

***MANAGEMENT REPORT AND ACCOUNTS (CONSOLIDATED)
1ST HALF 2004***

Semapa – Sociedade de Investimento e Gestão, SGPS, SA. Sociedade Aberta

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S E M A P A

MANAGEMENT REPORT FOR THE FIRST HALF OF 2004

CONSOLIDATED FINANCIAL STATEMENTS

1. OVERVIEW

In the first half of 2004, the company sold to the CRH Group 45.1% of the share capital of SECIL – Companhia Geral de Cal e Cimento SA, and 49% of the respective voting rights. This operation brought in a total of 333 million Euros, although this figure is still subject to adjustment.

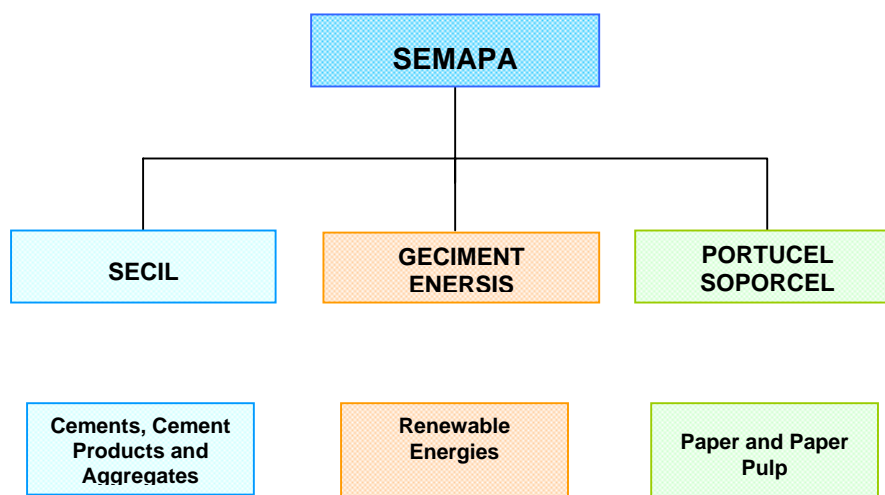
The SEMAPA Group also disposed of its entire holding in CIMPOR – Cimentos de Portugal SGPS, SA, representing approximately 9% in the respective share capital, for a value of 251 million Euros.

Prior to the disposal of the holding in SECIL, the SEMAPA Group underwent a process of corporate restructuring, whereby the Enersis Group, representing interests in the renewable energy sector, was removed from direct ownership by CMP, SA, a company in the cement area, and was transferred to a company 89.92% owned by SEMAPA, concentrating the renewable energy holdings of the entire former ENERSIS Group. As a result of these changes, the ENERSIS Group is now headed by GECIMENT SGPS, SA, which directly and indirectly holds all the interests in the renewable energy sector previously held by ENERSIS.

In pursuit of the strategic goal of growth and diversification of Group business areas, combined with diversification of business risk, SEMAPA, acting through a subsidiary it controls, in February submitted a bid for the purchase of a block of 230,250,000 shares representing 30% of the share capital of PORTUCEL – Empresa Produtora de Papel e Pasta de Papel, SA, in the public tendering procedure organized for phase 2 of privatization of the company. **SEMAPA** learned in April of the decision of the Council of Ministers accepting its bid. This operation involved investment of 334 million Euros, and the respective payment was made in June.

In brief terms, the **SEMAPA** Group now carries on its operational activities in three Business Areas:

- Cements, Cement Products and Aggregates;
- Renewable Energy;
- Paper and Paper Pulp.



The Enersis Group, which operates mini-hydro plants and wind farms, was excluded from the consolidated accounts in 2003. This continued to be the case in the first half of 2004, and the respective investment was valued by the equity method.

However, the Group was extended with the acquisition of a 30% holding in Portucel at the end of the half, and this investment is also valued in the accounts by the equity method.

In the 1st half of 2004, Semapa recorded total consolidated Sales and Services Rendered of 220 million Euros, representing an increase of 3% over the 1st half of 2003.

Consolidated Net Profits for the period stood at 154.6 million Euros. An especially important contribution to this result was made by the capital gains recorded on the disposal of holdings in Secil (139.2 million Euros), Cimpor (39.4 million Euros) and Banco Espírito Santo (1 million Euros).

Cements, Cement Products and Aggregates

Operating performance in the Cements Area improved slightly, due essentially to improvements in cement business in Portugal and Tunisia.

Major investment projects continued in the cement sector, and are approaching completion: in Portugal these have focussed on environmental questions, whilst in Tunisia they have concentrated on increasing production capacity.

Renewable Energy

In the Renewable Energy area, operations in the first half were hampered by hydraulic flows which were much lower than expected, which had a direct impact on the power generated. With the same production capacity as in 2003, the hydro sector produced only 124 GWh, as compared with 186 GWh in the same period in the previous year. Total power generation, including wind farms, stood at 201 GWh for the half, as compared with 212.1 GWh in the first half of 2003.

In the first half projects were adjudicated on a scale unprecedented in the history of the Group. Taking into account the acquisition, on 29 April, of the assets of RES Portugal, total power capacity under construction stood at 280 MW for wind power and 22 MW for hydro plants, representing total investment of approximately 300 million Euros.

Paper and Paper Pulp

As already mentioned, the acquisition of a holding in the Portucel/Soporcel Group is a recent development.

In the paper and paper pulp sector, the first half of 2004 was characterized by continuation of the economic recovery at global level which started in the second half of the previous year.

Demand for paper pulps was somewhat livelier in the first half of the year, leading to a moderate adjustment in prices expressed in USD, although this was partially offset by the Euro/USD exchange rate. The long fibres market continued strongest over the course of the period, resulting in a differential of more than 100 USD/ton in relation to prices for eucalyptus pulp.

With pulp sales standing at 342 thousand tons in the period in question (up 18% on the same period in the previous year), the average sale price fell to 8% lower than in the first half of 2003.

In the paper products market, Western European producers increased their total sales in the fine uncoated papers segment by approximately 110,000 tons (3%), and at the same time reduced their exposure to sales in USD by more than 16%.

The substitution of exports by Scandinavian producers combined with an increase in imports in Europe led to a significant qualitative deterioration of the product mix and average sale prices, despite a quantitative improvement in demand.

The prices of papers marketed by the Portucel/Soporcel Group remained somewhat lower than in the previous year, in keeping with the market conditions. The Group's average sale price fell by approximately 11%, in line with the fall in the PIX (Price Index).

The weakness of the economic recovery in Europe, with the consequent effects on demand for paper and pulp products, were the main reasons for the reduction in business in this area.

2. PRINCIPAL DEVELOPMENTS AND RELEVANT FACTS

February

Semapa, acting through Seinpart – Participações SGPS, SA, submitted a bid for purchase of a block of 230,250,000 shares, representing 30% of the share capital in Portucel – Empresa Produtora de Pasta e Papel, SA, in the tendering procedure for the second phase of privatization of this company.

March

Secil incorporated Secil Algérie, S.p.a., based in Algiers, Algeria, with share capital of 1 million Algerian dinars, with a view to future investment in the country.

Semapa agreed to sell to the company Beton Catalan, SL, a CRH Group company, a block of 23,880,414 shares, representing 45.126% of the share capital of Secil – Companhia Geral de Cal e Cimento, S.A. and 49% of the voting rights.

April

Enersis, acting through its subsidiary ECH – Empresa de Centrais Hidroeléctricas, S.A., reached agreement on the acquisition of a wind park in Aljezur from the company Euroventos – Projectos Energéticos e Ecológicos, S.A..

Semapa, again acting through its subsidiaries, disposed of its entire holding in Cimpor – Cimentos de Portugal, SGPS, S.A., representing approximately 9% of the company's share capital.

Secil, acting through a subsidiary, subscribed and paid up 51% of the initial share capital of Sobioen – Soluções de Bioenergia, S.A..

Secil Betões e Inertes, SGPS, S.A. disposed of its 50% holding in Vermofeira – Extracção e Comércio de Areias, Lda..

Semapa learned of the decision of the Council of Ministers to accept its bid, submitted via its subsidiary Seinpart – Participações, SGPS, S.A., in the tendering procedure for privatization of a 30% holding in the share capital of Portucel – Empresa Produtora de Pasta de Papel, S.A..

Also in April, **Semapa**, acting through its subsidiary ECH – Empresa de Centrais Hidroeléctricas, S.A., acquired through a company jointly owned with Caixa – Banco de Investimento, S.A., the interests of Renewable Energy Systems, Limited (RES) in Portugal, in Parque de Pampilhosa da Serra – Energia Eólica, S.A., Parque Eólico de Malhadas Góis, S.A. and Parque Eólico de Leomil, S.A.

May

The Standing Committee of the Council of Ministers of Angola approved a memorandum of understanding providing for privatization of 51% of the share capital of the Angolan cement

company ENCIME, to be attributed to Secil, in order to overcome the dispute deriving from the nationalization of assets owned by Secil when the country became independent.

In May the **Semapa** Group completed the process of reorganizing the chain of interests in Enersis, SGPS, S.A., grouping together its holding in the renewable energy sector, thereby creating a separate business area for this sector.

Semapa took over directly the 25% holding in the share capital of Becim – Corretores de Seguros, Lda, previously held by Secil.

June

Secil, acting through its subsidiary Secil Martingança, S.A., reached agreement on the acquisition of 70% of the companies IRP – Indústria de Rebocos de Portugal, Lda and Lusocil – Sociedade Portuguesa de Cimento Cola, Lda, which manufacture dry mortars, plasters and cement glue.

Also in June, **Semapa** formally transferred a block of 23,880,414 shares in Secil to the CRH, PLC Group.

Subsequent Developments

On 5 July, **Semapa** was informed of the understanding of the Securities Market Board, with which it disagrees, to the effect that no less than 55% of the voting rights in Portucel – Empresa Produtora de Pasta de Papel may be imputed to it, as a result of considering the voting rights attached to the shares held by Sonae Wood Products B.V., under contracts established with financial institutions.

On 6 July 2004, Semapa Investments B.V. published its preliminary notice of the launch of a takeover bid for shares issued by Portucel – Empresa Produtora de Pasta de Papel, S.A., at a price of 1.55 Euros per share; the offeror company – Semapa Investments B.V. – is wholly owned by **Semapa SGPS**.

On 16 August 2004, Semapa Investments B.V. published the definitive notice of the launch of an offer to buy shares in Portucel, which operation terminates on 28 September 2004.

3. Consolidated Economic and Financial Results

Leading Economic and Financial Indicators

	2001	2002	2003	1st Half 03	1st Half 04	Var.
Turnover	500.604	491.061	417.821	213.595	220.163	3,07%
EBITDA	162.449	168.149	119.675	59.727	59.156	-0,96%
Depreciation and Provisions	54.098	54.997	62.276	29.017	28.024	-3,42%
Depreciation of Goodwill	8.089	11.604	17.326	8.349	8.434	1,02%
EBIT	100.262	101.548	40.760	22.361	22.698	1,51%
Financial Results	-10.197	-22.353	-2.827	4.862	-8.095	-266,50%
Current Results	90.066	79.195	37.933	27.223	14.603	-46,36%
Extraordinary Results	-1.801	2.467	22.889	7.345	185.408	2424,28%
Pre-tax Profits	88.265	81.662	60.822	34.568	200.011	478,60%
Taxes	4.314	21.150	20.490	13.798	44.002	218,90%
Minority Interests	39.805	29.675	259	89	1.356	1423,60%
Net Profits	44.146	30.837	40.073	20.681	154.653	647,80%
Cash Flow	106.333	97.438	119.675	58.047	191.111	229,23%
Total Net Assets	1.003.048	1.068.460	1.225.485	1.146.758	1.336.470	16,54%
Shareholders' Funds	211.054	224.514	237.626	227.188	378.606	66,65%
Net Borrowing	230.472	162.272	461.127	484.419	430.189	-11,19%
EBITDA margin	32%	34%	29%	28%	27%	

The SEMAPA Group recorded consolidated Sales and Services Rendered of 220 million Euros, which represents an increase of 3% over the 1st half of 2003.

Operating Results stood at 22.7 million Euros, up 1.5% on the same period in the previous year.

The evolution of consolidated Financial Results was due to the non-receipt in this period of dividends from Cimpor, the charges relating to the new financing required for investment and the drop in Net Profits in certain subsidiaries during the period.

Consolidated Extraordinary Results were positive, at 185.4 million Euros. A significant contribution to this was made by the gains obtained on the disposal of holdings in Secil (139.1 million Euros) and Cimpor (39.4 million Euros).

Semapa close the 1st half with consolidated Net Profits, after Minority Interests, of 154,652,767 Euros.

At the close of the first half, the Group's net borrowing stood at 430.2 million Euros, as compared with 484.4 million Euros in the same period in the previous year. The disinvestments referred to above therefore helped to reduce net borrowing, despite the investment effected in the operation for the privatization of Portucel.

4. BUSINESS AREAS

4.1 Cements, Cement Products and Agglomerates

4.1.1. Overview

Secil Group sales stood at 220 million euros, up 3% over the 1st half of 2003.

Net profits stood at 49.1 million euros, 76% up on the profits recorded in the 1st half of 2003.

These results were positively influenced by the capital gain realized on disposal of shares held by the **Group** in Cimpor, with a value of 24 million euros, after tax.

Operating performance also improved slightly, thanks essentially to improvements recorded in the cement business in Portugal and Tunisia. EBITDA was up by 6.6% over the 1st half of 2003, and EBIT up by 9.3%.

Major investments went ahead, and are currently approaching completion, in the cement sector: in Portugal these relate in particular to environmental matters, whilst in Tunisia the investments are designed to increase production capacity and to convert the fuel system to petcoke.

Leading Production Indicators

		2001	2002	2003	1st Half 03	1st Half 04	%
Annual Cement Production Capacity	1 000 t	5 006	5 281	5 631	5 381	5 631	4,6%
Sales							
Grey cement	1 000 t	4 894	4 764	4 189	2 125	2 385	12,3
White cement	1 000 t	107	96	82	44	39	-12,5
Artificial lime	1 000 t	78	84	85	41	40	-2,4
Clinker	1 000 t	14	55	208	102	187	83,7
Ready-mixed concrete	1 000 m ³	2 602	2 534	2 230	1 118	1 232	10,2
Aggregates	1 000 t	3 615	3 586	2 779	1 348	1 591	18,0
Pre-cast concrete	1 000 t	410	368	324	161	165	2,7
Hydraulic lime	1 000 t	64	64	50	28	25	-10,7
Cement glue	1 000 t	10	10	12	5	7	40,0
Mortars	1 000 t	96	132	161	77	76	-1,3
Personnel (1)		2 141	2 084	1 994	2 030	1 936	-4,6

(1) Average workforce of the companies included in the consolidated accounts.

Leading Economic and Financial Indicators (1 000 Eur)

	2001	2002	2003	1st Half 03	1st Half 04	%
Sales	500 604	491 061	417 459	213 595	220 163	3,1
EBITDA	164 813	172 153	123 122	61 495	62 500	1,6
Depreciation and provisions	53 996	54 910	62 181	28 974	27 435	-5,3
Depreciation – Goodwill	8 089	11 604	12 434	5 915	5 976	1,0
EBIT	102 728	105 638	48 508	26 606	29 088	9,3
Financial profits	-8 959	-22 232	4 625	7 914	-3 249	-141,1
Current profits	93 769	83 406	53 132	34 521	25 839	-25,1
Extraordinary profits	-1 801	2 463	25 701	7 142	44 444	522,1
Pre-tax profits	91 969	85 869	78 834	41 662	70 284	68,7
Taxes	3 871	20 596	22 545	13 684	21 103	54,2
Minority interests	889	990	259	87	93	6,9
Net results	87 209	64 283	56 030	27 892	49 087	76,0
Cash flow	149 249	130 797	130 645	62 781	82 498	31,4
Total assets	1 002 655	1 045 006	1 135 123	1 054 947	816 101	-22,6
Shareholders' funds	424 043	452 642	460 882	441 520	396 738	-16,3
Net borrowing	206 265	162 165	184 997	170 573	200 147	-17,3
EBITDA Margin	33%	35%	29%	28%	29%	
Capex	28 274	44 378	51 472	23 597	21 255	-9,9
Net Investment	35 352	67 769	51 312	25 481	3 691	-85,5
Net borrowing / EBITDA	1,25	0,94	1,50	1,18 ⁽²⁾	1,61 ⁽²⁾	

4.1.2 Portugal

4.1.2.1 Cement

Cement and clinker sales totalled 125.5 million euros in the first half, corresponding to 2,017,000 t. This represents an increase over the same period in the previous year of 7% in value and 15% in quantity.

Sales on the domestic market grew by 8%, and exports also recorded significant growth, rising to 304,000 t (84% up on the 1st half of 2003).

Cement and Clinker Sales (1000 Eur)

	2001	2002	2003	1st Half 03	1st Half 04
Domestic market	284 114	275 097	220 320	113 066	116 574
External market	4 317	5 124	8 708	4 408	8 975
Total	288 431	280 221	229 028	117 471	125 549
Variation %	4.6%	-2.8%	- 18,3%		6,9%

Cement and Clinker Sales (1000 t)

	2001	2002	2003	1st Half 03	1st Half 04
Domestic market	4 035	3 814	3 145	1 587	1 713
External market	59	99	326	165	304
Total	4 094	3 913	3 472	1 752	2 017
Variation %	2.1%	-4.4%	-11,3%		15,1%

Total cement output in the first half stood at 1,822,000 t, up by 10% on the figure for the 1st half of 2003.

Cement Output (1000t)

	2001	2002	2003	1st Half 03	1st Half 04
Grey cement	3 766	3 739	3 202	1 607	1 783
White cement	105	97	82	44	39
Total	3 871	3 837	3 283	1 651	1 822
Variation %	-3,2%	-0,9%	-14,4%		10,4%

Major investment went ahead at the three plants, with especially important investment currently underway in environmental features at the **Secil-Outão** plant.

