<u>39.115</u>

The caption Other deferred income as of 31 December 2002 was related with the difference between the cost of a debt that Betopal, S.L. had to the previous shareholder, at the date of acquisition, in the amount of Euros 30.000 and the effective amount of the debt of Euros 69.115 and that was recognized as income by Semapa, in the current exercise, following its receipt.

## 51. LOANS

As of 31 December 2003, this caption was made up as follows:

	<u>Short term</u>	<u>Medium and long term</u>	<u>Total</u>
Semapa/98 Debenture Loan	4.788.460	19.153.839	23.942.299
Loans	<u>735.714</u>	<u>4.046.429</u>	<u>4.782.143</u>
	<u>5.524.174</u>	<u>23.200.268</u>	<u>28.724.442</u>

At of 31 December 2003, there were available bank credits granted and undrawn facilities of Euros 2.224.591.

On 9 March 1998 the Company issued 4.800.000 bonds with the nominal value of mEsc 1 each, redeemable in ten years. During the year ended 31 December 2001, the 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 coupon interests are paid each semester and the reimbursement occurs 20% in the 12<sup>nd</sup> and 14<sup>th</sup> coupon, 25% in the 16<sup>th</sup> and 18<sup>th</sup> and 10% in the 20<sup>th</sup>, being possible its anticipated reimbursement in all or part without any penalty. The bonds were fully subscribed for and paid up upon subscription and are represented by dematerialized securities rated in Euronext Lisbon.

As of 31 December 2003 the debenture loan bears interest at market rates, payable half yearly, and is redeemable as follows:

2005	5.524.174
2006	6.721.289
2007	6.721.289
2008	3.129.943
2009 and following years (Note 29)	1.103.573
	<u>23.200.268</u>

## 52. SHAREHOLDERS

As of 31 December 2003, the amount payable to shareholders was as follows:

	Liabilities	
	Suppliers	Shareholders
Cimianto - Gestão de Participações, S.A. (SGPS)	10.684	-
Cimo - Gestão de Participações, SGPS, S.A.	-	4.699.610
Longapar, SGPS, S.A.	-	866.638
Sonaca - Sociedade Nacional de Canalizações, S.A.	-	852.961
	<u>10.684</u>	<u>6.419.209</u>

These sums win interests in normal market conditions.

During the year ended 31 December 2003, the transactions made with the shareholders, were as follows:

	<b>External supplies and services</b>	<b>Financial Expenses (Note 45)</b>
Cimianto - Gestão de Participações, S.A. (SGPS)	107.740	-
Cimo - Gestão de Participações, SGPS, S.A.	-	220.680
Longapar, SGPS, S.A.	-	39.534
Sonaca - Sociedade Nacional de Canalizações, S.A.	-	17.706
	<u>107.740</u>	<u>277.920</u>

### 53. GROUP COMPANIES

The balances at December 31, 2003 with the Group companies are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>Group Companies</b>	<b>Other Debtors (Note 49)</b>	<b>Suppliers</b>	<b>Group Companies</b>
Betopal, S.L.	25	37.500	-	222.494
Geciment, SGPS, S.A.	-	584	-	-
Secil - Companhia Geral de Cal e Cimento, S.A.	27.703	50.690	990	17.567.107
Secil Investimentos, SGPS, S.A.	7.050.975	2.064	-	-
Secilpar SL	-	75.000	-	-
Seinpar Investments, B.V.	6.032.341	-	-	-
Semapa Inversiones, S.L.	-	606	-	-
Semapa Investments, B.V.	<u>20.021.646</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>33.132.690</u>	<u>166.444</u>	<u>990</u>	<u>17.789.601</u>

The amount of Euros 33.132.690, to be received from Group Companies refers to short term loan facilities bearing quarterly interest at market rates, as well as the balances payable to group companies, of Euros 17.789.601.

