

DIRECTORS' REPORT

INDIVIDUAL FINANCIAL STATEMENTS

As Of 31ST DECEMBER 2004

DIRECTORS' REPORT

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1. Overview of Operations

It has been the company's constant concern to create value for its shareholders, as well as to pursue the sustained development of the **Semapa Group**.

In the course of the financial year, we took a further step in this direction with the acquisition of a controlling holding (67.1%) in the **Portucel Soporcel Group**.

As a result, the Group now conducts its business by controlling three business areas:

- Cement and derivatives, through the **Secil Group**
- Renewable energy, through the **Enersis II Group**
- Paper and paper pulp, through the **Portucel Soporcel Group**

We are now a major Portuguese industrial group with growing responsibilities in the Portuguese economy. The group is now attaining a size which allows us to step up the pace of international expansion, increasing the possibilities of seizing new business opportunities.

As is public knowledge, in 2003 **SEMAPA** acquired a further 41.06% of **Secil's** share capital, making it, directly and indirectly, the sole shareholder in the company.

In the course of 2004, in keeping with the strategy mapped out in the past, the company sold a 45.1% holding in **Secil** to the Irish cement group, CRH PLC, for approximately 327 million euros, resulting in a gain of approximately 144 million euros.

The company also disposed of its holding in the share capital of Cimpor (9%), for approximately 251 million euros, thereby realizing a capital gain of approximately 27.5 million euros net of deferred taxes.

The process of reorganizing the structure of participating interests in **Enersis SGPS, S.A.** was also concluded in the course of the year. This company groups together the **Semapa Group's** holdings in the renewable energy sector, and this now constitutes an independent business sector within the group, after the transfer of the relevant interests from **Secil** to **Semapa**.

The **Semapa Group** was declared by the Council of Ministers to be the successful bidder for the privatization of a 30% holding in **Portucel – Empresa Produtora de Pasta e Papel, S.A.**. The **Group** subsequently launched a takeover bid for the entire share capital of **Portucel**, and closed the year with a 67.1% holding in the company.

As a result of these operations, the **Semapa Group** recorded extremely positive performance in 2004: the net profit of 182 million euros was substantially higher than that recorded in previous years, due essentially to the capital gains generated by disposal of the holdings in **Secil** and Cimpor.

The changes in the **Semapa Group's** holdings over the course of 2004, as indicated above, led to a significant alteration in the line-up of companies included in the consolidated accounts, meaning that the principal indicators and figures for 2003 and 2004 are not directly comparable.

The most significant change was the inclusion of the **Portucel Soporcel Group** in the consolidated accounts, in accordance with the accounting standards in force:

- Consolidation by the full consolidation method of the **Portucel Soporcel Group's** accounts from October to December.
- Appropriation by **SEMAPA** of 30% of the net results of **Portucel** from June to September, 60% in October, and 67.1% in November and December.

In turn, as a result of the disposal of part of **Secil** in June, **SEMAPA** consolidated 100% of the Secil Group results up to May, inclusive, and 51% from June to December.

In keeping with the procedure adopted in the previous year, the Enersis II Group continues to be included in Semapa's consolidated financial statements by means of the equity method; there is therefore no effect on comparability between financial years.

In addition, uniform accounting policies were adopted across the group, especially with regard to depreciation criteria and rates, and the financial and actuarial assumptions relating to pension liabilities.

As a result of this, the profits from **Secil** appropriated by **SEMAPA's** subsidiaries total approximately 61 million euros, and not 51 million euros as would have been the case without these standardization measures. And **Portucel's** profits appropriated by **SEMAPA's** subsidiaries total 3.0 million euros, of which 1.7 million euros derives from application of the equity method to the period from 1 June to 30 September, and 1.3 million euros relating to full consolidation in **SEMAPA's** accounts in the last quarter of the year.

Comparing the individual income statement and balance sheet accounts for 2003 and 2004, we find the most significant variations in the following items:

- Operating results – down due to increases in certain structural costs, due partially to the acquisition of **Portucel**;
- Extraordinary results – due essentially to the capital gains of approximately 144 million euros and 27.5 million Euros, realized on the disposal of holdings in **Secil** and Cimpor, respectively;
- Taxes – the variation is not proportional to the variation in pre-tax profits, due to the fact that some of the extraordinary results derived from gains on the disposal of capital holdings, taxed on a more favourable basis;
- Shareholders' funds – the increase is due essentially to the positive effect of the net profits for the period, and the negative effect of the transposition of the financial statements of Tunisian companies, especially after the consolidation of goodwill and the fair value generated on the acquisition as an asset of the subsidiaries, with consequent exchange rate adjustment.

As a result of these factors, the company recorded a net profit of approximately 182 million euros, up 142 million euros on the previous year.