As stated in the **Overview**, there was a slight improvement in performance in the cement business, which may be observed in the following indicators:

Financial Indicators (1000 Eur)

	2001	2002	2003	1st Half 03	1st Half 04	%
Sales	301 342	294 257	240 658	123 258	132 477	7,5
EBITDA	134 639	137 526	102 752	51 808	52 153	0,7

4.1.2.2 Ready-Mixed and Aggregates

The following table contains indicators for companies operating in the ready-mixed sector:

Ready-Mixed

		2001	2002	2003	1st Half 03	1st Half 04	%
Concrete plants		38	44	41	42	43	2,4
Sales	1 000 m ³	2 533	2 454	2 145	1 077	1 190	10,5
Sales	1 000 Eur	146 149	141 609	118 436	60 812	60 493	-0,5
EBITDA	1 000 Eur	17 168	13 596	8 521	3 978	3 468	-12,8
EBIT	1 000 Eur	11 835	8 084	3 808	1 032	1 489	44,3
Net profits	1 000 Eur	8 388	5 824	4 132	1 123	834	-25,7
Cash flow	1 000 Eur	13 721	11 336	8 845	4 069	2 814	-30,8

Aggregate data for companies operating in the aggregates sector:

Aggregates

		2001	2002	2003	1st Half 03	1st Half 04	%
Crushing plants		6	6	6	6	6	0,0
Sales	1 000 t	3 615	3 586	2 779	1 348	1 591	18,0
Sales	1 000 Eur	20 685	21 443	16 492	6 360	6 852	7,7
EBITDA	1 000 Eur	9 888	8 528	4 913	2 377	2 729	14,8
EBIT	1 000 Eur	6 863	5 568	2 337	1 139	1 175	3,2
Net profits	1 000 Eur	4 523	4 116	1 699	760	715	-5,9
Cash flow	1 000 Eur	7 548	7 075	4 275	1 998	2 269	13,6

4.1.2.3 Pre-Cast Concrete

The following table presents aggregate data for companies operating in the pre-cast concrete sector (**Argibetão** and **Secil-Prebetão**):

		2001	2002	2003	1st Half 03	1st Half 04	%
Plants		9	9	9	9	9	0,0
Sales	1 000 t	392	353	305	153	155	9,3
Sales	1 000 Eur	24 316	22 524	20 307	8 607	9 002	4,6
EBITDA	1 000 Eur	3 028	2 409	183	202	690	241,6
EBIT	1 000 Eur	859	-111	-2 096	-1 001	-306	69,4
Net profits	1 000 Eur	2 015	37	-1 852	-948	-326	65,6
Cash flow	1 000 Eur	4 184	2 557	427	254	669	163,4

4.1.2.4 Binders and Mortars

Figures for **Secil Martingança**, the company operating in this sector, are presented in this table:

		2001	2002	2003	1st Half 03	1st Half 04	%
Plants		2	2	2	2	2	0,0
Sales of hydraulic lime	1 000 t	64	64	50	28	25	-10,7
Sales of mortars	1 000 t	96	132	161	77	76	-1,3
Cement glue	1 000 t	10	10	12	5	7	40,0
Sales	1 000 Eur	9 285	10 105	9 728	4 898	4 706	-3,9
EBITDA	1 000 Eur	1 903	2 377	1 598	798	816	2,3
EBIT	1 000 Eur	670	1 104	256	145	141	-2,8
Net profits	1 000 Eur	199	705	96	64	71	10,9
Cash flow	1 000 Eur	1 432	1 979	1 438	717	746	4,0

4.1.2.5 Other Business

The following net profits were obtained in other companies with relevant operations where Secil is a direct shareholder:

Net Profits (1000 Eur)

	1st Half 03	1st Half 04	%
Betão Liz	1 819	1 455	-20
Cimento Madeira	1 439	2 480	72
Cimentaçor	1 362	1 807	33
Ciminpart	-27	-924	-3344
Condind	2	18	643
Ecoresíduos	26	246	850
Florimar	287	404	41
Tercim	-25	-102	-301
Parcim Investments	12 965	25 287	95

4.1.3 Tunisia

4.1.3.1 Cement

Société des Ciments de Gabès recorded sales of cement, artificial lime and clinker of 21.6 million euros, corresponding to 602,000 t and representing an increase over the same period in the previous year of 10% in value and 12% in quantity.

Sales (1000 Eur)

	2001	2002	2003	1st Half 03	1st Half 04
Domestic market	37 158	40 161	38 506	19 589	20 548
External market	0	0	53	10	1 013
Total	37 158	40 161	38 559	19 599	21 561
Variation %	0,6%	8,1%	-4,0%		10,0%

Sales (1000 t)

	2001	2002	2003	1st Half 03	1st Half 04
Domestic market	990	1 060	1 048	538	566
External market	0	0	1	0	36
Total	990	1 060	1 049	539	602
Variation %	-2.2%	7.1%	-1,1%	-48,6%	11,7%

Output of cement and artificial lime totalled 586,000 t.

Output (1000 t)

	2001	2002	2003	1st Half 03	1st Half 04
Cement	904	980	961	499	547
Artificial lime	80	84	85	40	39
Total	983	1 064	1 046	539	586
Variation %	-3.9%	8.2%	1.7%	-48,5%	8,7%

Investment has centred on two projects: firstly to increase the plant's production capacity for cement and clinker (complete except for some minor complementary work) and secondly on facilities at the Port of Gabès.

The company recorded stronger performance than in the first half of 2003, as reflected in the following indicators:

Financial Indicators (1000 Eur)

	2001	2002	2003	1st Half 03	1st Half 04	%
Sales	43 099	46 598	44 122	20 739	23 186	11,8
EBITDA	4 282	7 414	2 809	2 440	4 903	101,0
EBIT	603	2 564	-383	-1	2 369	
Net Results	1 085	2 443	-151	-137	1 088	894,1
Cash flow	4 763	7 293	3 040	2 304	3 622	57,2

4.1.3.2 Ready-Mixed and Pre-Cast Concrete

Figures for **Sudbeton**, the company operating in this sector, are contained in the following table:

		2001	2002	2003	1st Half 03	1st Half 04	%
Concrete plants		2	2	2	2	2	0,0
Concrete sales	1 000 m ³	69	80	85	41	41	0,2
Precasting lines		2	2	2	2	2	0,0
Pre-cast sales	1 000 t	18	15	19	8	10	30,1
Sales	1 000 Eur	3 795	4 024	4 057	2 007	1 851	-7,8
EBITDA	1 000 Eur	522	654	516	294	162	-45,0
EBIT	1 000 Eur	332	413	169	165	19	-88,5
Net Results	1 000 Eur	172	278	116	98	45	-54,3
Cash flow	1 000 Eur	362	518	463	228	187	-17,8

The **Zarzis Béton** pre-cast plant, located in Zarzis, started up in June.

4.1.4 Angola

4.1.4.1 Cement

Tecnosecil recorded sales of approximately 31,000 t in the 1st half of the year. Despite the difficulties encountered in the company's operations, it was possible to obtain positive performance, albeit down on that recorded in the 1st half of 2003.

		2001	2002	2003	1st Half 03	1st Half 04	%
Plants	1 000 t	1	1	1	1	1	0,0
Sales	1 000 t	9	26	43	20	31	56,3
Sales	1 000 Eur	1 340	3 861	5 485	2 685	3 453	28,6
EBITDA	1 000 Eur	-16	910	1 771	1 011	647	-36,0
EBIT	1 000 Eur	-850	-302	503	415	6	-98,5
Net Results	1 000 Eur	-884	-310	-618	167	33	-80,3
Cash flow	1 000 Eur	-49	902	650	763	674	-11,7

Note that this company is not included in the consolidated accounts.

4.1.5 Lebanon

4.1.5.1 Cement

In the first half of 2004, **Ciment de Sibline** recorded strong performance, as reflected in the indicators in the following table:

		2001	2002	2003	1st Half 03	1st Half 04	%
Plants		1	1	1	1	1	0,0
Sales	1 000 t	551	500	576	207	493	138,2
Sales	1 000 Eur	34 995	33 575	33 002	9 483	20 877	120,2
EBITDA	1 000 Eur	14 265	14 076	8 668	1 214	5 640	364,6
EBIT	1 000 Eur	6 868	5 980	1 735	-2 321	2 504	207,9
Net Results	1 000 Eur	-3 066	-1 024	-1 909	-4 086	918	122,5
Cash flow	1 000 Eur	4 332	7 072	5 024	-552	4 055	834,6

Note that the Group has a holding of only 21.2%.

4.1.6 Cape Verde

4.1.6.1 Aggregates

ICV – Inertes de Cabo Verde, in which the Group has a 37.5% interest, recorded a profit in the region of 129,000 euros, reflecting positive performance, albeit slightly down on the first half of 2003.

4.2 Renewable Energy

4.2.1 Corporate Changes

As a result of corporate reorganization of the **Semapa** Group in the 1st half of 2004, the Enersis Group is no longer held directly by CMP, SA, a company in the cement sector, and is now held by a company in which **Semapa** has an interest of 89.92%. As a result of this alteration, which took place in May, the Enersis Group is now headed by Geciment SGPS, SA, which directly and indirectly holds all the **Semapa** Group's interests in the renewable energy sector.

4.2.2 Operations

Hydraulic flows were much lower than expected in the first half, which had a direct impact on power generation. With the same capacity as in 2003, the hydro sector generated only 124 GWh, as compared with 186 in 2003.

The major operating indicators:

	<i>June 2003</i>	<i>June 2004</i>
Accrued output in GWh	212,1	201,0
Hydro capacity in MW	78,6	78,6
Wind farm capacity in MW	63,1	82,0
Sales of electricity in '000 €	20.565	17.427
Operating cash flow in '000 €	16.926	20.208
Total borrowing at close of half	(127.721)	(240.435)

4.2.3. Investment

In the first half projects were adjudicated on a scale unprecedented in the history of the Group. Taking into account the acquisition, on 29 April, of the assets of RES Portugal, total power capacity under construction stood at 280 MW for wind power and 22 MW for hydro plants, representing total investment of approximately 300 million Euros.

4.2.4. Forthcoming Developments

The Group is set to concentrate its efforts on concluding the projects currently underway and on launching new areas of expansion, namely in new forms of renewable energy in the domestic market, and in other geographical markets for existing forms.

4.3 Paper and Paper Pulp

4.3.1. Operating Indicators

	1st Half 2004	1st Half 2003	Variation
Sales ('000 tons)			
Pulp	342	290	18%
Paper	477	455	5%
Sales price (base 100=2003)			
Pulp	92	100	-8%
Paper	89	100	-11%
		(Units in thousand Euros)	
Sales	501.744	516.461	-3%
EBITDA	106.887	144.166	-26%
EBITDA margin	21%	28%	
Operating results	38.548	70.017	-45%
Net profits (*)	19.159	31.718	-40%
Operating cash flow	87.791	106.594	-18%
Net borrowing	998.558	985.399	1%

(*) After deducting minority interests

4.3.2. Mercado e Comercialização

In the first half of 2004, the Portucel Soporcel Group achieved its best ever first half in terms of sales, which stood at 477,000 tons of paper, approximately 22,000 tons more than sales in the same period in 2003 (+4.7%). At the same time it was possible to achieve the following results

- continuation of gradual and significant improvement in the product mix, reflected in growth of 2 percentage points, to 82%, in the proportion of paper sold representing by products in sheets. This was due principally to growth of 12% in sales of office stationary;
- sales of premium products were up 5% on the same period in 2003;
- the Group's strategic markets represent 95% of turnover, 2 percentage points up on the previous year;
- growth of 24% in sales of manufacturer brands (in sheets). In particular, the Navigator and Soporset brands grew by 66% and 47% respectively.

The prices of papers marketed by the Portucel/Soporcel Group remained somewhat lower than in the previous year, in keeping with the market conditions. The Group's average sale price fell by approximately 11%, in line with the fall in the PIX (Price Index).

4.3.3. Industrial Operations and Investment

Output of pulp and paper at the plants of the Portucel Soporcel Group stood at 615 and 487 thousand tons for the first half of 2004, significantly in excess of the quantities produced in the same period in 2003 and corresponding to increases of 44 and 28 thousand tons respectively.

In the field of industrial investment, the Group implemented in general the projects planned for the period.

4.3.4 Forestry Operations and Timber Supplies

In the first half of 2004, the Group's forestry operations, except for work on fertilization of plantations, fell significantly short of expectations. In relation to planting work, the delay was due fundamentally to difficulties felt in conjugating the operating plan with the programme for the supply of cloned plants.

In terms of forestry operations, in view of the enormous impact of forest fires on the Group's supply programme, and the difficulties of processing the timber within the period initially planned, it was necessary to adjust the programme downwards by approximately 65 thousand m³.

In the period in question, in comparison with the same period in 2003, total purchases of timber were up by 9%, standing at around 2,100 thousand m³. The market timber component increased by 18%, as a means of offsetting the reduction in the Group's own supplies (-10%), restricting, as planned, the use of imported timber (-47%).

Finally, timber deliveries have been sourced from the network of logistical parks, with a major increase over the same period in the previous year. Approximately 140 thousand m³ of timber was transported by rail from these parks to the plants in Setúbal and Figueira da Foz.

4.3.5. Economic and Financial Results

The weakness of the economic recovery in Europe, and the evolution of the Euro/USD exchange rate with the consequent effects on the prices of paper products and pulps were the main reasons for the reduction in the Group's turnover.

EBITDA stood at 107 million Euros, as a result of the reduction in turnover, down 37 million Euros, or approximately 26% over the same period in 2003, causing the EBITDA margin to come down by approximately 7%.

Net profits stood at 19 million Euros, approximately 13 million Euros down on the 1st half result in 2003. As a result of this, operating cash flow stood at 88 million Euros, as compared with 107 million Euros in the same period in the previous year.

The Portucel Soporcel Group's net borrowing stood at approximately 999 million Euros at the end of the 1st half of 2004, up by approximately 13 million Euros over the same period in 2003.

In the equity markets, Portucel shares ended the half up by an accrued total of 5.7%.

5. HUMAN RESOURCES

The **Semapa Group's** human resources policy continues to be guided by the need to proceed further with the personal and professional development of its employees, in order to reinforce the competitive position of the Group's companies.

The total workforce of **Semapa** and the companies included in the consolidated accounts by the full consolidation method fell from 2043 in June 2003 to 1946 in June 2004, due essentially to redundancies in the following business areas: Portugal – cement, Portugal – concrete, aggregates, Portugal – pre-cast concrete and Tunisia – cement.

6. FINANCIAL

6.1 Alterations to Holdings

As duly disclosed at the time, **Semapa** reached agreement in March to sell to Beton Catalan, SL, a CRH Group company, a block of 23,880,414 shares representing 45.126% of the share capital of SECIL – Companhia Geral de Cal e Cimento, S.A., and 49% of the respective voting rights,, which operation was concluded in June, with the receipt of 333 million Euros from Beton Catalan, SL.

In April, the **Semapa** Group disposed of its entire holding in Cimpor – Cimentos de Portugal, SGPS, SA, representing approximately 9% of the share capital for an overall price of 251 million Euros. Also in April, Secil Betões e Inertes, SGPS, SA disposed of its 50% holding in Vermofeira – Extracção e Comércio de Areias, Lda., for approximately 50,000 Euros.

Acting through its subsidiary ECH – Empresa de Centrais Hidroeléctricas, S.A., **Semapa** acquired through a company jointly owned with Caixa – Banco de Investimento, S.A., the interests of Renewable Energy Systems, Limited (RES) in Portugal, in Parque de Pampilhosa da Serra – Energia Eólica, S.A., Parque Eólico de Malhadas Góis, S.A. and Parque Eólico de Leomil, S.A

Also in May, **Semapa** took over directly the 25% holding in the share capital of Becim – Corretores de Seguros, Lda, previously held by Secil. In May the **Semapa** Group completed the process of reorganizing the chain of interests in Enersis, SGPS, S.A., grouping together its holding in the renewable energy sector, thereby creating a separate business area for this sector.

In June, **Semapa**, acting through its subsidiary Secil Martingança, S.A., reached agreement for the acquisition of 70% of the companies IRP – Indústrias de Rebocos de Portugal, LDA., and Lusocil – Sociedade Portuguesa de Cimento Cola, Lda., which manufacture dry mortars.

6.2. Financing

The General Meeting of Bondholders held in March made changes to the conditions of the **Obrigações SEMAPA 98** bond issue, by eliminating the call option, restricting the put option to the maturity date of the 12th coupon (9 March 2004) and altering the interest rate.

Also in March the company redeemed 149,639,459 bonds of the **Semapa 98** issue, for a value of 6 million Euros, thereby reducing the issue to a total of 2,244,590,447 bonds, with a nominal value of 17.9 million Euros.

During the same month, the company paid off in full a loan of 248,5 million Euros.

In May **Semapa** (78 million Euros) and Cimentospar (62 million Euros) received dividends from Secil with a value of 140 million Euros, of which 115 million was paid out of the free reserves and 25 million from the profits for the financial year of 2003.

In June, **Semapa**, acting through its subsidiary Seinpart – Participações, SGPS, S.A. paid the price for acquisition of a block of 230,250,000 shares in Portucel – Empresa Produtora de Pasta de Papel, S.A.. This operation represents total investment of 334 million Euros, and has been financed through a loan maturing in seven years.

As at 30 June 2004, the Group's total borrowing stood at 430 million Euros, as against 484 million Euros in the same period of the previous year. The alteration in the level of indebtedness resulted from the disinvestment and investment operations described above, and especially the disposal of minority holdings in Cimpor and SECIL and the acquisition of a holding in Portucel.

Inflation in the Euro Zone has remained low – 2.3% - which has allowed the central bank to maintain the interest rates at a similarly low level. The short term Euribor rates held steady at slightly above 2%. In view of the general economic situation, as reflected in the low level of interest rates, the company's entire borrowing is expressed on a floating rate basis.

It should be noted that bank finance is stated in Euros, except for loans taken out in Tunisia, which are expressed in local currency.

6.3 Risk Management

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

Client Portfolio Credit Risk

The company has for some time contracted credit insurance policies for the Cement, Ready-Mixed Concrete and Aggregates and Pre-Cast business sectors, with coverage tailored to the risk involved in each of these areas of business.

The renegotiation of this policy in 2003 led to an increase in premiums due to a higher claims rates, especially in concrete and pre-cast business, due to the unfavourable economic situation, and also to the upward trend in premiums in the insurance industry as a whole.

Property Risks, Civil Liability and Accidents and Health

Insurance in these areas has also been the subject of renewed negotiations for the financial year of 2004, for the Cement, Ready-Mixed Concrete and Aggregates and Pre-Cast business sectors where, due to difficulties imposed by the reinsurance and insurance market, there was also an increase in premiums, especially in the area of property insurance.

In relation to the power generation companies belonging to the Enersis Group, policies for property liability were renewed on 1 July 2004, when the respective annuities fell due. The premium rate was increased, due to the increase in rates in the insurance industry and also because of an increase in the claims rate in this group of companies.

6.4 Dividends

In the 1st half, **Semapa** paid its shareholders dividends relating to profits recorded in 2003 of 11,833,244.50 Euros, corresponding to a dividend of 0.10 Euros per share in circulation, a figure consistent with the company's policy.

6.5 Net Profit for the Half

Net profits for the first half, after Minority Interests, stood at 154,652,767 Euros. As stated above, this result was strongly influenced by the gains realized on the disposal of holdings.

Lisbon, 31 August 2004

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

**Disclosures required by sub-paras. b) and d) of para. 1 of article 9
of Securities Market Commission Regulations no. 04/2004**

1. Securities issued by the company, controlled or controlling companies or Group companies by company officers: José Alfredo de Almeida Honório – 20,000 shares in Semapa; Frederico José da Cunha Mendonça e Meneses – 8,000 shares in Semapa.

2. Acquisition, encumbrance or transfer of securities issued by the company, controlled or controlling companies or Group companies by company officers: Carlos Eduardo Coelho Alves sold 761 shares in Enersis – Sociedade Gestora de Participações Sociais, S.A., on 17-5-2004, at a price of 14.9147€/per share.