During the year ended 31 December 2003, the transactions with group companies were as follows:

	<b>Sales and services rendered</b>	<b>Acquisitions of goods and services</b>	<b>Other Operating income</b>	<b>Financial income (Note 45)</b>
Betopal, S.L.	37.500	-	-	649
Enersis - S.G.P.S., S.A.	-	-	160.714	-
Secil - Companhia Geral de Cal e Cimento, S.A.	399.038	7.056	522.241	148.385
Secil Investimentos, SGPS, S.A.	-	-	-	6.962
Secilpar SL	450.000	-	-	-
Seinpar Investments, B.V.	-	-	-	102.082
Semapa Investments, B.V.	-	-	-	2.016
	<b>886.538</b>	<b>7.056</b>	<b>682.955</b>	<b>260.094</b>

The amount of Euros 886.538, refers to management services provided by the Company in financial, administrative and IT areas, among others.

The amount of Euros 682.955, refers to staff seconded by the Company.

#### 54. ASSOCIATED COMPANIES

As of 31 December 2003, the company showed in the caption "Other Debtors" (Note 49), the amount of 285,600 Euros to be received from the associated company Becim – Correctora de Seguros, Lda., referring to services provided in 2003, amounting Euros 240.000 Euros (Note 44).

#### 55. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2003 and 2002 are presented as follows:

	<b>2003</b>	<b>2002</b>
Bank deposits	71.201	3.027
Cash	465	250
Bank overdrafts	-	(680.163)
	<b>71.666</b>	<b>(676.886)</b>

**56. 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.

THE BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira  
President

Maria Maude Mendonça de Queiroz Pereira Lagos  
Member

Carlos Eduardo Coelho Alves  
Member

José Alfredo de Almeida Honório  
Member

Frederico José da Cunha de Mendonça e Meneses  
Member

Gonçalo Allen Serras Pereira  
Member

Francisco José de Melo e Castro Guedes  
Member

Paulo Jorge Barreto de Carvalho Ventura  
Member

Paulo Jorge Morais Costa  
The Accountant

Luís Manuel Pego Todo Bom  
Member



## **Statutory Audit Report** **(Free translation from the original presentation in Portuguese)**

### **Introduction**

1 As required by law, we present our Statutory Audit Report, including the regulatory Report of the External auditor in respect of the financial information included in the Annual Report of the Board of Directors and the accompanying financial statements of **SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.**, comprising the balance sheet as of December 31, 2003, (which shows total assets of €294,487 thousand and a total of shareholder's equity of €237,626 thousand, including a net income of € 40,073 thousand), the statements of income by nature and by functions and the cash flow statement for the year then ended, and the corresponding notes to the accounts.

### **Responsibilities**

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Annual Report of the Board of Directors and financial statements which present fairly, in all material respects, the financial position of the company, the result of its operations and cash flows; (ii) to prepare historical financial information in accordance with generally accepted accounting principles in Portugal that is complete, true, timeliness, clear, objective and licit, as required by the Securities Market Code ("Código dos Valores Mobiliários"); (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any relevant matters which have influenced the operations, financial position or results of the company.

3 Our responsibility is to verify the financial information included in the documents referred to above, namely if, it is complete, true, timeliness, clear, objective and licit, as required by the Securities Market Code ("Código dos Valores Mobiliários"), and to issue a professional and independent report based on our audit.

### **Scope**

4 We conducted our examination in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors, which require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our examination

**SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.**

included: (i) verification, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on judgments and criteria made by Management in the preparation of these financial statements; (ii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) evaluating the overall presentation of the financial statements; and (v) assessing whether the financial information is complete, true, timeliness, clear, objective and licit.

5 Our work also covered the verification of the consistency of the financial information included in the Annual Report of the Board of Directors with the remaining documents referred to above.

6 We believe that our examination provides a reasonable basis for our opinion.

**Opinion**

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of **SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.** as of December 31, 2003, the results of its operations and its cash flows for the year then ended, in conformity with the generally accepted accounting principles in Portugal, and the information included is complete, true, timeliness, clear, objective and licit.