2. Major developments and events in 2004

February

Acting through its subsidiary **Seinpart – Participações, SGPS, S.A.**, **SEMAPA** submits a bid for the purchase of a bloc of 230,250,000 shares, representing 30% of the share capital of **Portucel – Empresa Produtora de Pasta e Papel, S.A.**, in the open tendering procedure for phase 2 of privatization.

March

SEMAPA agrees to sell to Beton Catalan, SL, a CRH Group company, a bloc 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.

April

Semapa, 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, for a sum of 251 million Euros.

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.**.

May

Prior to the formal disposal in June of part of the share capital of **Secil**, the **Semapa Group** restructured its holdings, transferring the ownership of the **Enersis Group**, the renewable energy sub-holding, from CMP, SA, a company in the cement sector, to a company 89.92% held by **SEMAPA**.

The process of reorganizing the chain of interests in the renewable energy sector was also completed, and this now constitutes an independent business area managed by **SEMAPA**.

June

In June the **Group** formally sold to the CRH Group a 45.1% holding in **Secil – Companhia Geral de Cal e Cimento SA**, and 49% of the respective voting rights; this operation brought in 327 million euros.

July

In July, **SEMAPA** was informed of by the Stock Exchange Commission of its understanding, with which **SEMAPA** expressed its disagreement, that 55% of the voting rights in **Portucel – Empresa Produtora de Pasta de Papel, S.A.** were attributable to the company, due to inclusion of the voting rights attached to the shares held by Sonae Wood Products B.V..

Also in July, **Semapa Investments B.V.** (100% owned by **Semapa SGPS**) published the preliminary notice for 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.

August

In August, **Semapa Investments B.V.** published the definitive notice of the takeover bid for shares in **Portucel**, an operation which closed on 28 September.

September

The offer for the purchase of shares in **Portucel** was open during August and September.

October and November

As a result of the takeover bid for **Portucel**, **Semapa Investments BV** paid a total of 361 million Euros for shares corresponding to 30.37% of the share capital. As a result of this operation and a subsequent acquisition of 6.7% of the shares in **Portucel**, **Semapa Investments B.V.** now directly holds 284,712,433 shares in **Portucel**, representing 37.10% of the respective voting rights. And the **Semapa Group** as a whole now owns 67.10% of the share capital and voting rights in **Portucel**.

December

Seinpar Investments BV, a wholly owned subsidiary of **SEMAPA – Sociedade de Investimento e Gestão, SGPS**, acquired on the stock exchange 1,018,800 shares in ENCE – Grupo Empresarial Ence SA, corresponding to 4% of the shares in this Spanish company.

3. Financial

3.1 Changes in financial holdings

The alterations to the company's financial holdings in the course of 2004 are detailed in the preceding chapter.

3.2 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 the BTA (Banco Totta & Açores) loan to **SEMAPA**, with a value of 4,414,286 Euros, and the BTA loan to its subsidiary **Seinpart B.V.**, with a value of 244,157,143 Euros.

In May **Semapa** received dividends from **Secil**, both directly and through its subsidiary **Cimentospar – Participações Sociais, SGPS, S.A.**, 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 represented total investment of 333 million Euros. In order to provide financial cover for this operation and the subsequent phases, consisting of the takeover bid for 339,785,231 shares in **Portucel** (excluding those held by the Portuguese State, **Semapa SGPS, SA, Semapa Inversiones SL, Semapa Investments BV** and **Seinpart SGPS, SA** contracted a loan from the CGD and BES banking groups with a total value of up to 850 million Euros, maturing up to 7 years. As at 31 December, approximately 700 million euros of this had been used, given that the operation was partly financed through equity funds in the acquisition of this holding. This sum is reflected in the financial statements of **SEMAPA's** subsidiaries.

In November, **SEMAPA** and **Cimentospar** (a company controlled by **SEMAPA**) received advance dividends for 2004 from Secil totalling approximately 10.4 million euros.

The European economy, and the Portuguese economy in particular, has been slow in showing signs of a recovery, which has caused the European Central Bank to pursue a monetary policy of low interests, which is not expected to change in the near future. The company has therefore opted to maintain all its borrowing on a floating rate basis, with the consequent benefit of the low levels of the Euribor index.

Note that bank borrowing contracted by **Semapa SGPS** is stated in euros.