3. Qualifying holdings calculated under the terms of article 20 of the Securities Market Code:

Shareholder	No. shares	% voting rights	% non-suspended voting rights
A - 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%
Total:	63.127.935	53,35%	54,61%
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%
Total:	6.031.647	5,10%	5,22%
C - Cimpor Portugal, SGPS, S.A.	23.695.611	20,02%	20,50%
D - AF Investimentos - Fundos Mobiliários, S.A.	2.468.900	2,09%	2,14%

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

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

(Amounts stated in Euros)

ASSETS		Notes	June 2004		December 2003		EQUITY, MINORITY INTERESTS AND LIABILITIES		Notes	June 2004	December 2003		
			Gross	Depreciation/ provisions	Net	Net							
FIXED ASSETS:													
Intangible assets:													
Incorporation expenses	27		3.733.379	(2.946.079)	787.300	952.763	Share capital	50 and 51		118.332.445	118.332.445	106C	(57.397.588)
Research and development expense	27		1.339.309	(1.283.333)	55.976	103.850	Treasury stock - nominal value	50 and 51		(2.727.975)	(2.727.975)	106G	(17.257.521)
Industrial property and other rights	27		87.631.010	(8.338.179)	79.292.831	80.183.578	Treasury stock - discounts and premiums	51		(7.671.437)	(7.671.437)		6.095.086
Goodwill	27		392.254	(30.723)	361.531	362.728	Treasury stock - discounts and premiums	51		3.923.459	3.923.459		
Consolidation differences	10 and 27		366.187.083	(132.904.717)	233.282.366	230.084.173	Accumulated exchange adjustments	51		(7.353.129)	(11.707.344)	106R	(19.861.920)
Intangible assets in progress	27		92.824	#REF!	92.824	45.645	Revaluation reserves	51 and 52		9.858.595	8.986.163	5500	184.230.297
Advances to suppliers of intangible assets	27			#REF!		7.885	Reserves:					5900	(84.185.003)
			459.375.859	#REF!	313.872.828	311.740.622	Legal reserves	51		13.117.391	11.113.752		(525.000)
							Other reserves	51		101.765.900	77.530.008		
							Retained earnings	51		(5.291.523)	(226.340)		11.098.351
							Consolidated net profit for the period	51		154.652.767	40.072.775		
							Total equity			378.606.493	237.625.506		
Tangible assets:													
Land and natural resources	27 and 42		45.501.722	(9.345.955)	36.155.767	36.263.494	MINORITY INTERESTS	53		188.384.195	7.397.926		
Buildings and other constructions	27 and 42		287.643.277	(199.660.570)	87.982.707	91.862.088	LIABILITIES:						
Machinery and equipment	27 and 42		860.117.235	(696.124.466)	163.992.769	175.559.832	PROVISIONS FOR RISKS AND CHARGES:						
Transport equipment	27 and 42		37.356.287	(32.708.705)	4.647.582	4.641.153	Provision for pensions	21 and 46		17.953.249	17.698.798		
Tools and utensils	27 and 42		4.269.124	(3.919.693)	349.431	412.942	Provision for taxes	46		319.505	213.409		
Administrative equipment	27 and 42		28.790.662	(25.930.162)	2.860.500	3.310.663	Other provisions for risks and charges	46		16.722.973	15.200.327		
Reusable containers	27 and 42		18.801	(18.176)	625	834				34.995.727	33.112.534		
Other tangible fixed assets	27 and 42		7.945.467	(4.169.571)	3.775.896	3.331.457	MEDIUM AND LONG TERM LIABILITIES:						
Construction in progress	27		22.799.099	#REF!	22.799.099	12.294.947	Debtenture loans	57		41.976.774	48.138.287		
Advances to suppliers of tangible fixed assets	27		1.241.450	#REF!	1.241.450	2.793.252	Bank loans	57		305.324.945	614.160.232		
			1.295.683.124	#REF!	323.805.626	330.470.662	Other loans	57		8.299.277	8.996.898		
							Accounts payable to shareholders			-	442.385		
							Accounts payable to suppliers of fixed assets	47		251.993	116.337		
										355.852.989	671.854.139		
Investments:							SHORT TERM LIABILITIES:						
Investments in subsidiaries	27 and 60		24.325.944	-	24.325.944	23.600.071	Debtenture loans	57		14.636.336	14.459.998		
Loans to subsidiaries	27 and 61		3.290.827	-	3.290.827	3.167.063	Bank loans	57		152.278.716	103.130.007		
Investments in affiliated companies	27 and 60		363.241.259	(250.000)	362.991.259	37.122.205	Other loans	57		1.348.464	1.301.686		
Loans to affiliated companies	27		-	-	-	198.611	Advances on sales			1.200	1.200		
Securities and other investments	27 and 42		6.518.753	(2.309.535)	4.209.218	6.031.102	Accounts payable to suppliers			32.237.443	33.683.672		
Advances on account of investments			300.000	-	300.000	65.588	Suppliers' invoices pending			3.842.089	2.493.862		
	46		397.676.783	(2.559.535)	395.117.248	70.184.640	Notes payable to suppliers			2.740.824	408.838		
							Accounts payable to group companies	61		145.808	101.251		
							Accounts payable to affiliated companies	62		96	-		
							Shareholders	59		7.389.646	6.420.195		
							Advances from customers			9.474	7.925		
							Accounts payable to suppliers of fixed assets			2.685.830	4.012.062		
							Accounts payable to suppliers of fixed assets - securities			-	1.911.412		
							Accounts payable to state entities	54		45.661.804	7.602.964		
							Other creditors	55		14.757.652	4.099.942		
										277.735.382	179.635.014		
							ACCRUALS AND DEFERRALS:						
							Accrued costs	56		16.729.828	11.358.429		
							Deferred income	56		5.168.170	3.138.871		
							Deferred tax liabilities	38		78.996.759	81.362.229		
										100.894.757	95.859.529		
MEDIUM AND LONG TERM RECEIVABLES:													
Group companies	61		23.747.967	-	23.747.967	7.049.149							
Other debtors	55		2.506.102	-	2.506.102	2.965.707							
			26.254.069	-	26.254.069	10.014.856							
CURRENT ASSETS:													
Inventories:													
Raw, subsidiary and consumable materials			25.115.996	(2.151.780)	22.964.216	20.901.851							
Work in progress			754.971	-	754.971	2.002.211							
Finished goods and intermediate products			9.234.365	(18.827)	9.215.538	10.406.430							
Merchandise			8.244.818	(15.447)	8.229.371	6.790.077							
	46		43.350.150	(2.186.054)	41.164.096	40.100.569							
Accounts receivable - Short term:													
Accounts receivable from customers			76.393.734	(90.369)	76.303.365	65.337.413							
Notes receivable from customers			2.304.014	(139.471)	2.164.543	1.425.457							
Doubtful accounts receivable			12.507.338	(12.005.096)	502.242	682.460							
Accounts receivable from group companies	61		44.396	-	44.396	41.708							
Participant and participated companies	62		2.100.186	(1.962.668)	137.518	13.209							
Other Shareholders	59		44.999	-	44.999	-							
Advances to suppliers			191.953	-	191.953	297.306							
Advances to suppliers of fixed assets			-	-	-	-							
Accounts receivable from state entities	54		3.775.423	-	3.775.423	5.493.999							
Other debtors	55		16.832.959	(6.171.789)	10.661.170	8.200.825							
	46		114.195.002	(20.369.393)	93.825.609	81.492.377							
Marketable securities:													
Other treasury investments	58		2.183.521	-	2.183.521	212.091.662							
Other marketable securities	64		43.145.316	-	43.145.316	18.000.000							
			45.328.837	-	45.328.837	230.091.662							
Banks and cash:													
Bank deposits			48.153.713	#REF!	48.153.713	98.822.049							
Cash			192.640	#REF!	192.640	146.096							
	64		48.346.353	-	48.346.353	98.968.145							
ACCRUALS AND DEFERRALS:													
Accrued income	56		210.364	#REF!	210.364	222.794							
Deferred costs	56		14.171.515	#REF!	14.171.515	7.204.570							
Deferred tax assets	38		34.372.798	#REF!	34.372.798	44.993.751							
			48.754.677	-	48.754.677	52.421.115							
Total depreciation													
#REF!													
Total provisions													
(22.555.447)													
Total assets													
#REF!													
1.336.469.543													
1.225.484.648													
Total equity, minority interests and liabilities													
1.336.469.543													
1.225.484.648													

The accompanying notes form an integral part of the consolidated balance sheet for the six month period ended June 30, 2004.

The Accountant

The Board of Directors

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

CONSOLIDATED INCOME STATEMENTS BY NATURE FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2004 AND 2003

(Amounts stated in Euros)

EXPENSES	Notes	2004	2003	INCOME	Notes	2004	2003
Cost of inventories sold and consumed		54.176.419	57.393.276	Sales of merchandise and finished goods	36	212.253.647	206.094.346
External supplies and services		67.785.345	58.970.434	Services rendered	36	7.909.154	7.500.808
Payroll expenses:				Variation in production		(852.414)	(5.400.283)
Salaries		26.064.914	22.574.870	Work for the company		93.201	90.587
Social charges:				Supplementary income		2.097.067	1.697.374
Pensions	21	2.168.224	1.407.457	Subsidies		12.949	34.745
Other		10.703.925	8.587.768	Other operating income		640.340	723.416
			32.570.095	(B)		222.153.944	210.740.993
Depreciation and amortisation	27	34.410.614	36.006.373	Gain on investments:			
Provisions	46	2.047.473	1.359.508	Relating to affiliated companies	44 and 60	2.874.375	6.447.581
			37.365.881	Relating to other companies	44	425.693	9.936.178
Taxes		1.422.231	1.469.163	Income relating to marketable securities	44	48.182	48.347
Other operating costs		676.578	610.725	Other interest and similar income:			
(A)		199.455.723	188.379.574	Income relating to group and affiliated companies	44	43.473	301.386
Loss on affiliated companies	44 and 60	824.887	1.106.138	Other	44	1.846.384	926.399
Depreciation and provisions for investments	44	212.577	113.747	(D)		227.392.051	228.400.884
Others financial expenses	44	12.295.868	11.578.257				
(C)		212.789.055	201.177.716	Extraordinary income	45	185.958.450	9.732.508
Extraordinary expenses	45	550.492	2.387.450				
(E)		213.339.547	203.565.166				
Income tax for the period	38	44.002.410	13.798.211				
		257.341.957	217.363.377				
Minority interests	53	1.355.777	89.314				
(G)		258.697.734	217.452.691				
Consolidated net profit for the period		154.652.767	20.680.701				
		413.350.501	238.133.392	(F)		413.350.501	238.133.392
				Operating results:	(B) - (A)	22.698.221	22.361.419
				Net financial results:	(D - B) - (C - A)	(8.095.225)	4.861.749
				Current results:	(D) - (C)	14.602.996	27.223.168
				Profit before income tax and minority interests:	(F) - (E)	200.010.954	34.568.226
				Consolidated net profit for the period:	(F) - (G)	154.652.767	20.680.701

The accompanying notes form an integral part of the consolidated income statement by nature for the six month period ended June 30, 2004.

The Accountant

The Board of Directors

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004 AND 2003

(Amounts stated in Euros)

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES:			
Received from customers		242.425.771	240.704.126
Payments to suppliers		(145.524.625)	(140.241.409)
Payments to personnel		(27.209.475)	(24.358.172)
Operational cash flows		<u>69.691.671</u>	<u>76.104.545</u>
(Payments)/Receipts of income tax		685.219	(30.727.537)
Other (payments)/receipts relating to operating activities		(33.047.425)	12.762.032
Receipts/(Payments) related with extraordinary items		23.657	9.876
Cash flows from operating activities (1)		<u>37.353.122</u>	<u>58.148.916</u>
INVESTING ACTIVITIES:			
Receipts relating to:			
Financial investments		2.133.159.831	145.490.279
Tangible fixed assets		5.682.299	1.366.463
Intangible fixed assets		2.370.245	33.176
Subsidies		445.850	590.553
Interest and similar income		11.292.079	10.276.167
		<u>2.152.950.304</u>	<u>157.756.638</u>
Payments relating to:			
Financial investments		(1.906.628.284)	(462.420.129)
Tangible fixed assets		(17.996.603)	(21.681.549)
		<u>(1.924.624.887)</u>	<u>(484.101.678)</u>
Cash flows from investing activities (2)		<u>228.325.417</u>	<u>(326.345.040)</u>
FINANCING ACTIVITIES:			
Receipts relating to:			
Loans obtained		525.235.256	752.316.859
Capital increases, supplementary paid-in capital and share premiums		-	3.919.955
Subsidies and donations		20.448	104.110
		<u>525.255.704</u>	<u>756.340.924</u>
Payments relating to:			
Loans obtained		(777.893.801)	(484.031.332)
Amortisation of lease contracts		(24.788)	186.971
Interest and similar expenses		(24.493.969)	(9.385.748)
Dividends		(12.357.250)	(13.557.874)
Treasury stock acquisitions		(814.769.808)	(506.787.983)
Cash flows from financing activities (3)		<u>(289.514.104)</u>	<u>249.552.941</u>
CHANGES IN CASH AND EQUIVALENTS (4) = (1) + (2) + (3)		(23.835.565)	(18.643.183)
Effect of exchange differences		(564)	(20.770)
Regularization of the open balance due to changes in the perimeter		56.012	(30.191)
Shares and other treasury investments (Note 58)		(211.606.784)	211.606.785
CASH AND EQUIVALENTS AT THE BEGINNING OF THE PERIOD	64	<u>329.059.807</u>	<u>48.382.603</u>
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	64	<u>93.672.906</u>	<u>241.295.244</u>

The accompanying notes form an integral part of the cash flow statement for the six month period ended June 30, 2004.

The Accountant

The Board of Directors

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

INTRODUCTION

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

Semapa is the head of a economic group with activities in the industries of cement production, cellulose pulp and paper and renewable energy.

The sequence of the notes follows the definition of 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 THE CONSOLIDATION AND OTHERS

1. COMPANIES INCLUDED IN THE CONSOLIDATION

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

Changes in the consolidation perimeter are presented in Note 14.

2. COMPANIES EXCLUDED FROM THE CONSOLIDATION

Group companies listed in Appendix II were excluded from the consolidation for the reasons listed below.

Group companies Secil Energia, Lda., Secil Algérie, S.P.A. e Sobien-Soluções de Bioenergia, S.A. were excluded from consolidation due to their immateriality 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 July 2.

The investment in Asfalbetão Transportes, Lda., was excluded from consolidation as it is in liquidation process.

The subsidiary Tecnosecil, SARL was excluded from the consolidation as set forth in item 3 Article 4 of Decree-Law 238/91 of July 2, because of the restrictions that may damage the ability for transfer funds to the Group. Consequently, this investment has been consistently recorded at cost.

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

During the six month period ended June 30, 2004, the Group restructured its investments in the renewable energy sector with the subsidiary Geciment – Gestão de Participações, SGPS, S.A. (“Geciment”) becoming the holding of this sub-group. Geciment is a company whose main object is to indirectly operate mini hydroelectric plants and wind farms for electric power production. Due to the different nature of the operations of these subsidiaries, the fact that the activities are financed as “Project Finance” and also operated on a concession basis, Geciment has been included in the consolidated financial statements in accordance with the equity method rather than fully consolidated. Consequently, the consolidated assets and liabilities of Geciment, were not included in the accompanying consolidated financial statements, the investment in the company being recorded in accordance with the equity method. As at June 30, 2005, the total consolidated assets and consolidated income of this subsidiary were of Euros 303.786.332 and Euros 19.596.353, respectively.

3. ASSOCIATED COMPANIES

The associated companies listed in Appendix III, 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 July 2, being companies where the Group has significant influence over the management and financial policies, namely through representative board members.

7. AVERAGE NUMBER OF EMPLOYEES OF THE GROUP

The companies included in the consolidation had the following average number of employees for the six months period ended June 30, 2004 and the year ended December 31, 2003 as follows:

By country and activity:	<u>2004-06-30</u>	<u>2003-06-30</u>
Portugal		
Cement	718	742
Concrete premix and aggregates	511	530
Others	171	190
Spain		
Trading	4	3
Tunisia		
Cement	459	495
Concrete premix	85	83
Total	<u>1.948</u>	<u>2.043</u>

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

**NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE
CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN
ENDED**

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

III INFORMATION CONCERNING THE CONSOLIDATION PROCEDURES

10. CONSOLIDATION DIFFERENCES

Consolidation differences, represent the differences between the cost of the investment in the companies included in the consolidation and the proportion of their equity acquired, after considering the fair value of their assets and liabilities.

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

Consolidation differences related to Group and associated companies are recorded in “Intangible assets” at cost, net of amortization charges. As of June 30, 2004 this was made up as follows:

	Year of acquisition	Cost	%	Consolidation Difference (Note 27)	Amortization Period (years)	Amortization for the period (Notes 27 and 44)	Accumulated Amortization (Note 27)
POSITIVE CONSOLIDATION DIFFERENCES:							
<u>Acquisitions by Seinpart .:</u>							
Portucel - Empresa Produtora de Pasta e Papel	2004-06	339.864.388	30,00	13.966.990	20	58.196	58.196
<u>Acquisitions by Seminrv - Investimentos, SGPS, S.A.:</u>							
Cimentospar, SGPS, Lda.	2003	309.137.724	100,00	85.575.717	20	2.139.393	6.418.179
<u>Acquisitions by Cimentospar, SGPS, Lda.:</u>							
Secil - Companhia Geral de Cal e Cimento, S.A. Proportion in the 1998 revaluation	1997	210.572.520	44,48	78.900.365 (22.711.565)	20	260.264	49.682.534
				56.188.800			
<u>Acquisitions by Secil:</u>							
CMP, S.A.:							
First acquisition	1994	151.618.819	80,00	89.775.561		-	-
Second acquisition	1996	25.074.296	13,00	14.294.685		-	-
Third acquisition	1999	6.019.917	4,00	2.914.900		-	-
Proportion in the 1998 revaluation		-		(11.623.393)		-	-
				95.361.753	20	2.441.783	48.967.893
Betão Liz, S.A.	1999	2.168.798	7,00	722.853	20	18.071	198.784
Secil, Betões e Inertes, SGPS, S.A.	2000	40.555.771	94,00	100.139	1	-	100.139
Société des Ciments de Gabès	2000	244.553.770	99,00	87.471.647	20	2.186.791	19.681.120
Tercim-Terminais de Cimento, S.A.	2001	249.399	100,00	190.257	5	19.026	133.181
Cimentaçor-Cimentos dos Açores, Lda.	2001	1.363.381	5,00	1.042.018	5	104.202	729.412
Other:							
Acquisitions 2002	2002	1.631.000	100,00	1.600.000	5	160.000	485.333
Acquisitions 2003	2003	426.420	100,00	426.420	5	42.642	129.347
				186.915.087		4.972.515	70.425.209
<u>Acquisitions by Secil, Betões e Inertes, SGPS, S.A.:</u>							
Unibetão-Indústrias de Betão , SA	2000	5.128	100,00	5.128	5	513	4.616
Secil Betão-Indústrias de Betão, SA	2000	556.339	100,00	556.339	5	55.634	493.932
Sulbetão-Preparados de Betão,SA	2000	987.869	100,00	987.869	5	98.787	889.082
Betopal-Betões Preparados,SA	2000	33.355	100,00	31.897	5	3.190	28.707
ECOB-Empresa de Construção e Britas,SA	2000	9.143	100,00	5.028	5	503	4.546
Asfalbetão - Sociedade Industrial, Lda.	2000	5.994.991	90,00	5.741.780	20	143.545	1.291.901
Asfalbetão - Sociedade Industrial, Lda.	2002	434.727	10,00	370.850	20	9.271	46.356
Almeida & Carvalhais, Lda.	2001	5.662.132	81,00	4.274.795	20	106.870	748.087
Almeida & Carvalhais, Lda.	2002	526.845	11,00	316.419	19	8.322	41.610
Almeida & Carvalhais, Lda.	2003	393.465	8,00	208.922	18	5.808	17.424
Lisconcreto-Betão Pronto,SA	2000	1.203.046	100,00	1.100.910	19	28.954	260.586
Britobetão-Central de Betão,SA	1998	384.339	55,00	55.626	5	-	55.626
Betostrong-Industria de Betão, Lda	2002	1.745.105	100,00	1.311.170	20	21.864	109.318
Betalves - Betão Preparado, S.A.	2002	653.766	100,00	582.701	20	14.568	72.838
Lisconcreto Unibetão, SA	2002	725.462	100,00	688.527	20	17.212	86.066
Camilo & Lopez, Lda.	2003	50.000	100,00	1.095.718	20	38.307	136.755
		19.365.712		17.333.680		553.347	4.287.450
<u>Acquisition by Société des Ciments de Gabès:</u>							
Sud-Béton-Société de Fabrication de Béton du Sud	2001	5.425.365	100,00	3.747.400	10	171.733	1.202.538
Exchange ajustment		-		(325.277)			(4.795)
		5.425.365		3.422.123		171.733	1.197.743
<u>Acquisition by Ciminpart, SGPS, S.A.:</u>							
Setefrete, SGPS, SA	2003	3.919.955	25,00	2.784.687	5	278.469	835.406
				366.187.083		8.433.917	132.904.717
NEGATIVE CONSOLIDATION DIFFERENCES:							
<u>Acquisitions by Secil:</u>							
Ciments de Sibline, S.A.L. (Notes 56)	2002	22.854.680	21,00	(795.685)	5	79.569	358.058

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

In accordance with Decree-Law nº 31/98, February 11, the subsidiary CMP – Cimentos Maceira e Pataias, S.A. undertook a revaluation in 1998 of its tangible fixed assets, resulting in a revaluation reserve of Euros 11.623.393. Considering that the tangible fixed asset's revalued already existed at the date of acquisition of the subsidiary, the amount of the revaluation reserve corresponding to the proportional share capital owned by subsidiary Secil – Companhia Geral de Cal e Cimento, S.A. was recorded as a reduction of goodwill. This amount is being amortized in accordance with the estimated useful life of related assets. A similar procedure was followed to record similar revaluations in other subsidiaries.