**Emphasis**

8 Without modifying our opinion, expressed in paragraph 7 above, we draw your attention to the fact that financial statements as of December 31, 2002 have been audited by another audit firm, in respect of which an audit report was issued with an emphasis of matter, dated March 10, 2003. This matter of emphasis is not relevant for the purposes of the financial statements presentation as of December 31, 2003.

Lisbon, March 15, 2004

Belarmino Martins, Eugénio Ferreira & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda  
represented by:

---

Abdul Nasser Abdul Sattar, R.O.C.

To the shareholders of  
**SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.**

**Auditor's Report**  
(Free translation from the original presentation in Portuguese)

1 We have audited the accompanying balance sheet of **SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.** as of December 31, 2003, and the related income statements and cash flows and the related notes to the accounts for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with the generally accepted accounting principles in Portugal.

4 Without modifying our opinion, expressed in paragraph 3 above, we draw your attention to the fact that the financial statements as of December 31, 2002 have been audit by another audit firm, in respect of which an audit report dated March 10, 2003 was issued with an emphasis of matter paragraph. This matter of emphasis is not relevant for the purposes of the financial statements presentation as of December 31, 2003.

Lisbon, March 15, 2004

## EXCERPT FROM MINUTES OF THE MEETING ON THE APPROVAL OF THE ACCOUNTS AND ALLOCATION OF PROFITS

“On 16 April 2004, at 11 o'clock a.m., the General Meeting of Semapa – Sociedade de Investimento e Gestão, SGPS, SA, public limited company, was held at the company's registered offices at Av. das Forças Armadas, no. 125, 13º C [...]

[...]

As no one else wished to take the floor, the Chairman submitted to the vote the Management Report, the Balance Sheet and the Financial Statements for 2003, together with the Report and Opinion of the Audit Board, all of which were unanimously approved. The consolidated reports and financial statements for the same period were then put to the vote and also unanimously approved.

The meeting then moved on to the third item on the order of business, and the Chairman read out the proposal from the Board of Directors and the proposal from the shareholder Sodim, SGPS, S.A..

Eng. Carlos Vaz Pardal took the floor, on behalf of the shareholder Sonaca – Sociedade Nacional de Canalizações, S.A., who suggested that Sodim's proposal be voted on first. The Director, Dr. Paulo Ventura also took the floor to draw the meeting's attention to a small discrepancy of cents in the proposals presented by the shareholder, and proposed that it be rectified.

As no one else wished to take the floor, the Chairman accepted the suggestion made, and submitted to the vote the following proposal from the shareholder Sodim, corrected as stated above:

*“Considering that the Board of Directors of Semapa has presented in its management report a proposal for distribution of profits without allocating any sum for their own remuneration, and given that the company's performance calls for such remuneration, it is proposed that a part of the profits be allocated to remuneration of the Directors, to be distributed on the terms determined by the Remuneration Committee, the net profit of 40,072,775.06 € therefore being allocated as follows:*

<i>Dividend for shares in circulation</i>	<i>11,833,244.50€</i>
<i>Legal reserve</i>	<i>2,003,638.75€</i>
<i>Free reserve</i>	<i>24,235,891.81€</i>
<i>Remuneration for Directors</i>	<i>2,000,000.00 €'</i>

The proposal was put to the vote, and approved by the unanimous votes of all the shareholders present, the proposal from the Board of Directors therefore being set aside.

[...]"

## **FINAL NOTE**

In the annex on corporate governance, two errors detected in the version provided to shareholders prior to the general meeting have now been corrected. The list of offices held in other companies by the Director Eng. Frederico José da Cunha Mendonça e Meneses was missing, and is now included, and a correction has been made to the value of the remuneration of the members of the board of directors, the figure stated being 99,800 € short of the actual remuneration paid.