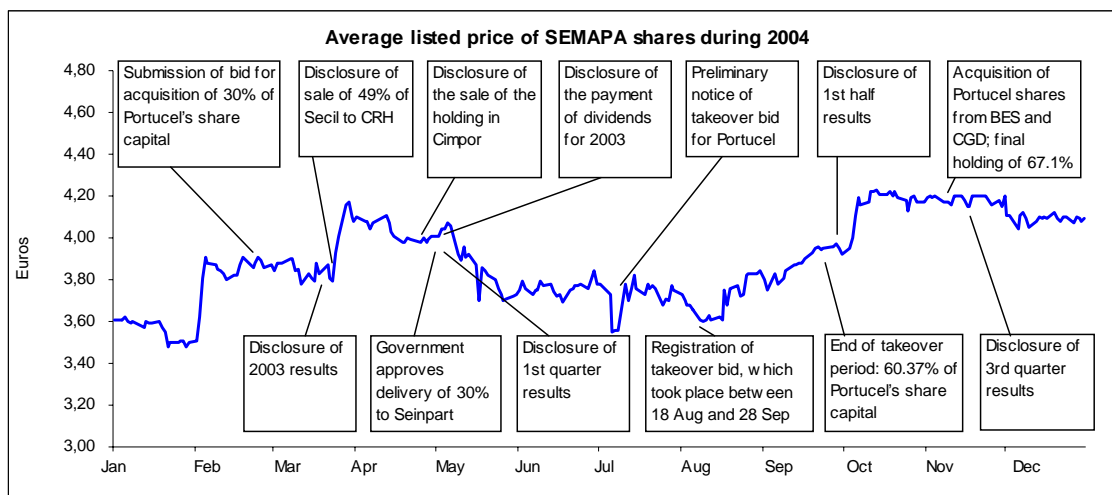
3.3 Listed share prices

Over the course of 2004, the average listed price of SEMAPA shares rose by 13.3%. The average daily listed price for these shares varied between a minimum of EUR 3.48 and a maximum of EUR 4.23. An average of approximately 34,310 shares were traded daily during the period.

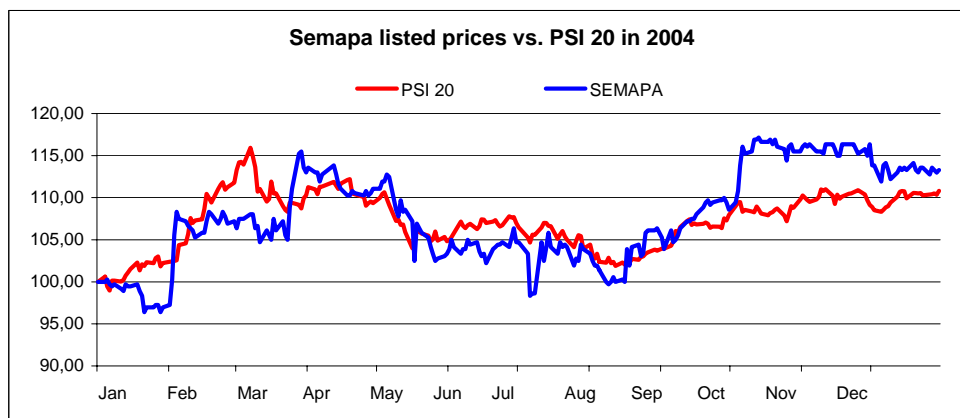
On 19 March 2004, the date on which the company disclosed its 2003 results to the market, there was no significant alteration in the average listed price in relation to the previous session.

The distribution of EUR 0.10 per share in circulation, which represented, in net terms, for shareholders subject to tax, approximately EUR 0.085 per share for resident shareholders and EUR 0.075 per share for non-resident shareholders, had no significant impact on formation of the share price.

The following graph shows listed prices over the period, together with the main disclosures made to the market:



Semapa shares performed well overall in 2004, rising at above the rate of the main Portuguese equity market index – PSI 20, as shown in the following graph:



3.4 Dividends

In the first half of 2004, **SEMAPA** paid its shareholders dividends relating to the profits for 2003, totalling 11,833,244.50 euros, corresponding to a dividend of 0.10 euros per share in circulation.

3.5 Net profit for the period

The company recorded a net profit for the period, after deduction of minority interests of 14,685,763.00 euros, totalling 182,073,722.32 euros. As stated above, this result was strongly influenced by the capital gains realized on the disposal of holdings in **Secil** and **Cimpor**.

4. Developments after the close of the financial year

On 26 January 2005, the company disclosed to the market the disposal of its entire holding in ENCE – Grupo Empresarial Ence, S.A.. This disposal was effected through companies controlled by **SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA: Seinpar Investments BV** disposed of its block of 1,018,800 shares and **Portucel – Empresa Produtora de Pasta e Papel, SA** disposed of its holding of 1,018,800 shares acquired on the same date.

5. Acknowledgements

Despite the difficult economic climate, in 2004 the **Semapa Group** successfully bolstered its position as a corporate group with diversified interests, making extremely significant investments and recording highly satisfactory indicators, as well as pursuing an ambitious plan of streamlining the organization and procedures in its various business areas. None of this would have been possible without the dedication of its employees, the support and understanding of its clients and suppliers, the cooperation of financial institutions, regulatory and supervisory authorities and the Audit Board, and, finally, the continuing interest and confidence of its shareholders.