During the year 2000, Secil, direct holder of shares in that subsidiary, changed the amortization period from 15 to 20 years in respect of consolidation differences recorded on the acquisition of CMP. The net asset value of the investment as at December 31, 1999 of Euros 68.369.901 is amortized on a straight-line basis during the remaining 14 years.

The subsidiary Secil – Companhia Geral de Cal e Cimento, S.A., and its direct detained subsidiaries, proceeded, in 1998, according to the Decree-Law nº 31/98, February, in the revaluation of its tangible fixed assets, resulting in a revaluation reserve of Euros 50.942.608. Attending to the fact that the tangible fixed assets revalued already existed at the time the acquisition took place, the amount of the revaluation reserve corresponding to the proportion (44,48% in 2000) of the subsidiary Cimentospar, SGPS, S.A., was registered by the latter as a reduction of goodwill, calculated at the time of the acquisition, when the book value of the consolidation differences was higher to that amount. In the 2000 financial year, Cimentospar, SGPS, the direct shareholder of that subsidiary, changed from 5 to 20 years, the total amortization period of the consolidation differences registered in the share acquisition of Secil, being net book value as at December 31, 1999, from Euros 31.560.558, net of proportional share in revaluation reserve of Euro 22.711.565 amortized straight-line basis for a remaining period of 17 years.

During the six month period ended June 30, 2004, as established in the second phase of the re-privatization process of Portucel – Empresa Podutora de Pasta de Papel, S.A. ("Portucel") share capital, and in accordance with Ministry Councils resolution n.º 62-A / 2004, May 18, 230.250.000 shares, representing 30% of share capital were bought by an amount of Euros 333.862.500, Euros 1,45 per share, added of acquisition costs amounting to Euros 6.001.888.

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

The adjusted net equity of Portucel as of May 31, 2004, was as follows:

Net Equity as of May 31, 2004	1.094.534.725
Retained earnings adjustments made in June 2004	(13.960.526)
Adjustments not registered in the accounts	
Fair value of ENCE shares	22.116.040
Unrecognised Actuarial losses ("corridor")	(7.491.000)
Research and development expense recognition	(6.693.371)
Deferred tax - assets	3.900.702
Deferred tax - liabilities	(6.081.911)
Adjusted net equity as of May 31, 2004	<u>1.086.324.659</u>

The adjustments registered in Retained Earnings in the consolidated balance of Portucel as at June 30, 2004 are related, essentially, to fiscal contingencies resulting from tax fiscalization actions.

In accordance with applicable standards, goodwill estimated in the acquisition of Portucel, maybe adjusted during the next 12 months.

14. CHANGES IN THE CONSOLIDATION PERIMETER

During the six month period ended as at June 31, 2004, the consolidation perimeter has registered the following increases:

Increases:

- Semapa Inversiones, SL, based in Madrid, incorporated in 2003, 100% directly owned by Semapa;
- Parsecil, SL, based in Madrid, incorporated in 2003, 100% owned by the Group;
- Ave – Gestão Ambiental e Valorização Energética, S.A., based in Lisbon, incorporated in 2003, 100% owned by the Group.

15. CONSISTENCY OF ACCOUNTING POLICIES APPLICATION

The accounting policies applied by Group companies included in the consolidation are consistent with those applied in the previous period and are described in Note 23.

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

17. AMORTIZATION OF CONSOLIDATION DIFFERENCES

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

Amortization of the consolidation differences is recorded in the consolidated income statement, under "Depreciation and amortization caption" (Note 27).

18. BASIS OF RECORDING INVESTMENTS IN AFFILIATED COMPANIES

Investments in affiliated companies are recorded in accordance with the equity method, with exception of the participation in the company Astakos Domika Alouminouha, which is in course of being discontinued.

IV INFORMATION RELATING TO COMMITMENTS

21. EMPLOYEE BENEFITS

POST EMPLOYMENT BENEFITS

As referred in Note 23 h) the Group implemented the following pension plans, which originated in the six month period ended June 30, 2004 an increase under the caption "Personal costs – social charges – pensions" of Euros 2.168.224, of which Euros 1.219.286 are related to defined benefits plans externally managed and Euros 948.938 are related to defined benefits plans managed by the group.

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

The subsidiary 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 benefits on retirement as a result of age, incapacity, early retirement and survivor benefits. The liabilities regarding these commitments are covered by an autonomous fund, managed by third parties, the assets of the fund are segregated from those of the subsidiaries. The liability under the plan is valued every semester (anticipated for May 31, 2004) by specialized independent entities, and Projected Credit Unit Method is applied.

SEMAPA – SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED****(Translation of a report originally issued in Portuguese – Note 70)**

(Amounts stated in Euros)

In accordance with actuarial valuations, reported as of May 31, 2004, the present value of the past service liability for the retirement benefits as well as the market value of the funds are as follows:

	2004	2003
Liabilities for past service		
Active employees	8,962,377	8,521,081
Pensioners	23,446,470	22,884,516
	32,408,847	31,405,597
Market value of the funds	33,873,597	34,089,633
	1,464,750	2,684,036

Globally the Group have all its obligations properly funded, but presents both an over-funding position in the amount of Euros 2.557.629 and an under-funding of Euros 1.092.879.

As of June 30, 2004, the Income Statement and Balance Sheet include the following amounts related to defined benefit plans, managed by third parties:

Payroll expenses - social charges - pensions:

Cost of current services	147,978
Interests Cost	632,549
Return on Fund Assets	(677,862)
Actuarial (Gains)Losses	1,116,621
	1,219,286
Deferred Costs (Note 56)	2,557,629
Accrued Costs (Note 56)	(1,092,879)

The over-funding of Euros 2.557.629 (Note 38) results from: (i) contributions made in previous years by Secil to the fund in excess of the pension obligation considered in the calculation of the liability, which was detected and corrected for the year ended December 31, 2002 and (ii) the reduction of the number of employees of Secil Betões and Inertes Group, because since the date the funds were established these employees had not acquired any pension rights.

The under-funding of Euros 1.092.879 relates to CMP increasing responsibilities in the pension fund, during the six months period ended June 30, 2004. No contribution to the fund has yet been made during this period.

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

During the six month period ended June 30, 2004 and the year ended December 31, 2003, the movement in the pension fund is as follows:

	2004.06.30	2003.12.31
Opening balance	34.089.633	32.885.088
Contributions made during the period	-	1.200.000
Fund management charges	(16.612)	(129.764)
Return on assets for the period	694.474	2.616.863
Pensions paid during the period	(893.898)	(2.482.554)
Closing balance	<u>33.873.597</u>	<u>34.089.633</u>

The following assumptions were used in the actuarial valuations as of May 31, 2004:

Incapacity table	EKV 80
Mortality table	TV 73/77
Salary growth rate	3.0%
Fund income rate	5.5%
Technical interest rate - pensioners	4.5%
Pension growth	2.0%
Formula for the Social security Benefits	Decree-law nº 35/2002, February 19

(ii) Unfunded defined benefit plans

The liability relating to retired personnel as of date of inception of the fund and the liability for the 14th month relating to pensioners, as well as the differences between the pensionable salary by the fund by -laws and that approved by the Board of Directors, since that date, are the direct responsibility of Secil. The existing liabilities in the Portuguese companies operating in the concrete activities (production and sale) are directly assumed by those companies.

These pension plans are also valued every semester (anticipated for May 31, 2004) 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.

SEMAPA – SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED****(Translation of a report originally issued in Portuguese – Note 70)**

(Amounts stated in Euros)

In accordance with the actuarial valuation as of May 31, 2004 (and considering June pension payments) and December 31, 2003, the liabilities with defined benefit plans which are direct responsibility of the Group are fully provided for under “Provisions for pensions” (Note 46), and are as follows:

	<u>2004.06.30</u>	<u>2003.12.31</u>
Liabilities for past services		
- Active employees	3,532,016	3,213,483
- Pensioners	<u>14,421,233</u>	<u>14,485,315</u>
	<u>17,953,249</u>	<u>17,698,798</u>

During the six months period ended June 30, 2004 and the year ended December 31, 2003 the movement in the Group liability is as follows:

	<u>2004.06.30</u>	<u>2003.12.31</u>
Opening balance	17,698,798	14,463,768
Adjustment on initial balance	-	501,676
Technical interest	436,976	631,717
Pensions paid during the period	(694,487)	(1,599,935)
Actuarial losses	525,226	3,709,687
Actuarial gains	(88,667)	(42,577)
Pensions growth	-	14,040
Current services growth	75,403	20,422
	<u>17,953,249</u>	<u>17,698,798</u>
Closing balance		

The actuarial losses, registered in the six month period ended June 30, 2004 in the liabilities with current employees by an amount of Euros 525.226, are explained mainly by an increase in pensions at an actual rate of 3,4% against an estimated 2%.

During the six period ended June 30, 2004, the Company paid retirement pension benefits totaling Euros 694.487 (Note 46) to pensioners, which were recorded as a decrease in the provision set up for that purpose.

As of June 30, 2004, the “Other provisions for risks and charges – pensions” has increased by Euros 948.938 (Note 46) due to (i) technical interest rate, of Euros 436.976, (ii) actuarial losses, of Euros 525.226, (iii) current services increase, Euros 75.403 and (iv) actuarial gains, of Euros 88.667.

The assumptions applied were the same used for the valuation of pension funds.

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HEALTHCARE BENEFITS

As referred in Note 23. i), the subsidiary Secil and CMP – Cimentos Maceira e Pataias, S.A., have undertaken to provide its employees with healthcare benefits, which are over and above those provided by the state's health and social security system and are extended to family members, retired staff and widows. Under this scheme, there are certain covered healthcare costs: (i) at Secil via the Health insurance, entered into by the company and (ii) at CMP, via "Cimentos – Federação das Caixas de Previdência", for all workers affiliated, plus for all other workers provided authority is obtained from the company's health services.

These healthcare benefits plans originated an increase in the caption "Payroll expenses – social charges" of Euros 2.486.372 in the six month period ended June 30, 2004.

According to the related actuarial valuation: (i) insurance premiums, guaranteed and financed by Secil, were treated in a similar manner to the contributions relative to the post employment benefits, assuming an increase in healthcare expenses of 3% per year (higher than the estimated 2% for pensions) and (ii) the healthcare expenses at CMP led to an increase in the average cost per person, relative to the retired employees and pensioners of Euros 360, and their relatives of Euros 70, this providing the basis for the healthcare obligation valuation.

In accordance with the actuarial study reported as of May 31, 2004 and December 31, 2003, the current value of liabilities for past service costs of pensioners and active employees, recorded under "Other provisions for risks and charges" (Note 46) were as follows:

Liabilities for past service	2004.06.30	2003.12.31
- Active employees	3,572,969	2,678,364
- Pensioners	6,529,459	5,183,897
	<u>10,102,428</u>	<u>7,862,261</u>

During the six month period ended June 30, 2004 and the year ended December 31, 2003 the movement in the liability for healthcare benefits recognized in the balance sheet, is as follows:

	2004.06.30	2003.12.31
Opening balance	7.862.261	7.402.447
Technical interest	304.492	345.971
Benefits paid during the period	(104.810)	(260.210)
Pensions paid during the period	(141.395)	(361.765)
Actuarial gains	(61.085)	
Pensions growth	2.165.288	629.454
Current services growth	77.677	106.364
Closing balance	<u>10.102.428</u>	<u>7.862.261</u>

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As of June 30, 2004, the amount recorded under the Income Statement caption “Payroll – other social charges” is as follows:

- Cost of current services	77,677
- Interest costs	304,492
- Actuarial losses	2,165,288
- Actuarial gains	(61,085)
Increase in Provisions for risks and charges (Note 46)	<u>2,486,372</u>

The actuarial losses of Euros 2.165.288, registered in the six months period ended June 30, 2004, is explained (i) in the liabilities with pensioners, by the correction of the included population in Secil, with the inclusion of relatives (spouses, children under 18 years old and disability persons in charge) and (ii) in the responsibilities of active employees by the inclusion of spouses estimated to be existent at the date of retirement by oldness or disability, and by the change in CMP of the average cost by person of Euros 360 against Euros 260 as of December 31, 2003.

22. COMMITMENTS FOR GUARANTEES PROVIDED

As of June 30, 2004 and December 31, 2003 the Group undertook the following responsibilities under bank guarantees:

	<u>2004.06.30</u>	<u>2003.12.31</u>
Direcção Geral do Tesouro	50.000.000	0
IAPMEI (POE)	13.398.544	13.229.198
IAPMEI (PEDIP)	1.818.961	1.988.307
Customs & Excise Authorities	598.557	598.557
Municipality of Setúbal	956.275	956.275
APDL	557.295	539.492
EDP	128.715	128.715
OMMP and Elfouladh	327.219	-
Others	647.091	632.091
	<u>68.432.657</u>	<u>18.072.635</u>

During the six month period ended June 30, 2004, the subsidiaries Semapa Inversiones S.L. and Semapa Investments B.V. have contracted, together with Semapa, in a financing a bank's consortium, a borrowing (June 30, 2004: outstanding balance of Euro 249.914.900), for the acquisition through Seinpart – Participações, SGPS, S.A., subsidiary jointly owned of a 30% participation in the share capital of Portucel – Empresa Produtora de Pasta e Papel, S.A. As a consequence of this financing, the following pledges were constituted over share capital and paid-in capital direct and indirectly owned by Semapa in the subsidiaries Semapa Inversiones, S.L., Semapa Investments B.V., Seinpart – Participações, SGPS, S.A., Portucel – Empresa Produtora de Pasta e Papel, S.A., CMP Investments B.V. and Enersis, SGPS, S.A..

In addition, the subsidiary Seinpart - Participações, SGPS, S.A., contracted a bank guarantee for a five years period to the “Direcção Geral do Tesouro”, by an amount of Euros 50.000.000, as a pledge to fulfill the obligations assumed by this subsidiary as established in chapter IV of

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the “ Caderno de Encargos”, approved by Ministry Council nº194/2003” of December 30, related to Portucel privatization (Note 10).

The bank guarantees issued to IAPMEI – Instituto de Apoio às Pequenas e Médias Empresas, amounting of Euros 13.398.544 have resulted in a cash-in of Euros 9.452.681 (Note 63) for the financial support granted from the “POE – Enterprise Modernization Incentive System” Program.

During the year 2000 the subsidiary Secil – Companhia Geral de Cal e Cimento,S.A., contracted bank loans (with an outstanding balance of Euros 173.308.265 as of June 30, 2004) to finance the acquisition of Société des Ciments de Gabés, in Tunisia (Note 10). 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 Tunisian company in guarantee of the loan, in the event of non-compliance by the Company with the terms of the loan.

During the year ended December 31, 2003 the subsidiary Sud Beton gave guarantees in the amount of Euros 382.833 in transportation equipment to a financial institution, in order to obtain finance for investment.

Other Commitments

As of June 30, 2004 the Group has obligations related to discounted letters of credit, which are not recorded on the balance sheet, by an amount of Euros 69.552.

V INFORMATION ON THE ACCOUNTING POLICIES

23. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

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

Consolidation principles

The subsidiary companies referred to in Note 1 were consolidated in accordance with the purchase method of accounting. Significant transactions and balances between the companies were eliminated in the consolidation process. Third party participation in subsidiary companies is reflected under “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 share capital of the companies are recorded at the lower of cost or estimated net realizable value (except for the investment in Cimentos Madeira, Lda., which is recorded in accordance with the equity method).

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The financial statements of foreign companies are translated to Euros at period end exchange rate for assets and liabilities and historical exchange rate for all shareholders equity balances. Profit and loss items are translated to Euros at the average exchange rate for the period, which represents approximately the exchange rate at the date of transactions. The exchange differences resulting from application of the above mentioned exchange rates are reflected under “Accumulated exchange adjustments” caption.

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Principal accounting policies

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

a) Intangible assets

Intangible assets are stated at cost, and are amortized on a straight-line basis during a period, which varies between 3 to 6 years. Consolidation differences arising on the acquisition of investments are amortized as explained in Notes 10 and 17.

b) Tangible fixed assets

Tangible fixed assets acquired up to December 31, 1997 are stated at cost, or 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 (Note 27).

Depreciation is computed essentially on a straight line basis from the date the assets are brought into use, 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 declining basis method, are being depreciated at such method.

c) Finance lease contracts

Fixed assets acquired under finance lease contracts and the corresponding liabilities are recorded using the effective interest rate 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 installments and depreciation of the fixed assets, calculated as explained in Note 23 b), is recorded as an expense in the consolidated income statement for the period to which they relate.

d) Investments

Investments in affiliated companies are recorded 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, net of intragroup transactions.

Differences between cost and the corresponding proportion of equity in these companies as of the acquisition date, after the fair value of assets and liabilities, are recorded (i) as intangible assets under the caption "Consolidation differences", when the difference is positive, being amortized over the average estimated recovery period of the investments (Note 17), and (ii) as "Deferred income" when the difference is negative and amortized during five years (Note 56).

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In accordance with the equity method, investments are adjusted annually by a charge or gain to the income statement relating to affiliated companies corresponding 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 realizable value (except for the investment in Cimentos Madeira, Lda. which is stated based on the equity method) through the booking of provisions set up for that effect .

Real estate investments are stated at revalued amounts in accordance with applicable legislation, net of depreciation.

e) Inventories

Inventories are stated in accordance with the following criteria:

i) Merchandise and raw materials, ancillary and consumable materials

Merchandise and raw materials, ancillary and consumable materials are stated at acquisition 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 lowest 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 at balance sheet date. 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 income statement for the year, except for exchange differences arising from the medium long term loans provided to foreign entities (Tecnosecil), of which settlement is not expected to occur in a near future, as such these loans are considered as part of the group's net investment in that foreign entity and, are therefore, recorded in Shareholders' Equity under the caption – Accumulate Exchange Adjustments.

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h) Pensions

Several subsidiaries of Semapa, have assumed the commitment to pay their employees pension benefits 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 corresponding entry is recorded as a direct liability of the Group.

The obligations for the pension benefits are recorded in accordance with the principles laid out in DC 19, issued by the Portuguese Commission of Accounting Harmonization on 21 May 1997, except when there is a surplus of the fund's assets over the related obligation, as the standard has no guidance in this respect. Whenever a surplus arises this is accounted for in accordance with IAS 19, according to the guidance provided in DC 18, which indicates that whenever there are issues not covered by the Portuguese standards, then IFRS, International Financial Reporting Standards, should be followed.

DC 19, requires companies with pension plans to record the cost of providing these benefits over the period during which the services are provided.

As such, the Group's total liability (whether funded or not) is valued on a half year basis, anticipated in 2004 to May, 31, for each fund separately, by specialized independent entities. That liability is stated on the balance sheet, net of plan assets, which are stated at their fair value. The costs with pensions are recorded under the caption "Payroll expenses – Social charges – Pensions" as referred in such directive.

i) Health Care benefits

The subsidiaries Secil – Companhia Geral de Cal e Cimento and CMP – Cimentos Maceira e Pataias, S.A., have undertaken to provide its employees with health care benefits, which are over and above those provided by the state's social security system and are extended to family members, retired staff and widows. Under this scheme, there are certain covered healthcare costs: (i) at Secil through the Health insurance, entered into by the company and (ii) at CMP, through "Cimentos – Federação das Caixas de Previdência", for all workers affiliated, plus for all other workers provided authority is obtained from the company's health services.

Up to June 31, 2003 expenses incurred with the payment of health care benefits relative to retired employees and widows, were recorded as a cost in the year of payment. As of December 2003 the Group recognized the liabilities for past services in the caption "Provision for other risks and charges" being the referred responsibilities valued by reference to January 1, 2003 recorded against Retained earnings and the liabilities generated in the period, resulting from interest cost, actuarial losses and insurance premiums and health expenses growth registered in the "Payroll expenses – social charges – others" caption.

Group liability is valued on a half year basis (anticipated in 2004 to May 31) every interim and annual closing dates by a specialized independent entity.

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Liabilities for health care benefits are recorded in accordance with DC 19 in the caption “Provision for other risks and charges” against “Payroll expenses – social charges – others” caption.

j) Income tax

Income tax for the six month period ended June 30, 2004 includes current and deferred tax ruled in DC 28. Income tax is recognized in the income statement, except those gains and losses recorded directly in reserves, in which case the income tax is also recorded directly in reserves, namely, that relating to the impact of asset revaluations.

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

Deferred tax is calculated in accordance with the liability method, based on timing differences, between assets and liabilities recognized for accounting and for tax purposes. Deferred taxes are calculated based on rates to be in force when the timing differences crystallize.

The Group recognizes deferred tax assets when there is a 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 used.

k) Provisions

The provisions are recorded in respect of amounts deemed necessary to cover estimated financial losses.

l) Subsidies to finance acquisition of tangible fixed assets

Non-repayable subsidies attributed to the Group to finance acquisition of tangible fixed assets are recorded, upon received, as deferred income (Note 56) in “Accruals and Deferrals” caption, and amortized as extraordinary income in the consolidated income statement in line with the depreciation of the subsidized tangible fixed assets.

m) Accrual basis

The Group records income and expenses on an accruals 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 deferrals (Note 56).

n) 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

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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.

o) 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 segments of the Group. Three business segments were identified: Cement, Ready-Mixed and Concrete premix 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 segments of the Group that act in different economic environments. Two major geographical business segments were identified: Portugal and Tunisia.

p) Liabilities and environmental expenditure

Group's traditional area of business, cement production, has the following environmental considerations: (i) the inherent related to the exploration of quarries; (ii) thermal and electric energy consumption and (iii) atmospheric environmental rules and legislation.

The amounts incurred with equipment and objective techniques that assure the fulfillment of the legislation and the applicable regulations, as well as the reduction of the environmental impacts for levels that not exceed the ones corresponding to a viable application of the best available techniques (from the ones referring to minimize energy consumption, atmospheric emissions, production of residues and noise, to the ones established for the execution of plans for visual rehabilitation) are: (i) imputed the results of the period, when they not provide future economic benefits and (ii), capitalized when destined to serve in a durable manner the activity of the Group, as well as becoming related with future economic benefits and they allow to draw out the life, to increase the capacity or to improve the security or efficiency of other assets withheld by the Group.

The lands used in exploration of quarries must be subject to environmental restoration, being the Group usual procedure the continued and gradual reconstitution of the spaces left free by the quarries and recognized in that periods income statement the amounts incurred.

24. TRANSLATION RATES

All assets and liabilities of foreign subsidiaries and affiliated companies are translated to Euros at the exchange rates prevailing as of June 30, 2004. The income statement items are translated to Euros at the average exchange rates for the period. Differences resulting from the application of the above mentioned exchange rates when compared to previous amounts were reflected in Shareholders Equity "Accumulated Exchange Adjustments".

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As referred in Note 23. g) the exchange differences arising from the long term loans given to Tecnosecil were also registered in the net equity caption “Accumulated Exchange Adjustments”.

The exchange rates used as of June 30, 2004, and December 31, 2003 were as follows:

	<u>2004.06.30</u>	<u>2003.12.31</u>	<u>Increase/ (Decrease)</u>
TND (tunisian dinar)			
Average exchange rate for the period	1,5278	1,4617	(4,52%)
Exchange rate as June 30, 2004	1,5334	1,5272	(0,41%)
LBN (lebanese pound)			
Average exchange rate for the period	1.854,40	1.912,18	3,02%
Exchange rate as June 30, 2004	1.809,37	1.723,48	(4,98%)
USD (american dollar)			
Exchange rate as June 30, 2004	1,1947	1,2630	5,41%

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VI. SPECIFIC INFORMATION

27. MOVEMENT IN FIXED ASSETS

During the six month period ended June 30, 2004, the movement in intangible, tangible assets and investments, and the related accumulated amortization, depreciation and provision, was as follows:

Caption	Fixed assets						Closing balance
	Opening balance	Changes in consolidation perimeter	Exchange adjustments	Increases (Note36)	Disposals	Adjustments, transfers and disposals	
Intangible assets:							
Incorporation expenses	3.722.452	(273)	-	3.425	-	7.775	3.733.379
Research and development expenses	1.338.558	-	-	-	-	751	1.339.309
Industrial property and other rights	87.630.377	-	(594)	1.977	-	(750)	87.631.010
Goodwill	390.727	-	(445)	-	-	1.972	392.254
Consolidation differences (Note 10)	358.387.350	-	(13.893)	-	(6.061.276)	13.874.902	366.187.083
Intangible assets in progress	45.645	36.841	-	13.180	-	(2.842)	92.824
Advances to suppliers of intangible assets	7.885	-	-	-	-	(7.885)	-
	<u>451.522.994</u>	<u>36.568</u>	<u>(14.932)</u>	<u>18.582</u>	<u>(6.061.276)</u>	<u>13.873.923</u>	<u>459.375.859</u>
Tangible assets:							
Land and natural resources	45.043.769	-	(1.931)	665.891	(240.581)	34.574	45.501.722
Buildings and other constructions	290.054.889	-	(49.619)	744.591	(3.990.314)	883.730	287.643.277
Machinery and equipment	867.561.544	1.615	(215.997)	1.310.573	(13.828.648)	5.288.148	860.117.235
Transport equipment	36.941.677	64.617	(31.361)	543.662	(954.431)	792.123	37.356.287
Tools and utensils	4.247.613	-	-	22.000	(489)	-	4.269.124
Administrative equipment	28.622.048	-	(13.216)	264.742	(88.942)	6.030	28.790.662
Reusable containers	18.801	-	-	-	-	-	18.801
Other tangible fixed assets	6.885.038	-	(52)	1.043.357	(3.500)	20.624	7.945.467
Construction in progress	12.294.947	-	(28.986)	16.274.217	(931.977)	(4.809.102)	22.799.099
Advances to suppliers of tangible assets	2.793.252	-	-	368.000	-	(1.919.802)	1.241.450
	<u>1.294.463.578</u>	<u>66.232</u>	<u>(341.162)</u>	<u>21.237.033</u>	<u>(20.038.882)</u>	<u>296.325</u>	<u>1.295.683.124</u>
Investments:							
Investments in subsidiaries (Note 60)	23.600.071	(3.006)	-	22.492.236	(10.418.217)	(11.345.140)	24.325.944
Loans to subsidiaries (Note 61)	3.167.063	-	-	-	-	123.764	3.290.827
Investments in affiliated companies (Note 60)	37.372.205	-	-	339.864.388	(50.571)	(13.944.763)	363.241.259
Loans to affiliated companies (Note 62)	198.611	-	-	-	(22.832)	(175.779)	-
Securities and other investments							
Investments in other companies (Note 58 and 60)	3.750.127	-	-	-	(1.830.925)	18.639	1.937.841
Other financial investments	2.025.173	-	(1.798)	-	-	-	2.023.375
Real estate investments (Note 60)	2.557.537	-	-	-	-	-	2.557.537
Advances on investments	65.588	-	-	300.000	-	(65.588)	300.000
	<u>72.736.375</u>	<u>(3.006)</u>	<u>(1.798)</u>	<u>362.656.624</u>	<u>(12.322.545)</u>	<u>(25.388.867)</u>	<u>397.676.783</u>
	<u>1.818.722.947</u>	<u>99.794</u>	<u>(357.892)</u>	<u>383.912.239</u>	<u>(38.422.703)</u>	<u>(11.218.619)</u>	<u>2.152.735.766</u>

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Caption	Accumulated amortisation, depreciation and expenses						Closing balance
	Opening balance	Changes in consolidation perimeter	Exchange adjustments	Increases (Note 36)	Disposals	Adjustments, transfers and disposals	
Intangible assets:							
Incorporation expenses	2.769.689	(1.482)	-	180.824	-	(2.952)	2.946.079
Research and development expenses	1.234.708	-	-	47.874	-	751	1.283.333
Industrial property and other rights	7.446.799	-	(450)	892.578	-	(748)	8.338.179
Goodwill	27.999	-	(124)	2.849	-	(1)	30.723
Consolidation differences (Note 10)	128.303.177	-	(4.794)	8.433.917	(3.735.496)	(92.087)	132.904.717
	<u>139.782.372</u>	<u>(1.482)</u>	<u>(5.368)</u>	<u>9.558.042</u>	<u>(3.735.496)</u>	<u>(95.037)</u>	<u>145.503.031</u>
Tangible assets:							
Land and natural resources	8.780.275	-	(2)	583.734	(18.052)	-	9.345.955
Buildings and other constructions	198.192.801	-	(40.782)	3.935.058	(2.451.207)	24.700	199.660.570
Machinery and equipment	692.001.712	-	(127.411)	17.668.878	(13.331.564)	(87.149)	696.124.466
Transport equipment	32.300.524	-	(27.470)	1.240.791	(805.140)	-	32.708.705
Tools and utensils	3.834.671	-	(2)	85.513	(489)	-	3.919.693
Administrative equipment	25.311.385	-	(10.873)	721.221	(81.845)	(9.726)	25.930.162
Reusable containers	17.967	-	-	209	-	-	18.176
Other tangible fixed assets	3.553.581	-	(2)	617.168	(1.176)	-	4.169.571
	<u>963.992.916</u>	<u>-</u>	<u>(206.542)</u>	<u>24.852.572</u>	<u>(16.689.473)</u>	<u>(72.175)</u>	<u>971.877.298</u>
Securities and other investments:							
Investments in affiliated companies							
Provisions (Note 46)	250.000	-	-	-	-	-	250.000
Investments in other companies							
Provisions (Note 46)	77.492	-	-	-	-	-	77.492
Securities and other investments							
Provisions (Note 46)	53.560	-	-	-	-	-	53.560
Real estate investments							
Provisions (Note 46)	731.018	-	(198)	-	-	(12.522)	718.298
Depreciation (Note 44 and 60))	1.439.665	-	-	20.520	-	-	1.460.185
	<u>2.551.735</u>	<u>-</u>	<u>(198)</u>	<u>20.520</u>	<u>-</u>	<u>(12.522)</u>	<u>2.559.535</u>
	<u>1.106.327.023</u>	<u>(1.482)</u>	<u>(212.108)</u>	<u>34.431.134</u>	<u>(20.424.969)</u>	<u>(179.734)</u>	<u>1.119.939.864</u>

The increase of Euros 339.864.388 in fixed assets under the caption “Investments in affiliated companies” is related with the acquisition of a 30% participation in the share capital of Portucel – Empresa Produtora de Pasta e Papel, S.A. (Note 10).

As a part of the Group restructuring in the renewable energy production sector (Note 2), the subsidiary CMP – Cimentos Maceira e Pataias, S.A. has disposed its investment in Enersis, SGPS, S.A. to subsidiary Geciment – Gestão de Participações, SGPS, S.A. Enersis, SGPS, S.A. has in its turn disposed previously most of its investments to Geciment- Gestão de Participações, SGPS, S.A. Therefore, the amount presented in the “Consolidation differences” caption in the disposals column includes an amount of Euros 6.050.169 related to the consolidation differences computed in the acquisition of Enersis by Geciment, which is being recorded under the equity method (Note 2), which had an accumulated amortization balance of Euros 3.728.821.

The investment in fixed assets undertaken by the Group for the six month period ended June 30, 2004 amounts to Euros 21.816.648, amongst which the following projects are commented as follows: (i) environmental rehabilitation work undertaken at Via Húmida and store quarries, transfer of substation A from Mill III to the peer area, and an automatic laboratory for cement analysis of the farms Z4 and Z6, at the Outão factory, (ii) construction of warehouse for solid fuels, purchase of land, set up of tire destruction unit at Cibra-Pataias factory, (iii) automation of fluorescence analysis for the “cru” and cement, environmental rehabilitation, and construction of coal covered warehouse at the Maceira-Liz factory and (iv) the conclusion of the coke mill and purchase of dumpers for the Gabés factory.

In accordance with Note 23 b), for some of their assets the Group is allowed to use declining basis method, as per fiscal legislation. If these assets, which have a net book value of Euros 24.280.715 as of June 30, 2004, were depreciated using straight line depreciation, the

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depreciation charge for the six months period ended June 30, 2004 would be decreased by Euros 759.752, and accumulated depreciation as of December 31, 2003 decreased by Euros 11.811.233. Therefore, results for the year and retained earnings would increase accordingly.

33. ACCOUNTS PAYABLE IN MORE THAN FIVE YEARS

At June 30, 2004 debenture loans and bank loans repayable in more than five years amount to Euros 105.608.333 (Note 57).

36. SEGMENT INFORMATION

Segment Information is presented for the business (primary) and geographical (secondary) segments of the Group. The net profit/loss, assets and liabilities of each segment correspond to those, which can be directly attributable, as well as those that can be reasonably attributed to the segment. The net profit/losses, assets and liabilities not directly attributable to the segments, are included in the "Others-Non allocated", and relate mainly to financial operations, resulting from the participation held in Cimpor and other investments registered under the equity method.

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Financial information the six month period ended June 30, 2004, by business segment can be analyzed as follows:

	Cement		Concrete premix		Aggregates	Others	Eliminations	Consolidated
	Portugal	Tunisia	Portugal	Tunisia	Portugal	Non allocated		
INCOME								
External sales	104,083,953	23,511,062	60,489,251	1,869,163	6,920,632	23,288,740		220,162,801
Inter-segment sales	89,893,692	1,397,835	3,796	833	1,632,224	13,506,557	(106,434,937)	-
Total income	193,977,645	24,908,897	60,493,047	1,869,996	8,552,856	36,795,297	(106,434,937)	220,162,801
External operating results	13,447,594	(981,814)	21,004,236	505,938	(432,201)	(10,845,532)		22,698,221
Inter-segment operating results	16,407,964	258,445	(19,515,480)	(511,417)	1,606,988	1,753,500		-
Total operating results	29,855,558	(723,369)	1,488,756	(5,479)	1,174,787	(9,092,032)	-	22,698,221
External net financial results	(3,667,909)	(553,065)	(403,192)	(32,550)	(10,104)	(5,477,893)		(10,144,713)
Inter-segment net financial results	1,213,630	(2,316)	204,997	2,316	98,455	(1,517,082)		-
Participation in net profit of affiliated companies	579,757	-	481,498	-	-	988,233		2,049,488
Total financial results	(1,874,522)	(555,381)	283,303	(30,234)	88,351	(6,006,742)	-	(8,095,225)
Income tax	7,677,063	(1,179,222)	826,877	10,871	304,876	36,361,945		44,002,410
Results of ordinary activities	20,303,973	(99,528)	945,182	(46,584)	958,262	(51,460,719)	-	(29,399,414)
Extraordinary items	-	-	-	-	-	185,407,958		185,407,958
Minority interests	30	27,060	87,039	(3,935)	45,346	1,200,237		1,355,777
Net results for the year	20,303,943	(126,588)	858,143	(42,649)	912,916	132,747,002	-	154,652,767
OTHER INFORMATION								
Assets by segment	361,620,349	219,821,683	81,704,552	4,327,565	22,348,865	646,646,529		1,336,469,543
Inter-segment assets	147,719,949	646,595	2,755,567	978	736,618	491,003,958	(642,863,665)	-
Total assets	509,340,298	220,468,278	84,460,119	4,328,543	23,085,483	1,137,650,487	(642,863,665)	1,336,469,543
Equity investments in affiliated companies	18,914,794	-	11,112,035	-	-	333,214,430		363,241,259
Liabilities by segment	306,057,477	32,191,009	21,741,074	1,976,093	3,703,195	403,810,007		769,478,855
Inter-segment liabilities	320,706,481	1,770,895	(1,023,353)	361,884	8,805,083	274,144,902	(604,765,892)	-
Total liabilities	626,763,958	33,961,904	20,717,721	2,337,977	12,508,278	677,954,909	(604,765,892)	769,478,855
Capital expenditure	(5,515,757)	3,702,277	1,066,606	63,299	590,939	368,328,484	-	368,235,848
Depreciation (Note 27)	21,121,614	5,342,065	1,702,548	148,375	1,441,305	4,675,227	-	34,431,134
Other costs not yet paid (provisions)	4,153,205	309,285	277,191	3,833	172,138	827,770	-	5,743,422

The amount of Euros 368.235.848, registered in Capital expenditure, includes: the increase of fixed assets and investments by Euros 373.517.816 (Note 27), reduced by (i) disposals of fixed assets and investments by Euros 21.978.106 (Note 27) net of (ii) depreciation of Euros 16.696.138 (Note 27).

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The negative net income in the cement business segment of Euros 126.588 in Tunisian market includes losses of Euros 2.151.708 due to the assets amortization charged for the six month period ended June 30, 2004 net of deferred tax related to fair value of assets attributed at acquisition date.

38. INCOME TAX

Group companies are taxed in accordance with the corporate income tax act (Código do IRC), based on their individual taxable income with exception of Secil and some of its portuguese subsidiaries which are subject to special tax regime for Group Corporate Income Tax, constituted by the Companies in which minimum investments of 90% are held and fulfils the conditions set in article 63º in the corporate income tax code. The reduction in corporate tax resulting from the difference between the sum of individual estimations and the one resulting from the application of the above mentioned regime is shown under the caption "Income tax for the period".

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, to net income for the period when computing taxable income. For tax purposes, dividends are recorded in the year when received, if participations held are lower than 10%, or held for less than one year.

All other situations that could affect significantly future income tax are recorded in the financial statements, as of June 30, 2004 under Portuguese Accounting Directive 28, as described in Note 23 j).

During the six month period ended June 30, 2004, the movement registered in the deferred tax assets and liabilities is made up as follows:

	Opening balance	Income statement		Exchange adjustment	Retained Earnings	Closing balance
		Increases	Reductions			
Timing differences giving rise to deferred tax assets						
Taxed provisions	5,767,242	3,262,549	(377,580)	(9,380)	-	8,642,831
Tax losses carried forward	8,681,315	60,773,115	(292,761)	-	-	69,161,669
Retirement benefits not covered by an autonomous fund (Note 21)	17,698,796	990,742	(736,289)	-	-	17,953,249
Liabilities for healthcare benefits (Note 21)	7,862,261	2,381,562	(141,395)	-	-	10,102,428
Gains subject to deferred tax originated intra-group transactions	95,583,327	-	(95,583,327)	-	-	-
	<u>135,592,941</u>	<u>67,407,968</u>	<u>(97,131,352)</u>	<u>(9,380)</u>	<u>-</u>	<u>105,860,177</u>
Timing differences giving rise to deferred tax liabilities						
Revaluation of fixed assets	(32,543,660)	-	3,502,889	-	-	(29,040,771)
Fair value of subsidiary Société des Ciments de Gabès	(157,526,702)	-	3,310,320	-	-	(154,216,382)
Deferred losses resulting from intra-group transactions	(55,149,216)	-	734,910	-	-	(54,414,306)
Deferred taxation of capital gains	(3,053,900)	-	323,405	-	-	(2,729,895)
Increased amortisation	(1,592,455)	(217,492)	-	7,233	(32,791)	(1,835,505)
Excess contribution for the pension fund (Note 21)	(2,684,035)	(49,123)	175,529	-	-	(2,557,629)
	<u>(252,549,368)</u>	<u>(266,615)</u>	<u>8,047,053</u>	<u>7,233</u>	<u>(32,791)</u>	<u>(244,794,488)</u>
Amounts reflected on the balance sheet						
Deferred tax assets	<u>44,993,751</u>	<u>23,262,646</u>	<u>(33,880,317)</u>	<u>(3,282)</u>	<u>-</u>	<u>34,372,798</u>
Deferred tax liabilities	<u>(81,362,229)</u>	<u>(88,899)</u>	<u>2,463,315</u>	<u>2,531</u>	<u>(11,477)</u>	<u>(78,996,759)</u>

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Income tax for the six month period ended as at June 30, 2004 and for the year ended as at December 31, 2003 were made up as follows:

	2004.06.30	2003.06.30
Current income tax (Note 54)	35.769.155	14.217.070
Deferred tax	8.243.255	(418.859)
	<u>44.002.410</u>	<u>13.798.211</u>

Current income tax for the six months period ended June 30, 2004, includes tax reduction of Euros 1.382.579 resulting from the special tax regime for Group Corporate Income Tax which in previous years was shown under the caption "Extraordinary income".