The Board of Directors would therefore like to thank all those concerned for their support during the year.

6. Proposal for distribution of profits

Considering that the Company needs to maintain a financial structure compatible with sustained growth of its Group, in the various business areas in which it operates;

Considering that in order for the Company to remain independent from the financial system, it needs to preserve levels of consolidated short, medium and long term indebtedness which allow it to maintain sound solvency indicators;

Considering the value of the investment in **Portucel** and the financial liabilities deriving from this;

We propose the following distribution of the balance of 182,073,722.32 euros in the account for net profits:

Dividends for shares in circulation ...(0.10 euros/share).....	11,833,244.50 Euros
Retained earnings	3,000,000.00 Euros
Legal reserve	9,103,686.00 Euros
Free reserves	158,136,791.82 Euros

Lisbon, 28 February 2005

The Board of Directors

Chairman

Pedro Mendonça de Queiroz Pereira

Directors

Maria Maude Mendonça de Queiroz Pereira Lagos

Carlos Eduardo Coelho Alves

José Alfredo de Almeida Honório

Frederico José da Cunha Mendonça e Meneses

Gonçalo Allen Serras Pereira

Francisco José de Melo e Castro Guedes

Paulo Jorge de Carvalho Ventura

Luís Manuel Pego Todo Bom

Corporate Governance Report Financial year of 2004

Chapter 0 Declaration of Compliance

Recommendation no. 1

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

This recommendation has therefore been adopted in full.

Recommendation no. 2

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

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

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

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

This recommendation has not been adopted in full.

Recommendation no. 3

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

Recommendation no. 4

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

Recommendation no. 5

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

Recommendation no. 6

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

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

Recommendation no. 7

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

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

Recommendation no. 8

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

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

Recommendation no. 9

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

Recommendation no. 10

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

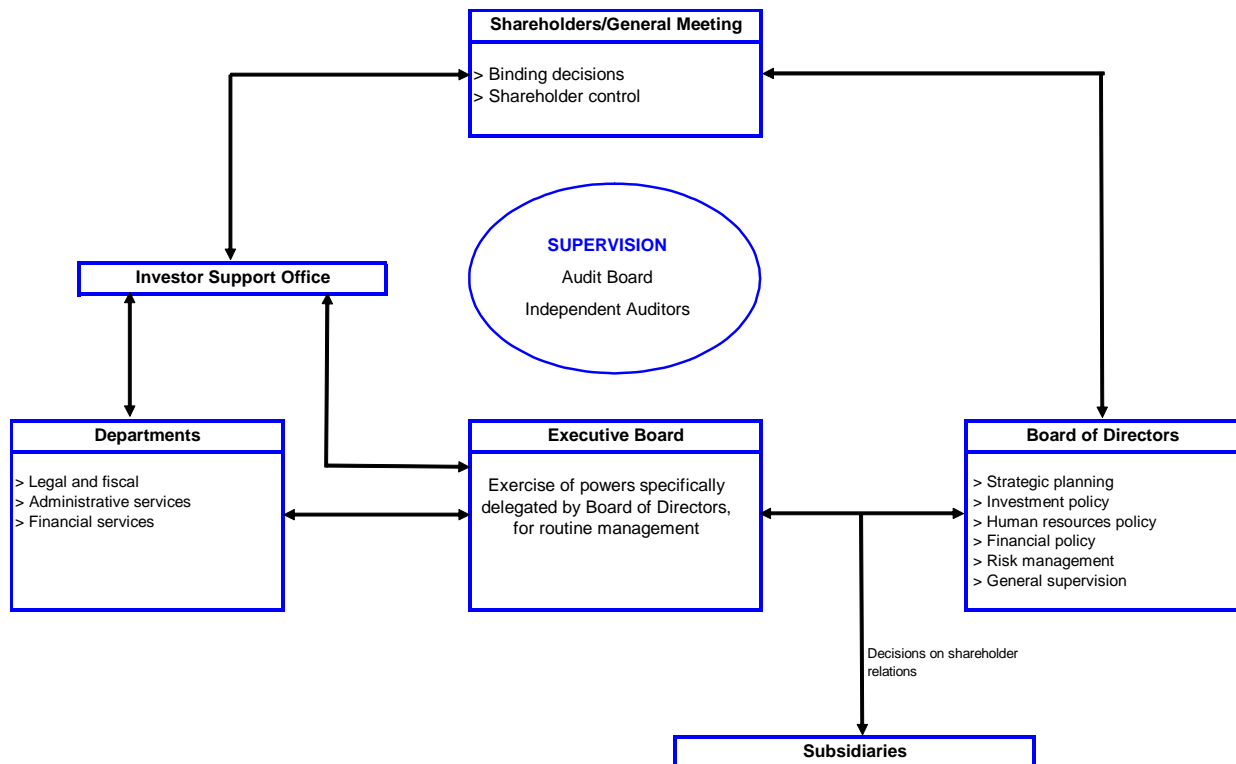
Recommendation no. 11

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

Chapter I
Disclosure of information

1. Organisational structure

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



2. Specific Committees

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

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

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

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

3. Risk Control

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

Independent audits of Semapa and the companies it controls are conducted by PriceWaterhouseCoopers except for Soporocel and its subsidiaries, where the audits are conducted by Deloitte & Touche.