Reconciliation of the effective tax rate is as follows:

	2004.06.30	2003.06.30
Profit before income tax	200.010.954	34.568.226
Expected income tax 27,50%	55.003.012	11.407.515
Permanent differences (a) -18,63%	(37.268.201)	4.206.115
Change in tax rate (b) 13,02%	26.032.397	(1.945.205)
Adjustments to taxable income (c) 0,12%	235.202	129.786
	<u>22,00%</u>	<u>44.002.410</u>
		<u>13.798.211</u>

(a) This amount is made up essentially of:

	2004.06.30	2003.06.30
(a) This amount is made up essentially of :		
Amortisation of Goodwill (Note 10)	8,433,917	8,348,800
Effects arising from the application of the equity method (Note 60)	(2,324,275)	(5,383,965)
Capital gains / losses for tax purposes	3,291,796	360,471
Capital gains/ losses for accounting purposes	(146,148,052)	1,299,712
Provisions not allowed for tax purposes (Note 46)	1,546,418	302,674
Tax losses appropriated by RETGS from subsidiary Secil	(5,027,560)	-
Provisions not allowed for tax purposes in previous years	(2,568,339)	-
Dividends from foreign companies headquartered outside E.U.	-	1,027,762
Recoverable prior tax losses	(4,466,526)	-
Tax losses not recovered	10,059,742	5,970,236
Decrease in provisions not allowed for tax purposes (Note 46)	(672,026)	-
Others	2,354,174	820,114
Tax effect (27,50%) (2003: 33%)	<u>(135,520,731)</u>	<u>12,745,804</u>
	<u>(37,268,201)</u>	<u>4,206,115</u>

(b) This amount includes: (i) the effect of the difference in the municipal surtax (Derrama) of some group entities, (ii) the impact produced by different tax rates applicable to some entities, namely Spain and Tunisia with corporate taxes of 35% and (iv) the effect produced by income subject only to withholding tax and (iv) the effect of the application of the annual estimate average tax rate to profit before income tax.

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(c) This value relate to the autonomous taxation.

In accordance with current Portuguese tax legislation, 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 five years for social security contributions. Consequently, tax returns for the years 2000 to 2003 are still subject to review and correction.

Semapa 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 consolidated financial statements as of June 30, 2004.

39. REMUNERATIONS OF THE BOARD MEMBERS

The remunerations to the corporate board members of Semapa and affiliated companies in the six month periods ended June 30, 2004 and 2003 amounts to Euros 7.889.990 and Euros 3.952.711, including in both cases gratifications of Euros 2.000.000 and 1.540.000, respectively.

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 AND INVESTMENTS IN PROPERTY

At of June 30, 2004 the cost and related revaluations of tangible fixed assets and investments (investments in property), net of accumulated depreciation, are as follows:

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Caption	Historical values	Revaluations	Revaluated Values
Tangible assets:			
Land and natural resources	25,407,332	10,748,435	36,155,767
Buildings and other constructions	58,655,611	29,327,096	87,982,707
Machinery and equipment	129,199,653	34,793,116	163,992,769
Transport equipment	4,488,058	159,524	4,647,582
Tools and utensils	260,336	89,095	349,431
Administrative equipment	2,538,762	321,738	2,860,500
Reusable containers	625	-	625
Other tangible fixed assets	3,559,760	216,136	3,775,896
	<u>224,110,137</u>	<u>75,655,140</u>	<u>299,765,277</u>
Investments:			
Land and natural resources	16,374	252,334	268,708
Buildings and other constructions	70,480	761,584	832,064
	<u>86,854</u>	<u>1,013,918</u>	<u>1,100,772</u>
	<u>224,196,991</u>	<u>76,669,058</u>	<u>300,866,049</u>

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44. CONSOLIDATED NET FINANCIAL RESULTS

Net financial results for the six month period ended June 30, 2004 and 2003, are as follows:

	2004	2003
<u>Expenses:</u>		
Interest expense - shareholders loans (Note 59)	121.898	-
Interest expense - others	10.054.101	9.497.863
Depreciation and provisions for investments	212.577	113.747
Foreign currency exchange loss	284.997	549.792
Financial discounts allowed	715.346	801.348
Losses on affiliated companies (Note 36 and 60)	824.887	1.106.138
Other financial expenses	1.119.526	729.254
	13.333.332	12.798.142
Net financial results	(8.095.225)	4.861.749
	<u>5.238.107</u>	<u>17.659.891</u>
<u>Income:</u>		
Interest income - affiliated companies (Note 61)	-	-
Interest income - subsidiaries companies (Note 62)	43.473	-
Interest income	947.499	812.076
Income from participation bonds	48.182	48.347
Income from properties	12.668	10.743
Gains on investments in affiliated companies (Note 60)	2.874.375	6.447.581
Gains on investments in other companies	425.693	9.936.178
Foreign currency exchange gains	92.042	166.766
Financial discounts obtained	26.035	87.259
Other financial income	768.140	150.941
	<u>5.238.107</u>	<u>17.659.891</u>

The caption “Depreciation and provisions for investments” corresponds to: (i) depreciation in real-estate investments of Euros 20.520 (Note 27), (ii) provision for negative shareholders’ equity in the associate - Viroc Portugal, S.A., for an amount of Euros 192.057 (Note 46).

The caption “Gains on investments in affiliated companies” includes (i) the recognition of income arising from applying the equity method in affiliated companies, Euros 2.794.806 (Note 60), and (ii) the recognition of income arising from the goodwill recognition in respect of Cimentos de Sibling S.A.L. for the amount of Euros 79.569 (Note 10).

The caption “Gains on investments in other companies” includes an amount of Euros 354.356 (Note 60), related to the profit for the period of the Cimentos Madeira, Lda., as calculated in accordance with the equity method referred to in Note 23 d).

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45. CONSOLIDATED NET EXTRAORDINARY ITEMS

Net extraordinary items for the six month period ended June 30, 2004 and 2003, are as follows:

	2004	2003
<u>Expenses:</u>		
Donations	251,096	141,247
Uncollectable debts	15,045	19,580
Loss on inventories	3,742	14,407
Loss on fixed assets	7,622	2,131,572
Fines and penalties	8,192	10,036
Prior year adjustments	122,443	21,615
Other extraordinary expenses	142,352	48,993
	<u>550,492</u>	<u>2,387,450</u>
Net extraordinary results (Note 36)	<u>185,407,958</u>	<u>7,345,058</u>
	<u>185,958,450</u>	<u>9,732,508</u>
<u>Income:</u>		
Tax refund	1,389	4,298
Recovery of bad debts	1,994	185,818
Gains on inventories	2,024	-
Gains on fixed assets	183,715,499	996,106
Subsidies for investments (Note 56)	385,950	-
Decrease in depreciation	81,375	-
Decrease in provisions (Note 46)	1,036,430	7,053,551
Prior year adjustments	96,780	724,566
Other extraordinary income	637,009	768,169
	<u>185,958,450</u>	<u>9,732,508</u>

The caption "Gains on fixed assets" includes (i) gains on investments of Euros 179.505.738 and (ii) gains from the disposal of tangible assets for the amount of Euros 4.209.761.

The gains on investments were made on disposal of shares in subsidiary Secil, Euros 139.103.004, Cimpor, Euros 36.140.655 (Note 58), Banco Espírito Santo, Euros 992.193 and Sonagi, Euros 143, respectively.

During the six month period ended June 30, 2004, Semapa sold 23.880.414 shares of its investment in Secil, corresponding to 45,125% of share capital and 49% of voting rights, to Beton Catalan, SL, spanish subsidiary of the irish group CRH, plc.

Additionally, 60.459.700 shares of Cimpor – Cimentos de Portugal, SGPS, S.A. were sold, corresponding to 8,997% of its share capital.

The gains on tangible fixed assets include (i) Euros 459.432 obtained on disposal of ready mix trucks by subsidiaries dedicated to the production and selling of concrete and (ii) Euros

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3.153.821 obtained from the disposal of a plot of land (Entrepasto comercial), ancillary buildings and equipment at Arrábida – Porto.

46. MOVEMENT IN PROVISIONS

The movement in provisions during the six month period ended June 30, 2004 was as follows:

Captions	Opening balance	Exchange rates adjustment	Increase (Nota 36)	Decrease	Transfers	Closing balance
Provisions for investments (Note 27)	1,112,070	(198)	-	(12,522)	-	1,099,350
Provisions for losses on inventories	2,133,881	(7,181)	59,354	-	-	2,186,054
Provisions for doubtful accounts						
Customers	12,411,836	(10,361)	447,689	(614,228)	-	12,234,936
Subsidiary Companies (Note 62)	1,980,416	-	26,585	(44,333)	-	1,962,668
Other debtors (Note 55)	6,142,798	(2)	30,988	(1,995)	-	6,171,789
	20,535,050	(10,363)	505,262	(660,556)	-	20,369,393
Provisions for risks and charges:						
Provisions for pensions (Note 21)	17,698,798	-	948,938	(694,487)	-	17,953,249
Provisions for tax	213,409	-	106,096	-	-	319,505
Other provisions for risks and charges	15,200,327	3,796	4,123,772	(2,855,383)	250,461	16,722,973
Provision for healthcare benefits (Note 21)	7,862,261	-	2,486,372	(246,205)	-	10,102,428
Provision for potencial losses in fixed assets	1,033,668	-	-	(56,150)	-	977,518
Provision for fiscal reserve investment	4,236,683	-	-	(2,478,268)	-	1,758,415
Provision for negative shareholders equity (Note 60)	1,067,788	-	192,057	-	-	1,259,845
Other	999,927	3,796	1,445,343	(74,760)	250,461	2,624,767
	33,112,534	3,796	5,178,806	(3,549,870)	250,461	34,995,727
	56,893,535	(13,946)	23,580,122	(4,222,948)	250,461	58,650,524

The increase in captions for the six month period ended June 30, 2004, of Euros 5.178.806 was recorded in the: (i) "Payroll – social charges – pensions", Euros 948.938 (Note 21), (ii) "Payroll – social charges – others", Euros 2.486.372, (iii) "Depreciation and provisions for investments", Euros 192.057 (Note 44), (iv) "Bank deposits", of Euros 68.582, (v) "Provisions for the year", of Euros 2.047.473.

The decrease in provisions, of Euros 4.222.948 was recorded by direct reversal by Euros 3.186.518 and a credit in the caption "Extraordinary results", amortizing to Euros 1.036.430 (Note 45).

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Provisions for taxes (not allowed for fiscal purposes): an amount of Euros 213.409, results from tax reviews made over 2000 income tax return of Secil corporate. The increase in this provision, amounting to Euros 106.096, results from the delay interests over corrected taxable income amount and, an estimate for expected adjustments on the following years.

Provision for fiscal investment reserve (not allowed for fiscal purposes): the Group recorded as of December 31, 2003 a decrease in income tax of Euros 4.236.683 related to Secil and its subsidiaries, based on the Decree-law 23/2004 January 23, which was adjusted in this period to Euros 1.758.415 based on the Law 11/2004, May 18. According with the terms of the Decree-Law the Group is required to invest in certain fixed assets in 2003 and 2004 years. The Group recorded a provision by the same amount, in case of not fulfilling the conditions in the period above mentioned.

Provision for negative shareholders equity (not allowed for fiscal purposes): the Group increased during the six month period ended June 30, 2004 the provision for investments in companies presenting a negative shareholders' equity as of June 30, 2004, by applying the equity method of accounting, resulting in a charge of Euros 192.057 (Note 44).

47. ASSETS HELD UNDER FINANCE LEASE

As of June 30, 2004, fixed assets held under finance lease includes under the following captions:

Caption	Cost	Accumulated amortisation	Net value
Buildings and other constructions	245,936	(30,742)	215,194
Machinery and equipment	203,406	(61,723)	141,683
Transport equipment	234,728	(21,432)	213,296
	<u>684,070</u>	<u>(113,897)</u>	<u>570,173</u>

Outstanding liabilities in relation to capitalized finance lease contracts are payable as follows:

Payable up to 1 year	144,959
Payable between 1 to 5 years	<u>251,993</u>
	<u>396,952</u>
Future interest payable	<u>53,277</u>

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VII OTHER INFORMATION

50. SHARE CAPITAL

As of June 30, 2004 the company's share capital was fully subscribed and paid up and consisted of 118.332.445 shares of 1 Euros each.

The share capital of Semapa as of June 30, 2004 and December 31, 2003 was held as follows:

Name	Amount	%
Sodim, SGPS, S.A.	25,000,000	21.13
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
AF Investimentos - Fundo Imobiliários, S.A.	2,468,900	2.09
Other interest shareholders under of 2%	27,197,849	22.98
	<u>118,332,445</u>	<u>100.00</u>

51. CHANGES IN SHAREHOLDERS' EQUITY

The changes in shareholders' equity during the six month period ended June 30, 2004 were as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Closing balance
Share capital	118.332.445	-	-	-	118.332.445
Treasury stock - nominal value	(2.727.975)	-	-	-	(2.727.975)
Treasury stock - discounts and premiums	(7.671.437)	-	-	-	(7.671.437)
Adjustments in investments in subsidiaries and affiliated companies	3.923.459	-	-	-	3.923.459
Accumulated exchange adjustments	(11.707.344)	274.891	-	4.079.324	(7.353.129)
Revaluation reserves (Notes 41 and 52)	8.986.163	-	-	872.432	9.858.595
Reserves:					
Legal reserve	11.113.752	1	-	2.003.638	13.117.391
Other reserves	77.530.008	-	-	24.235.892	101.765.900
Retained earnings	(226.340)	-	(113.427)	(4.951.756)	(5.291.523)
Consolidated net profit for the period	40.072.775	154.652.767	(13.833.245)	(26.239.530)	154.652.767
	<u>237.625.506</u>	<u>154.927.659</u>	<u>(13.946.672)</u>	<u>-</u>	<u>378.606.493</u>

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As decided by the Semapa Shareholders' General Meeting held on April 16, 2004, the net profit for 2003 was allocated as follows:

Distribution of dividends	11,833,245
Legal reserves	2,003,638
Other reserves	24,235,892
Bonus to Board Members	2,000,000
	<hr/>
	40,072,775

The dividends distribution and bonus to board members approved on April 16, 2004, amounting to Euros 13.833.245, were fully paid as of June 30, 2004.

Retained earnings: the movements registered in the caption were as follows:

Opening balance	(226,340)
Transfers:	(4,951,756)
Transfers of "Revaluation Reserves" (Note 52)	(872,432)
Transfers to "Accumulated Exchange Adjustment"	(4,079,324)
Decreases:	(113,427)
Bonus distributed to employees of the subsidiary companies	(162,645)
Bonus distributed to employees of the affiliated companies	(7,286)
Dividends distributed by Semapa to Seminiv - Investimentos, SGPS, SA	272,829
Other adjustments made by group companies	(201,379)
Other adjustments made by associated companies	(14,946)
Closing balance	<hr/>
	(5,291,523)

Accumulated Exchange Adjustment: the amount of Euros 274.891, reflected in this caption, corresponds (i) to the proportion of the decrease in shareholders equity of Société des Ciments de Gabés, of Euros 61.030 and increase in shareholders equity of Ciment de Sibline, of Euros 272.801 resulting from exchange differences arising on the translation to Euros of the balance sheet of the foreign subsidiary and affiliate and (ii) an exchange difference amounting to Euros 63.120 related to actualization of the exchange rate applicable to the loans granted to Tecnosecil.

In addition the Group has transferred to "Retained earnings" an amount of Euros 4.079.324 resulting from the proportional adjustment of the Group in "Accumulated Exchange Adjustment" after the sale of 45,125% in Secil's share capital.

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.

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52. CHANGES IN REVALUATION RESERVES

As of June 30, 2004, an amount was transfer of Euros 872.432, in the consolidated financial statements, to retained earnings, in respect to the proportional investment of the Group (i) in the revaluation reserve of Secil, which was realized due to the depreciation charges and disposal of the corresponding asset by an amount of Euros 472.421, (ii) deferred tax in respect of the realized revaluation reserve portion, not considered for tax purposes of Euros 62.360 and (iii) the transfer to “Retained earnings” of Euros 1.282.493 resulting from the proportional adjustment of the Group in “Revaluation reserves” after the sale of 45,125% of Secil’s share capital.

53. MINORITY INTERESTS

As of June 30, 2004 and December 31, 2003, “Minority interests” caption included in liabilities refer to the following subsidiaries:

	<u>2004.06.30</u>	<u>2003.12.31</u>
Secil - Companhia Geral de Cal e Cimento, S.A.	181,171,727	-
Grupo Secil Betões e Inertes	3,084,186	3,282,164
Société des Ciments de Gabés	444,369	422,332
Secil Martingança, Lda.	2,985,347	2,953,314
Others	698,566	740,116
	<u>188,384,195</u>	<u>7,397,926</u>

The movement in “Minority interests” during the six months period ended June 30, 2004 was as follows:

Opening balance	7,397,926
Reduction of Group participation on Secil subsidiary due to sale	180,037,221
Net profit for the period attributed to minority interests	1,355,777
Proportion of other adjustments made to the equity accounts	(406,729)
Closing balance	<u>188,384,195</u>

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54. STATE AND OTHER GOVERNMENT ENTITIES

As of June 30, 2004 there are no debts overdue to the State and other government entities.