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

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

Especially significant in this area is environmental risk which, in the cases of both Secil and Portucel, is paid particular attention, being controlled by the relevant departments of these subsidiaries.

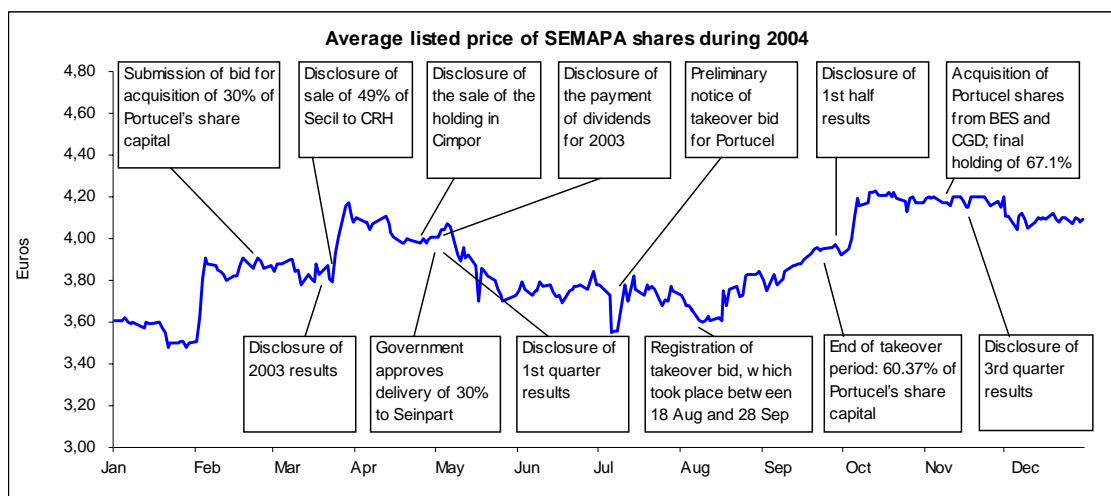
4. Listed share prices

Over the course of 2004, the average listed price of SEMAPA shares rose by 13.3%. The average daily listed price for these shares varied between a minimum of EUR 3.48 and a maximum of EUR 4.23. An average of approximately 34,310 shares were traded daily during the period.

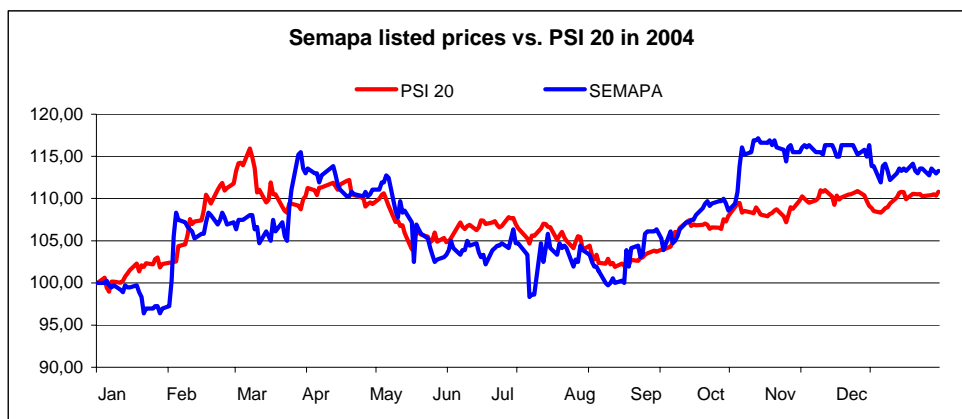
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The distribution of EUR 0.10 per share in circulation, which represented, in net terms, for shareholders subject to tax, approximately EUR 0.085 per share for resident shareholders and EUR 0.075 per share for non-resident shareholders, had no significant impact on formation of the share price.

The following graph shows listed prices over the period, together with the main disclosures made to the market:



Semapa shares performed well overall in 2004, rising at above the rate of the main Portuguese equity market index – PSI 20, as shown in the following graph:



5. Dividend distribution policy

The Company has followed a policy of distributing a large amount without resorting to borrowing for this purpose and without jeopardising its sound financial position. The aim is to maintain a financial structure compatible with the sustained growth of the company and the different business areas, whilst also maintaining sound solvency indicators.

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

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

2002 (in relation to 2001)	0.10 € per share
2003 (in relation to 2002)	0.10 € per share
2004 (in relation to 2003)	0.10 € per share

6. Share and option allocation schemes

The Company runs no share or option allocation scheme.

7. Transactions with company officers, holders of qualifying holdings and subsidiaries

No transactions to report.

8. Investor Support Office

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

In addition to the general contact details for the company, Dr. José Miguel Gens Paredes can be contacted at the address jmparedes@semapa.pt or on the company's general telephone numbers.

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

9. Remuneration Committee

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

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

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

10. Remuneration of Auditors

The following costs were incurred in relation to auditors in 2004 by the company and other related companies:

Services – Audit of Accounts	415.464€
Other services – reliability assurance	177.102€
Fiscal consultancy services	168.111€
Services other than legal auditing	77.322€
	<u>837.999€</u>

NB: In relation to the Portucel Soporcel Group, it should be noted that the figures stated include 100% of the amounts paid annually by this corporate group, without taking Semapa's proportional share into account.

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

Chapter II

Exercise of voting rights and representation of shareholders

1. Company rules on voting rights

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

2. Postal vote form

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

3. Electronic voting

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

4. Period for freezing shares

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

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

5. Deadline for receipt of postal votes

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

6. Number of shares corresponding to one vote

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

Chapter III Company Rules

1. Codes of Conduct

The Company has a set of "Principles of Professional Conduct", approved by the Board of Directors. This document establishes ethical principles and rules applicable to company staff and officers.

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

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

Access to this document is reserved.

2. Control of operating risks

Semapa has no division or department dedicated to internal audit or risk management, and risk control activities are carried out as described in point I-3.

3. Measures capable of interfering with takeover bids

There are no provisions in the articles of association or measures adopted by the company such as may interfere with the success of takeover bids, and the company has no knowledge of any shareholders' agreements which might have this effect, without prejudice to the open co-ordination of voting rights by the shareholders holding more than half the share capital, on the terms indicated in the respective annex to the Directors' Report.

Chapter IV Management Body

1. Description of Board of Directors

The company's Board of Directors consists of nine members. Messrs. Pedro Mendonça de Queiroz Pereira, Eng. Carlos Eduardo Coelho Alves, Dr. José Alfredo de Almeida Honório, Eng. Gonçalo Allen Serras Pereira and Dr. Francisco José Melo e Castro Guedes exercise executive duties, and are members of the company's Executive Board. The director Ms. Maria Maude Mendonça de Queiroz Pereira Lagos and the directors Messrs. Eng. Frederico José da Cunha Mendonça e Meneses, Dr. Paulo Jorge Barreto de Carvalho Ventura e Eng. Luís Manuel Pego Todo Bom do not exercise executive duties.

As stated above, none of the members of the Board of Directors is independent in accordance with the concept as defined in Securities Market Commission Regulations 11/2003.

The directors hold office in the following companies. Companies marked (SG) are members of the Semapa Group.

Pedro Mendonça de Queiroz Pereira

CIMENTOSPAR Participações Sociais, SGPS, Lda (GS)	Manager
CIMIANTO - Gestão de Participações, SA,	Chairman Board of Directors
CIMINPART - Investimentos e Participações, SGPS, S.A. (GS)	Chairman Board of Directors
CIMO - Gestão de Participações, SGPS, SA.....	Chairman Board of Directors
CMPartin - Inversiones y Participaciones Empresariales SL (GS).....	Chairman Board of Directors
CMP - Cimentos Maceira e Pataias, SA (GS).....	Chairman Board of Directors
ECOLUA - Actividades Desportivas, Lda.....	Manager
LONGAPAR, SGPS, SA	Chairman Board of Directors
O E M - Organização de Empresas, SGPS, SA.....	Chairman Board of Directors
PARSECIL, SL (GS)	Chairman Board of Directors
PARSEINGES - Gestão de Investimentos, SGPS, S.A. (GS).....	Chairman Board of Directors
PORTUCEL - Empresa Produtora de Pasta e Papel, S.A. (GS).....	Chairman Board of Directors
REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliários, S.A	Chairman of General Meeting
SECIL - Companhia Geral de Cal e Cimento, SA (GS)	Chairman Board of Directors
SECILPAR, SL (GS)	Chairman Board of Directors
SEINPART Participações, SGPS, S.A (GS)	Chairman Board of Directors
SEMAPA Inversiones, SL (GS).....	Chairman Board of Directors
SEMINV - Investimentos, SGPS, S.A (GS).....	Chairman Board of Directors
Sociedade Agrícola da QUINTA DA VIALONGA, SA	Chairman Board of Directors
SODIM SGPS, SA	Chairman Board of Directors
SONACA – Sociedade Nacional de Canalizações, S.A.....	Secretary of General Meeting
SOPORCEL - Sociedade Portuguesa de Papel, S.A. (GS)	Chairman Board of Directors
VÉRTICE-Gestão de Participações, SGPS, SA.....	Chairman Board of Directors