The balances with these entities were made up as follows:

	June 2004		December 2003	
	Receivable balances	Payable balances	Receivable balances	Payable balances
Corporate income tax	1.504.989	34.813.397	2.559.288	374.109
Personal income tax	216.802	1.766.289	-	1.158.523
Value added tax	2.034.701	7.028.115	2.289.675	4.633.662
Social security contributions	-	1.555.807	-	1.204.764
Other taxes	18.931	498.196	645.036	231.906
	<u>3.775.423</u>	<u>45.661.804</u>	<u>5.493.999</u>	<u>7.602.964</u>

The receivable and payable balances related to “Corporate income tax” were made up as follows as of June 30, 2004:

	2004			2003
	Receivable balances	Payable balances	Total	Total
Income tax for the year (Note 38)	16.661	35.742.494	35.759.155	22.114.256
Exchange rate adjustment	(39)	(2.930)	(2.969)	(11.174)
Changes in perimeter	-	-	-	8.360
Payments on account	(68.046)	(56.292)	(124.338)	(22.757.152)
Withholding at source	(52.466)	(869.875)	(922.341)	(254.878)
Income tax from previous years	(1.401.099)	-	(1.401.099)	(10.532)
Income tax reduction for Group tax purposes (Note 45)	-	-	-	(1.274.059)
	<u>(1.504.989)</u>	<u>34.813.397</u>	<u>33.308.408</u>	<u>(2.185.179)</u>

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55. OTHER DEBTORS AND CREDITORS

As of June 30, 2004 and December 31, 2003 these captions were made up as follows:

	<u>2004.06.30</u>	<u>2003.12.31</u>
<u>Other debtors - Medium and Long Term:</u>		
Debt subject to interest:		
Manuel Augusto Martins Oliveira	422,766	610,557
Rolcim, Lda.	605,406	1,701,007
Filimate	665,962	494,049
Norcim	706,460	-
Other debtors	40,006	94,099
Debt not subjected to interest	65,502	65,995
	<u>2,506,102</u>	<u>2,965,707</u>
<u>Other debtors - Short Term:</u>		
Debt subject to interest:		
Dialtina	1,200,000	-
Morrislake	200,000	-
Rolcim, Lda.	591,864	971,046
Filimate	755,241	916,226
Manuel Augusto Martins Oliveira	316,251	318,316
Norcim	240,000	-
Other debtors	203,754	676,080
Debt not subjected to interest:		
Portuguese state (liability for the sale of CMP)	5,598,358	5,598,358
Group Companies (Note 61)	402,442	415,137
Affiliated and related companies (Note 62)	250,567	737,898
Pledge in favour of third parties	1,078,244	1,006,964
Others	5,996,238	3,703,598
	<u>16,832,959</u>	<u>14,343,623</u>
Provision for doubtful debtors (Note 46)	<u>(6,171,789)</u>	<u>(6,142,798)</u>
	<u>10,661,170</u>	<u>8,200,825</u>
<u>Other creditors</u>		
Group Mutuelle (insurance)	745,553	727,137
Credits for unpaid investments (Note 61)	143,974	138,559
Group Companies (Note 61)	194,383	-
Cimpor (Portuguese Islands consortium)	291,354	105,153
Advance receivables for disposals of fixed assets	-	1,000,000
Beton Catalan, SL (CRH Group, PLC)	11,989,774	-
Other creditors	1,392,614	2,129,093
	<u>14,757,652</u>	<u>4,099,942</u>

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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 employee benefits as of December 31, 1993, following the reprivatization process of CMP. As a result of the study, errors were detected. CMP's Management requested in 1996, that the Portuguese State settle the above amount. The receivable is fully provided for in the caption "Provision for doubtful accounts receivable"(Note 46).

The amount of Euros 11.989.774 in the caption "Other creditors" relate to credits resulting from adjustments to the provisional sale value of the investment in Secil – Companhia Geral de Cal e Cimento, S.A.

56. ACCRUALS AND DEFERRALS

As of June 30, 2004 and December 31, 2003 accruals and deferrals were made up as follows:

	2004.06.30	2003.12.31
<u>Accrued income:</u>		
Interest receivable	110,923	-
Others	99,441	222,597
	<u>210,364</u>	<u>222,597</u>
<u>Deferred costs:</u>		
Maintenance	2,034,809	2,348,210
Overfunding of Pensions Fund (Note 21)	2,557,629	2,684,036
Expenses with loans obtained	7,911,400	-
Others	1,667,677	1,436,702
	<u>14,171,515</u>	<u>6,468,948</u>
<u>Accrued costs:</u>		
Holidays and other payroll expenses	9,228,295	6,486,704
Interest payable	802,752	1,030,598
Underfunding of Pensions Fund (Note 21)	1,092,879	-
Others	5,605,902	2,517,134
	<u>16,729,828</u>	<u>10,034,436</u>
<u>Deferred income:</u>		
Subsidies for investments	4,299,687	2,433,905
Negative consolidation differences (Note 10)	437,627	517,196
Other	430,856	187,770
	<u>5,168,170</u>	<u>3,138,871</u>

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During the six month period ended June 30, 2004, the movement in the caption "Subsidies for investments" was made up as follows:

Opening balance	2,433,905
Subsidies received in the period	2,251,732
Subsidies recognized in income statement:	
- SIME Program (Note 63)	(7,305)
- Other Programs	(378,645)
Closing balance	<u>4,299,687</u>

As referred in Note 23 I), investment subsidies are recognized as income in line with the depreciation of the subsidized equipment. During the six month period ended June 30, 2004 the Group has recognized an amount of Euros 385.950 (Note 45).

57. LOANS

Loans outstanding as of June 30, 2004, bear interest at normal market rates and were made up as follows:

	June 2004			December 2003
	Short Term	Medium and Long Term	Total	Total
<u>Debenture Loans:</u>				
Semapa / 98 Debenture Loan	4,489,181	13,467,543	17,956,724	23,942,299
CMP / 97 Debenture Loan	9,477,162	28,431,480	37,908,642	37,908,642
Secil / CMP 95 Debenture Loan	475,615	-	475,615	475,215
Others	194,378	77,751	272,129	272,129
	<u>14,636,336</u>	<u>41,976,774</u>	<u>56,613,110</u>	<u>62,598,285</u>
<u>Bank Loans</u>	<u>152,278,716</u>	<u>305,324,945</u>	<u>457,603,661</u>	<u>717,290,239</u>
<u>Other Loans:</u>				
Loans obtained under the POE (Note 63)	697,621	8,299,277	8,996,898	8,996,898
Loans obtained under the PEDIP II - 3.3 Program	650,843	-	650,843	1,301,686
	<u>1,348,464</u>	<u>8,299,277</u>	<u>9,647,741</u>	<u>10,298,584</u>
	<u>168,263,516</u>	<u>355,600,996</u>	<u>523,864,512</u>	<u>790,187,108</u>

As of June 30, 2004 and December 31, 2003 there were available undrawn facilities of Euros 276.016.345 and Euros 65.030.457, respectively. This variation relates with the reduction in overdrafts after the cash flow resulting from the transaction of Cimpor (Note 58) and Secil shares.

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On 9 March 1998, the Company issued 4.800.000 bonds with a nominal value of Esc. 1 each, redeemable in 10 years. During the year ended 31 December 2001, bonds were converted to Euros 23.942.299, corresponding to 2.394.229.906 bonds with a nominal value of Euros 0.01 each. After the early redemption and the programmed 12th coupon payment of 20% occurred on March 9, 2004 the debenture loan now amounts to Euros 17.956.724 corresponding to 2.244.590.447 bonds with a nominal value Euros 0,01 each. Coupon interest are payable every half year and the bonds are redeemable 20% on the due date of the 14th coupon(09/03/2005), 25% on the due dates of the 16th (09/03/2006)and 18th coupons (09/03/2007) and 10% on the due date of the 20th coupon (09/03/2008), not being impossible its early redemption in all, or part, after the change introduced to the technical role by the General Meeting held on March 5, 2004. The bonds were fully subscribed for and paid up upon subscription and are represented by dematerialised securities quoted on Euronext Lisbon.

“*Debenture loan CMP/97*” was issued by CMP on 14 July 1997 for mEsc 9,500,000 (Euros 47,385,800). The bonds were fully subscribed for and paid up upon subscription and consist of bearer type securities. Coupon interest is payable quarterly in arrears and the bonds are redeemable in tranches of 20% on the 24th and 28th dates of coupon payment, 25% on the 32nd and 36th dates of coupon payment and 10% along with the 40th coupon. Early redemption is possible at par on the date the 24th coupon payment becomes due, which is 14 July 2003. Early redemption can also be requested if Secil’s investment in the Company falls below 51%.

“*Debenture loan Secil - CMP/95*” was contracted by the Group on 1 March 1995. Two group companies, Secil and CMP, issued bonds totaling mEsc 10,000,000 (Euros 49,879,790). The bonds were fully subscribed for and paid up upon subscription, and represented by bearer type securities. Coupon interest is payable half yearly and the bonds are redeemable in tranches of 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 is possible at predetermined prices.

As of June 30, 2004, the loans classified as medium and long term were repayable as follows:

Last six months of 2005	29,315,139
2006	51,249,803
2007	51,510,076
2008	71,626,773
First six months of 2009	46,290,872
Last six months of 2009 and following (Note 33)	105,608,333
	<u>355,600,996</u>

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58. OTHER MARKETABLE SECURITIES

As of June 30, 2004 and December 31, 2003, the caption "Other marketable securities" were made up as follows:

	<u>2004.06.30</u>	<u>2003.12.31</u>
Government Bonds	1,612,909	484,878
Treasury Bonds	570,612	-
Shares on Cimpor, S.G.P.S., S.A.	-	211,606,784
	<u>2,183,521</u>	<u>212,091,662</u>

As of December 31, 2003, the amount of Euros 211.606.784 related to 60.459.700 shares of Cimpor, S.G.P.S., S.A., acquired by the Group in previous financial years, at a purchase value of Euros 3,4999 each. During the six month period ended June 30, 2004, the Group sold those shares average price of Euros 4,15 per share, resulting in a gain of Euros 39.410.398 (Note 45).

59. SHAREHOLDERS

As of June 30, 2004, the balances with main shareholders of the Group are:

	<u>Assets</u>	<u>Liabilities</u>	
	<u>Shareholders -short term</u>	<u>Shareholders -short term</u>	<u>Accruals</u>
Cimo - Gestão de Participações, SGPS, S.A.	-	4,106,103	-
Longapar, SGPS, S.A.	-	2,010,025	-
Sonaca - Sociedade Nacional de Canalizações, S.A.	-	1,017,211	-
Seribo-Société d'Études et des Realisations pour les Industries du Bois, S.A.	-	198,652	10,263
SGV - Serviços de Gestão e Valorização de Resíduos, S.A.	-	-	5,070
Other shareholders	44,999	57,655	712
	<u>44,999</u>	<u>7,389,646</u>	<u>16,045</u>

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During the six month period ended June 30, 2004, the transactions with the shareholders were as follows:

	External supplies and services	Financial costs (Note 44)
Cimianto - Gestão de Participações, S.A. (SGPS)	131,130	-
Cimo - Gestão de Participações, SGPS, S.A.	-	76,993
Longapar, SGPS, S.A.	-	16,468
Sonaca - Sociedade Nacional de Canalizações, S.A.	-	24,881
Seribo-Société d'Études et des Realisations pour les Industries du Bois, S.A.	-	3,325
SGVR-Serviços de Gestão e Valorização de Resíduos, S.A.	9,000	-
Other shareholders	-	231
	<u>140,130</u>	<u>121,898</u>

60. INVESTMENTS

As of June 30, 2004, investments in subsidiaries and affiliated companies and other securities and investments, were as follows:

	Head Office	Share Capital	Net Equity	Net Income	Investment Book value (Note 27)	Proportional share in Net Income
					% (b)	
Subsidiaries (a):						
Geciment-Gestão de Participações, SGPS, S.A.	Lisboa	50,000	26,254,503	1,504,938	89.92	1,353,241
Tecnosecil, SARL	Luanda	250,000	(2,388,802)	(70,071)	70.00	-
Secil - Energia, Lda.	Lisboa	1,995	1,995	-	100.00	-
Asfalbetão Transportes, Lda.	Torres Vedras	49,880	302,619	(3,808)	100.00	(3,853)
Secil Algérie, S.P.A.	Algéria	15,000	15,000	-	99.00	-
Sobioen - Soluções de Bioenergia, S.A.	Lisboa	1,000,000	1,000,000	-	51.00	-
Other (c)	-	-	-	-	-	(6,988)
						<u>24,325,944</u>
Affiliated companies:						
Portucel - Empresa Produtora de Pasta e Papel, S.A.	Setúbal	767,500,000	1,083,658,384	(2,666,275)	30.00	(799,882)
Betão Liz, S.A.	Lisboa	7,000,000	33,119,399	1,271,133	33.37	485,351
Transecil - Gestão Transp. Mar Especiais, Lda.	Lisboa	2,245	2,245	-	33.33	-
Becim - Mediadora de Seguros, Lda.	Lisboa	150,000	582,786	368,439	25.00	92,110
Cimentação - Cimentos dos Açores, Lda.	P. Delgada	1,246,995	8,058,921	1,529,073	25.00	451,712
Secil Unicon - S.G.P.S., Lda.	Lisboa	4,987,979	9,078,852	(53,733)	50.00	(14,164)
Viroc Portugal - Ind. de Madeira e Cimento, S.A.	Setúbal	8,729,000	(3,781,597) (d)	(1,948,313)	32.83	-
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos, Lda.	Lisboa	49,880	2,423,849	187,942	50.00	123,065
ICV - Inertes de Cabo Verde, Lda.	Cabo Verde	680,179	801,433	54,773	37.50	48,232
Ciment de Sibline S.A.L.	Beirute	87,373,986	79,325,358	228,477	21.22	48,476
Astakos Domika Aluminouha	Atenas	500,000	500,000 (e)	-	50.00	-
Chryso - Aditivos de Portugal, S.A.	Lisboa	50,000	80,339	10,656	40.00	4,511
Setefrete, SGPS, S.A.	Setúbal	1,625,000	6,266,283	752,431	25.00	188,108
						<u>363,241,259</u>
Other companies:						
Cimentos Madeira, Lda.	Funchal	1,745,793	11,768,543	2,073,299	14.29	354,356
Other	-	-	-	-	-	-
						<u>1,937,842</u>
						<u>354,356</u>

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(Amounts stated in Euros)

Notes:

- (a) Group companies excluded from consolidation, for the reasons stated in Note 2;
- (b) Percentages held directly and indirectly by Semapa;
- (c) This investment was sold during the six months period ended June 30, 2004;
- (d) The equity of this company was negative as of June 30, 2004 and consequently the investment is stated at nil in the Company's balance sheet and a provision of Euros 1.259.845 corresponding to the Group's proportion of its negative shareholders' equity, was recorded under "Provisions for other risks and charges" (Note 46);
- (e) Investments held for sale. To face potential losses on this investment a provision of Euros 250.000 has been recorded under the caption "Provisions for investments" (Notes 27 and 46).

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During the six month period ended June 30, 2004 the movements in the caption “Investments in subsidiaries”, “Investments in affiliated companies” and “Other companies” were as follows:

	Investments in			Total
	Subsidiaries	Affiliated companies	Other companies	
Opening balance	23,600,071	37,372,205	3,750,127	64,722,403
Acquisitions/ incorporations/ increases in investments in the following companies (Note 27)				
- Geciment - Gestão de Participações, SGPS, S.A.	22,262,429	-	-	22,262,429
- Portucel - Empresa Produtora de Pasta e Papel, S.A.	-	339,864,388	-	339,864,388
- Sobioen, S.A.	153,000	-	-	153,000
- Secil Algérie, S.P.A.	76,807	-	-	76,807
	<u>22,492,236</u>	<u>339,864,388</u>	<u>-</u>	<u>362,356,624</u>
Sales of investments in the following companies (Note 27)				0
- Enersis, SGPS, SA	(10,418,217)	-	-	(10,418,217)
- Vermoreira-Extracção e Comércio de Areias, Lda	-	(50,571)	-	(50,571)
- Banco Espírito Santo, S.A.	-	-	(922,015)	(922,015)
- Sonagi, SGPS, S.A.	-	-	(908,910)	(908,910)
	<u>(10,418,217)</u>	<u>(50,571)</u>	<u>(1,830,925)</u>	<u>(12,299,713)</u>
Consolidation difference from the acquisition of investments:				
- Portucel - Empresa Produtora de Pasta e Papel, S.A. (Note 10)	-	(13,966,990)	-	(13,966,990)
Results of group and affiliated companies recorded according to the equity method (Notes 38 and 44):				
- Gains	1,353,241	1,521,134	354,356	3,228,731
- Losses	(10,841)	(814,046)	-	(824,887)
	<u>1,342,400</u>	<u>707,088</u>	<u>354,356</u>	<u>2,403,844</u>
Dividends distributed to the Group by the following companies				
- Enersis, SGPS, S.A.	(12,608,405)	-	-	(12,608,405)
- Betão Liz, S.A.	-	(140,140)	-	(140,140)
- Becim-Corretora de seguros, Lda	-	(69,269)	-	(69,269)
- Cimentaçor, S.A.	-	(882,673)	-	(882,673)
- Cimentos Madeira, S.A.	-	-	(321,428)	(321,428)
	<u>(12,608,405)</u>	<u>(1,092,082)</u>	<u>(321,428)</u>	<u>(14,021,915)</u>
Proportion of the Group in the profit distributed to employees by affiliated companies relative to 2003 net income (Note 51).	-	-	(14,288)	(14,288)
Adjustments in the equity of group and associated companies due to:	-	-	-	-
- Ciment de Sibline exchange adjustment (Note 51)	-	534,903	-	534,903
- other variations in the equity of the following subsidiary and affiliates	(397)	(41,177)	-	(41,574)
Others	(81,744)	(86,505)	-	(168,249)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>24,325,944</u>	<u>363,241,259</u>	<u>1,937,842</u>	<u>389,505,045</u>

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Investments in property as of June 30, 2004 are made up as follows:

	Acquisition Value-revalued (Note 27)	Accumulated amortization (Note 27)	Provision	Net book value
Properties in Angola	1,600,311	(906,856)	(693,452)	-
Properties in Av. Conselheiro Fernando de Sousa	957,226	(553,329)	-	403,897
	<u>2,557,537</u>	<u>(1,460,185)</u>	<u>(693,452)</u>	<u>403,897</u>

61. GROUP COMPANIES

The balances as of June 30, 2004 with the Group companies excluded from consolidation for the reasons explained in note 2 are as follows:

	Assets				Liabilities		
	Investments -Loans to subsidiaries (Note 27)	Accounts receivables from customers	Group Companies -short term	Group Companies -medium and long term	Other Debtors (Note 55)	Group Companies -short term	Other Creditors
Geciment - Gestão de Participações, SGPS, S.A.	-	-	-	23,747,967	814	-	-
Tecnosecil, S.A.R.L.	3,290,827	5,936,097	40,126	-	401,628	-	143,974
Asfalbetão Transportes, Lda.	-	-	-	-	-	100,000	194,383
Sobioen-Soluções de Bioenergia, S.A.	-	-	4,116	-	-	-	-
Outras	-	-	154	-	-	45,808	-
	<u>3,290,827</u>	<u>5,936,097</u>	<u>44,396</u>	<u>23,747,967</u>	<u>402,442</u>	<u>145,808</u>	<u>338,357</u>

During the six month period ended June 30, 2004, the transactions with Group Companies, excluded from consolidation for the reasons explained in Note 2 are related with sales and services rendered to Tecnosecil, SARL, amounting to Euros 1.793.249 and interest income from Creciment amounting to Euros 80.173 (Note 44).

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62. AFFILIATED COMPANIES

The balances as of June 30, 2004 with affiliated companies are as follows:

	Assets			Liabilities	
	Accounts receivable from customers	Associated companies	Other Debtors (Note 49)	Suppliers	Suppliers of fixed assets
Associated companies:					
Betão Liz, S.A.	299,615	- -	78,464	-	-
Cimentos Madeira, Lda	3,684,221	- -	456	-	-
Cimentaor - Cimentos dos Açores, Lda	288,790	138 -	2,913	-	-
Viroc Portugal - Industria de Madeira e Cimento, S.A.	253,113	1,961,318 -	104,033	450	-
Secil Unicon - S.G.P.S., Lda	-	179 -	-	-	-
ICV - Inertes de Cabo Verde, Lda.	-	129,846 -	-	-	-
Chryso Portugal, S.A.	-	- -	-	435,793	-
Ecoresíduos	-	7,355 -	-	117,747	-
Scoreco - Valorização de Resíduos, Lda.	-	-	2,055	-	-
Astakos Domika Aluminouha	-	1,350 -	-	-	-
Secil Prebetão - Pré-Fabricados de Betão, S.A.	136,222	- -	62,646	13,200	96
	<u>4,661,961</u>	<u>2,100,186</u>	<u>250,567</u>	<u>567,190</u>	<u>96</u>

Receivable balance from affiliated companies, Viroc and Astakos, shown under the caption “Affiliated companies”, Euros 1.961.318 and Euros 1.350, respectively, are fully provided for under the caption “Provisions for doubtful accounts – affiliated companies” (Note 46). Additionally, the balance of Euros 103.822 with Viroc registered “Other Debtors”, was also provisioned.