Maria Maude Mendonça de Queiroz Pereira Lagos

CIMIANTO-Gestão de Participações, SA	Director
O E M - Organização de Empresas, SGPS, SA.....	Director
SODIM, SGPS, SA	Director
Hotel RITZ, SA.....	Chairman Board of Directors
LONGAVIA-Imobiliária, SA	Director
Ideias Interactivas – Informática, S.A.....	Director

Carlos Eduardo Coelho Alves

SONACA – Sociedade Nacional de Canalizações, S.A.....	Director
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CIMIANTO - Gestão de Participações, SA	Director
SODIM, SGPS, SA	Director
SECIL - Companhia Geral de Cal e Cimento, SA (GS)	Chief Executive Officer
CMP - Cimentos Maceira e Pataias, SA (GS)	Chief Executive Officer
CIMO - Gestão de Participações, SGPS, SA	Director
SCG – Soci��t�� des Ciments de Gab��s, SA (GS)	Chairman Board of Directors
SEMINV - Investimentos, SGPS, S.A (GS)	Director
SECILPAR, SL (GS)	Director
CIMINPART - Investimentos e Participa���es, SGPS, S.A. (GS)	Director
PARCIM – Investments B.V. (GS)	Director
PARSEINGES - Gest��o de Investimentos, SGPS, S.A. (GS)	Director
SEINPART Participa���es, SGPS, S.A (GS)	Director
LONGAPAR, SGPS, SA	Director
BETOPAL, S.L. (GS)	Director
ENERSIS, SGPS, S.A.	Chairman of General Meeting
CMPartin-Inversiones y Participaciones Empresariales SL (GS)	Director
PARSECIL, SL (GS)	Director
SEMAPA Inversiones, SL (GS)	Director
CIMENTOSPAR - Participa���es Sociais, Lda. (GS)	Manager
FLORIMAR – Gest��o e Participa���es, SGPS, Soc. Unipessoal, Lda. (GS)	Manager
PORTUCEL – Empresa Produtora de Pasta e Papel, SA (GS)	Director
SOPORCEL – Sociedade Portuguesa de Papel, SA (GS)	Director
ENERSIS II – Sociedade de Gest��o de Participa���es, SGPS, S.A	Chairman of General Meeting

Jos   Alfredo de Almeida Hon  rio

PORTUCEL – Empresa Produtora de Pasta e Papel, SA (GS)	Chairman of Executive Board
SOPORCEL – Sociedade Portuguesa de Papel, SA (GS)	Chairman of Executive Board
PORTUCEL FLORESTAL–Empresa de Desenvolvimento Agro-Florestal, SA (GS)	Chairman Board of Directors
ALIAN��A FLORESTAL – Sociedade para o Desenvol. Agro-Florestal, SA (GS)	Chairman Board of Directors
SEMINV - Investimentos, SGPS, S.A (GS)	Director
CMPartin-Inversiones y Participaciones Empresariales SL (GS)	Director
PARSECIL, SL (GS)	Director
SEMAPA Inversiones, SL (GS)	Director
CIMENTOSPAR - Participa���es Sociais, SGPS, Lda. (GS)	Manager
FLORIMAR – Gest��o e Participa���es, SGPS, Soc. Unipessoal, Lda. (GS)	Manager
BETOPAL, S.L. (GS)	Director
LONGAPAR, SGPS, S.A.	Director
CIMINPART-Investimentos e Participa���es, SGPS, S.A. (GS)	Director
PARCIM Investment B.V. (GS)	Director
PARSEINGES-Gest��o de Investimentos, SGPS, S.A. (GS)	Director
SEINPART Participa���es, SGPS, S.A. (GS)	Director
CIMO-Gest��o de Participa���es, SGPS, S.A.	Director
CIMIANTO-Gest��o de Participa���es, SGPS, S.A	Director
CMP-Cimentos Maceira e Pataias, S.A (GS)	Director
SECIL-Companhia Geral de Cal e Cimento, S.A. (GS)	Director
HIDROTUELA – Hidroel��ctrica do Tuela, SA (GS)	Vice-Chairman of General Meeting

Frederico Jos   da Cunha Mendon  a e Meneses

CIMILONGA – Imobili��ria S.A.	Chairman Board of Directors
LONGAVIA – Imobili��ria, S.A.	Chairman Board of Directors
IMOCIPAR – Imobili��ria, S.A.	Chairman Board of Directors
SONAGI, SGPS, S.A.	Chairman Board of Directors
SONAGI – Imobili��ria S.A.	Chairman Board of Directors
Sociedade Imobili��ria de Baldio de Paula, S.A.	Chairman Board of Directors
SAIVANE Imobili��ria, S.A.	Chairman Board of Directors
CIMIANTO-Gest��o de Participa���es, SGPS, S.A	Director
Hotel RITZ, SA	Director
SCG – Soci��t�� des Ciments de Gab��s, SA (GS)	Director