During the six months period ended June 30, 2004, the transactions with associated companies were as follows:

	Sales and services rendered	Acquisitions of goods and services	Other Operating income	Financial income (Note 44)	Financial losses
Betão Liz, S.A.	1,618,943	-	92,839	-	11,442
Cimentos Madeira, Lda	10,579,569	-	1,327	-	-
Cimentaor - Cimentos dos Açores, Lda	1,409,716	139	586	-	-
Viroc Portugal - Industria de Madeira e Cimento, S.A.	454,905	-	24,137	39,527	1,180
Secil Unicon - S.G.P.S., Lda	-	-	5,000	-	-
ICV - Inertes de Cabo Verde, Lda.	-	-	-	3,946	-
Chryso Portugal, S.A.	-	982,786	-	-	-
Scoreco - Valorização de Resíduos, Lda.	-	-	12,708	-	-
Ecoresíduos	-	198,383	-	-	-
Secil Prebetão - Pré-Fabricados de Betão, S.A.	1,187,973	10,281	72,477	-	11,185
Ciments de Sibline	-	-	3,714	-	-
	<u>15,251,106</u>	<u>1,191,589</u>	<u>212,788</u>	<u>43,473</u>	<u>23,807</u>

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63. INCENTIVE GRANTS – “SIME – SISTEMA DE INCENTIVOS À MODERNIZAÇÃO EMPRESARIAL” PROGRAM

The Group has applied for the “SIME – Sistema de Incentivos à Modernização Empresarial” Program incentive scheme to undertake the following investments:

Companies	Description	Contracted Investment		Investment undertaken
		Period	Amount	
Secil	Outão Plant	01.03.2001 to 01.03.2005	49,697,617	21,496,888
CMP	Maceira Liz and Pataias Plants	01.03.2001 to 01.03.2005	49,386,317	25,978,086
Secil Martingança	New dry mortar unit	01.07.1999 to 01.07.2003	7,521,947	7,521,947
			<u>106,605,881</u>	<u>54,996,921</u>

The financial incentive granted/received as of June 30, 2004 has the following requirements:

Incentive:	Granted	Received
Reimbursable	26,499,602	8,996,898
Non reimbursable	476,883	376,573
Non reimbursable environmental improvement	600,000	0
Non reimbursable - territorial deconcentration improvements	156,684	35,592
Non reimbursable - premium	7,308,436	43,618
Non reimbursable - completion bonus	5,344,834	0
Non reimbursable training	308,602	69,842

The reimbursable incentives already received by the Group in the amount of Euros 8.996.898 (Note 57) were recorded under the caption “Loans”. The maximum amount contracted is Euros 26.499.602. These loans do not bear interest and the reimbursement will be made in eight monthly and successive installments; the first installments will be due six month after the end date of the grace period of two years.

The amounts received until June 30, 2004, for non-reimbursable subsidies amount to Euros 455.783 and were recorded in the caption “Deferred income”.

The subsidies recognized in the income statement, in line with the depreciation of the related subsidized tangible assets amounted to Euros 7.305 (Note 56).

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64. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents as of June 30, 2004 and December 31, 2003 is presented as follows:

	<u>2004.06.30</u>	<u>2003.12.31</u>
Securities and other investements (Note 58)	570,612	229,606,784
Government Bonds	1,612,909	484,878
Bank deposits	91,299,029	98,822,049
Cash	192,640	146,096
Overdrafts	(2,284)	-
	<u>93,672,906</u>	<u>329,059,807</u>

65. CONTINGENT ASSETS

The subsidiary Secil – Companhia Geral de Cal e Cimento, S.A. has applied in 2000 to the Foreign Investment Tax Incentive foreseen in Decree-Law 401/99 dated October 14, under the process of the acquisition of Société des Ciments de Gabés. The Incentive consists in a reduction of income tax of 10% of the Investment, for an overall amount of Euros 5.985.575. This application, although approved by ICEP – Foreign Investment Agency was declined by the Tax authorities, but Secil appealed to court against this decision by claiming the amounts of taxes paid in excess in the years 2000 through 2003, which amount to Euros 3.990.383 and Euros 100.000 related to 2004 year.

In 1995, the subsidiary Secil – Companhia Geral de Cal e Cimento, S.A. has preceded with the revaluation of tangible assets under the Decree-Law 22/92 dated February 14, with reference to tangible assets existing as at December 31, 1993. The taxable income for the years 1995 through to 1999, has been corrected for amortizations allegedly in excess relating to the portion attributable to 1994, since then there have been both payments and receipts of taxes paid to or by the State. It is the belief of Company's Management that the current appeal will be successful with the resulting benefit of an amount of Euros 2.178.972.

All the assets that subsidiary Secil – Companhia Geral de Cal e Cimento, S.A. owned in Angola were nationalized after the state independence and were fully provided for in the Balance Sheet. Since then, the Company has made every effort in order to be indemnified by the Angolan Government.

During the six month period ended June 30, 2004 the Angolan Government approved an understanding memorandum which predicts the privatization of 51% of share capital of Angolan cement factory Encime, to be attributed to Secil, as a compensation for the Angolan state responsibilities.

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66. CONTINGENT LIABILITIES

Under the Kyoto Protocol, the European Union has committed themselves in reducing during the period between 2008 and 2012, the emission of CO2 gas to levels experienced in 1990. As such, a Directive has been issued which foresees the trading of so-called “CO2 Emission Rights” which will be applicable among others to the cement industry as of January 1, 2005 until December 31, 2007. The allocation of “CO2 Emission Rights” after that date, in the event that the allocated amount will not be identical to the present emissions, will originate cost to the Group either by the acquisition of rights or via investments in equipment that reduces the emission of the gas, otherwise it will be subject to penalties applied by the Portuguese State and the European Union.

67. AUDIT FEES AND OTHER SERVICES

During the period ended June 30, 2004 the costs incurred by the Group with Auditors, Statutory auditors and other consultants are as follows:

Audit fees	83,851
Other attest services	7,892
Tax services	52,335
Other services not related to Audit	11,420
	<u>155,498</u>

68. ENVIRONMENTAL INFORMATION

(i) Environmental Policy

The Group's environmental policy is clearly detailed in the annual “Social and Environmental Report” presented in an autonomous document.

(ii) Environmental expenses

The environmental expenses incurred by the group during the six month period ended in 30 June, 2004, directly charged to cost or capitalizes, were as follows:

Description	Charged	Capitalized	Total
	Cost		
Atmosphere emissions	13,136	701,634	714,770
Residual Waters management	20,875	567,148	588,023
Residues management	293,197	34,061	327,258
Soils and Underwaters protection	-	7,544	7,544
Nature protection	16,905	6,307,780	6,324,685
	<u>344,113</u>	<u>7,618,167</u>	<u>7,962,280</u>

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The expenditure directly charged to costs, amounting to Euros 344.113, does not include: (i) employees costs directly working in environmental actions and (ii) current period amortizations related to investments made in the current and previous periods concerning environmental protection.

(ii) Incentives attributed/received

A major part of the capitalized expenditure related with the environmental improvements, are eligible investments, to financial incentives, presented by the subsidiaries Secil and CMP, in the “Economy Operational Program” - “SIME - Sistema de Incentivos à Modernização Empresarial”. (Note 63)

The expenditure capitalized in the six month period ended in 30 June, 2004, related to protection of nature, amounting to Euros 6.307.780, includes the amount of Euros 5.610.733, concerning the visual and landscape re-qualification of “Via Húmida de Outão”. In 1985, the subsidiary Secil, changed from the production in a wet line to a dry line, which drove to the deactivation of the wet line factory. The subsidiary then developed a project to re-qualify that area, which was submitted to “Economy Operational Program”, receiving an incentive that can reach 21% of the total construction value. The budget for this investment, not mandatory by law, amounts to Euros 22.000.000. As of 30 June, 2004, the investment made raise to a total amount of Euros 6.816.509, of which no significative amount were received.

As mentioned in Note 23 I) the subsidies non refundable are registered in the caption “Deferred income” (Note 56), and recognized in results with the amortizations of the subsidized asset.

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69. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In order to comply with the rule (CE) nº 1606/2002 dated July 19, the Group will adopt the International Financial Reporting Standards (IFRS) in 2005 for its consolidated financial statements with comparative figures for 2004.

The group, in order to prepare for IFRS implementation has undertaken during 2002 and 2003 training courses for its staff with assistance of external consultants. Therefore, the Group believes that, as of the effective date of transition to IFRS, January 1, 2005, will be prepared to present the financial information in accordance with this new accounting framework.

The quantification of the transition adjustment to the opening IFRS balance sheet was not fully made at the moment nor audited. However, based on the work done until date, the following changes in accounting policies are expected to result in:

- (i) derecognition of intangible assets, namely, costs related with share capital, research and development costs and other intangibles that do not qualify under IFRS;
- (ii) derecognition of deferred costs that do not qualify under IFRS as assets;
- (iii) measurement of available for sale financial instruments, at fair value, and those financial investments classified as trading, with the related changes in fair value recorded as a gain or loss in the period in which those changes occur;
- (iv) probable adjustment to the carrying amounts: (i) of goodwill from foreigner entities acquisition and (ii) fair value adjustments on assets and on liabilities of those foreigner entities acquisitions, by the translation of those values to Euros exchange rates prevailing as of the closing balance sheet date;
- (v) full consolidation of subsidiaries which were until now excluded as a result of having business activities dissimilar to those of other enterprises within the Group;
- (vi) expected adjustments in the carrying amount of goodwill amortization by the application of IFRS 3, standard that deals with Business combinations, that replaces systematic depreciation of goodwill by a periodic impairment test.

The Board of Directors is of the opinion that the Semapa Group is sufficiently prepared to respond to the challenges of implementing IFRS and that the impact will not significantly affect the Group operations.

It is also group's intention to follow Portuguese Stock Exchange Regulator (CMVM) and European Commission of Stock Exchange Regulators recommendations, and prepare, by reference to 2004 year end quantitative information about the impact of the new framework in the Group financial statements.

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70. 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.

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APPENDIX I

COMPANIES INCLUDED IN THE CONSOLIDATION

Name	Head Office	Direct and indirect percentage of share capital owned by Semapa			Percentage of share capital effectively held by Group
		Direct	Indirect	Total	
Parent company:					
Semapa - Sociedade de Investimento e Gestão, S.A.	Lisboa				
Subsidiaries:					
Betopal, S.L.	Madrid	100.0000	-	100.0000	100.0000
CMP Investments B.V.	Amesterdão	100.0000	-	100.0000	100.0000
Seinpar Investments, SGPS, S.A.	Amesterdão	100.0000	-	100.0000	100.0000
Seminv - Investimentos, SGPS, S.A. (ex - Secil, Investimentos - SGPS, S.A.)	Lisboa	-	100.0000	100.0000	100.0000
Cimenpar Investments, B.V.	Amesterdão	-	100.0000	100.0000	100.0000
Cimentospar - Participações Sociais, SGPS, Lda.	Lisboa	-	100.0000	100.0000	100.0000
Semapa Investments B.V.	Amesterdão	100.0000	-	100.0000	100.0000
Semapa Inversiones S.L.	Madrid	100.0000	-	100.0000	100.0000
Seinpart - Participações, SGPS, S.A.	Lisboa	-	100.0000	100.0000	100.0000
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	6.4155	44.5845	51.0000	51.0000
Parcim Investments, B.V.	Amesterdão	-	100.0000	100.0000	50.9999
Secilpar, SL.	Madrid	-	100.0000	100.0000	50.9998
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	-	100.0000	100.0000	50.9999
Somera Trading Inc.	Panamá	-	100.0000	100.0000	50.9998
Seciment Investments, B.V.	Amesterdão	-	100.0000	100.0000	50.9999
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	Lisboa	-	58.4000	58.4000	29.7839
Parsecil, SL.	Madrid	-	100.0000	100.0000	50.9999
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisboa	-	100.0000	100.0000	50.9999
Parseinges - Gestão de Investimentos, SGPS, S.A.	Lisboa	-	100.0000	100.0000	50.9999
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisboa	-	90.8713	90.8713	46.3442
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisboa	-	51.0000	51.0000	26.0099
Société des Ciments de Gabés	Tunis	-	98.7068	98.7068	50.3404
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.7066	98.7066	50.3403
Zarzis Béton	Tunis	-	78.9654	78.9654	40.2723
Tercim- Terminais de Cimento, S.A.	Lisboa	-	100.0000	100.0000	50.9999
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Setúbal	-	93.6600	93.6600	47.7665
Secil Betão - Indústrias de Betão, S.A.	Setúbal	-	93.6600	93.6600	47.7665
Britobetão - Central de Betão, Lda.	Évora	-	51.5130	51.5130	26.2716
Sulbetão - Preparados de Betão, S.A.	Albufeira	-	93.6600	93.6600	47.7665
Unibetão - Indústrias de Betão Preparado, S.A.	Lisboa	-	93.6600	93.6600	47.7665
Lisconcreto - Betão Pronto, S.A.	Leiria	-	93.6600	93.6600	47.7665
Asfalbetão - Sociedade Industrial, Lda.	Torres Vedras	-	93.6600	93.6600	47.7665
Betopal - Betões Preparados, S.A.	Lisboa	-	93.6600	93.6600	47.7665
Secil Britas, S.A.	Penafiel	-	93.6600	93.6600	47.7665
Pedreiral - Pedreiras de Almoester, S.A.	Santarém	-	93.6600	93.6600	47.7665
ECOB - Empresas de Construção e Britas, S.A.	Albufeira	-	93.6600	93.6600	47.7665
Fabetão - Sociedade Industrial de Fabrico de Betão, Lda.	Lisboa	-	93.6600	93.6600	47.7665
Almeida & Carvalhais, Lda.	Aveiro	-	93.6600	93.6600	47.7665
Betalves- Betão Preparado, S.A.	Penafiel	-	93.6600	93.6600	47.7665
Lisconcreto Unibetão, S.A.	Leiria	-	93.6600	93.6600	47.7665
Betostrong - Indústrias de Betão, Lda.	Maфра	-	93.6600	93.6600	47.7665
Camilo Lopez, Lda.	Alcochete	-	93.6600	93.6600	47.7665
Macmetal - Indústrias Metal-Mecânicas da Maceira, Lda.	Leiria	-	51.0000	51.0000	26.0099
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	-	51.1906	51.1906	26.1072
IQM - Indústrias Químicas da Martingança, Lda.	Lisboa	-	51.1905	51.1905	26.1071
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	-	99.9988	99.9988	50.9993
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	-	99.9978	99.9978	50.9987
CMPartin - Invertones y Participaciones Empresariales, S.L.	Madrid	-	99.9976	99.9976	50.9987

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

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN ENDED

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

APPENDIX III

ASSOCIATED COMPANIES

Name	Head Office	Direct and indirect percentage of share capital owned by Semapa			Percentage of share capital effectively held by Group
		Direct	Indirect	Total	
Portucel - Empresa Produtora de Pasta e Papel, S.A.	Setúbal	30.0000	-	30.0000	29.9999
Becim - Corretor de Seguros, Lda.	Lisboa	25.0000	-	25.0000	25.0000
Betão Liz, S.A.	Lisboa	33.3666	-	33.3666	33.3665
Cimentos Madeira, Lda.	Funchal	14.2857	-	14.2857	14.2857
Cimentaçon - Cimentos dos Açores, Lda.	P.Delgada	25.0000	-	25.0000	25.0000
Viroc Portugal - Industria de Madeira e Cimento, S.A.	Setúbal	32.8274	-	32.8274	32.8273
Secil Unicon - S.G.P.S., Lda.	Lisboa	50.0000	-	50.0000	49.9999
ICV - Inertes de Cabo Verde, Lda.	Cabo Verde	37.5000	-	37.5000	37.4999
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	Lisboa	50.0000	-	50.0000	49.9999
Chryso Portugal, S.A.	Lisboa	-	40.0000	40.0000	39.9999
Astakos Domika Alourminouha	Atenas	50.0000	-	50.0000	49.9999
Setefrete, SGPS, S.A.	Setúbal	-	25.0000	25.0000	25.0000
Ciments de Sibline	Libano	21.2172	-	21.2172	21.2172

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

**NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004 AND THE
CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD THEN
ENDED**

(Translation of a report originally issued in Portuguese – Note 70)

(Amounts stated in Euros)

THE BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
President

Maria Maude Mendonça de Queiroz Pereira Lagos
Member

Carlos Eduardo Coelho Alves
Member

Frederico José da Cunha de Mendonça Meneses
Member

José Alfredo de Almeida Honório
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

Luis Manuel Todo Bom
Member

**Belarmino Martins, Eugénio Ferreira
e Associados, SROC, Lda.**
Avenida da Liberdade, 245 - 8º C
1269 - 035 Lisboa
Portugal
Telefone +351 21319 70 00
Facsimile +351 21316 11 12

Review report by the Statutory Auditor Registered in CMVM over consolidated semester information

(Free translation from the original in Portuguese)

Introduction

1 For the purpose of article 246 of the Portuguese Securities Market Code, we are pleased to submit our review Report on the consolidated financial information of SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A. contained: in the Management Report, in the consolidated balance sheet as at June 30, 2004 (which shows a total of €1.336.470 thousand, minority interests of €188.384 thousand and shareholders' net equity of €378.606 thousand, including net income for the period of €154.653 thousand), the consolidated income statement and the consolidated cash flow statement for the six month period then ended and corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information are derived from the respective accounting records.

Responsibilities

3 The Board of Directors is responsible: (a) for the preparation of consolidated financial statements that truly and fairly present the financial position of the Companies included in the consolidation and the consolidated results of its operations and cash flows; (b) for the preparation of the historical financial information in accordance with generally accepted accounting principles and for ensuring that it is complete, true, timely, clear, objective and lawful as required by the Portuguese Securities Market Code; (c) for the adoption of adequate accounting policies and criteria; (d) for maintaining appropriate systems of internal control; and (e) for disclosing any relevant matters influencing its operations, its financial position or results of the companies included in the consolidation.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely if it is complete, true, timely, clear, objective and lawful as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our review.

Scope

5 The work we have performed had the objective to obtain a reasonable degree of certainty as to whether the financial information referred to above do not contain materially relevant distortions. Our review was performed in accordance with the Technical Standards and Directives approved by the Institute of Statutory Auditors, which require that it be so planned and conducted according to that objective and consisted: (a)

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

primarily, in enquiries and analytical procedures, to review the (i) reliability of assumptions used in preparation of the financial information; (ii) the adequacy of the accounting policies adopted taking into account the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern principle; (iv) appraisal of the overall adequacy of the presentation of the consolidated financial statements; and (v) appraisal as to whether the consolidated financial information is complete, true, timely, clear, objective and lawful.

6 Our work also covered the verification of the consistency of the consolidated financial information included in the management report with the remaining documents referred above.

7 We believe that the work performed provides an acceptable basis for the issue of our review report in respect of the information for the semester.

Report

8 Based on the work performed, that has been performed in order to obtain a reasonable assurance, nothing has come to our attention that causes us to believe that the consolidated financial statements for the six month period ended June 30, 2004 contain materially relevant distortions that affect its conformity with generally accepted accounting principles in Portugal and the information contained therein is not complete, true, timely, clear, objective and lawful.

Lisbon, September 7 2004

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

Nasser Sattar
Abdul Nasser Abdul Sattar, R.O.C.

To the Board of Directors of
SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.

Review Report
(Free translation from the original in Portuguese)

1 We have reviewed the accompanying consolidated financial statements of SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A. as at June 30, 2004, comprising of a consolidated balance sheet, consolidated income statement and consolidated cash flow statement for the six month period then ended and accompanying explanatory notes. These financial statements are the responsibility of the company's Management. Our responsibility is to issue a report on these financial statements based on our review.

2 We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement.

3 A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data, and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4 Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles in Portugal.

PricewaterhouseCoopers

Lisbon, September 7, 2004