Goliatur – Sociedade Investimentos Imobiliários SA	Director
Cunha e Meneses, Lda	Manager

Francisco José Melo e Castro Guedes

CMP- Cimentos Maceira e Pataias, S.A (GS).....	Director
PARSEINGES-Gestão de Investimentos, SGPS, S.A. (GS).....	Director
SECIL – Companhia Geral de Cal e Cimento, S.A. (GS).....	Director
SEINPART Participações, SGPS, S.A. (GS)	Director
SEMINV – Investimentos, SGPS, S.A. (GS).....	Director
SCG – Soci��t�� des Ciments de Gab��s, S.A. (GS).....	Director
ENERSIS II – Sociedade de Gest��o de Participa���es, SGPS, S.A. (GS)	Director
CDS- Ciments de Sibline, SGPS, S.A. (GS)	Director
CIMINPART-Investimentos e Participa���es, SGPS, S.A. (GS)	Director
ENERSIS, SGPS, S.A. (GS).....	Director
SEMAPA Inversiones, SL (GS).....	Director
SILONOR, S.A. (GS)	Director

Gon  alo Allen Serras Pereira

Alto Mar��o - Energia E��lica, Unipessoal, Lda(GS)	Manager
Aproveitamento H��drico Vale Ruvinhosa, Lda(GS)	Manager
CIMENTOSPAR - Participa���es Sociais, Lda (GS)	Manager
CIMIANTO - Gest��o de Participa���es, SGPS, SA.....	Director
CIMINPART - Investimentos e Participa���es, SGPS, SA (GS)	Director
CMPartin - Inversiones y Participaciones Empresariales, SL (GS).....	Director
Comp�� das Energias Renov��veis da Serra dos Candeeiros, Lda (GS)	Manager
ECH - Explora���o de Centrais Hidroel��ctricas, SA (GS).....	Director
ENEPRO - Projectos de Energias Renov��veis, Lda (GS)	Manager
ENERFLORA - Produ���o de Energia El��ctrica, Lda (GS)	Manager
Enerfuel Produ���o de Biocombust��veis, Lda (GS).....	Manager
ENERSIS, SGPS, SA (GS).....	Chairman Board of Directors
ENERSIS II, Sociedade Gestora de Participa���es Sociais,SA (GS)	Chairman Board of Directors
ENERULTRA, Produ���o de Energia El��ctrica,Lda (GS)	Manager
ENERVIA - Sociedade de Produ���o de Energia, SA (GS)	Director
Freita E��lica - Energia E��lica, Lda(GS)	Manager
HE 70 - Energias Renov��veis Reunidas, SGPS, SA(GS)	Chairman Board of Directors
HIDROCORG�� - Hidroel��ctrica do Corgo, SA(GS)	Director
Hidroel��ctrica da Barroca, Lda (GS).....	Manager
Hidroel��ctrica da Mesa do Galo, Lda(GS)	Manager
Hidroel��ctrica da Ribeira de Alfor��a, SA (GS)	Director
Hidroel��ctrica de Dornelas, Lda (GS)	Manager
Hidroel��ctrica de Fraga, Lda(GS)	Manager
Hidroel��ctrica de Penacova, Lda (GS).....	Manager
HIDROMAR��O - Sociedade Produtora de Energia, SA (GS)	Chairman Board of Directors
JAYME DA COSTA - Mec��nica e Electricidade, SA	Director
MCD - Materiais de Constr����o Dragados e Bet��o Pronto, SA (GS)	Director
Mini H��drica do Palhal, Lda (GS).....	Manager
Parque E��lico Cabe��a Alta, Lda (GS).....	Manager
Parque E��lico Chiqueiro, Lda(GS)	Manager
Parque E��lico da Penha da Gardunha, Lda (GS)	Manager
Parque E��lico da Serra de Leomil, S.A. (GS)	Chairman Board of Directors
Parque E��lico de Marco Negro - Prod. Energias Renov��veis, Lda (GS) ..	Manager
Parque E��lico de Trevim, Lda (GS)	Manager
Parque E��lico do Infante - Prod. Energias Renov��veis, Lda (GS)	Manager
Parque E��lico do Zibreiro, Lda (GS)	Manager
Parque E��lico Malhadas-G��is, S.A. (GS)	Chairman Board of Directors
Parque E��lico Serra da Opa, Lda (GS).....	Manager
Parc Eolien de la Voie Bleriot Est (GS).....	Director
PARSEINGES - Gest��o de Investimentos, SGPS, SA. (GS).....	Director
PECF - Parque E��lico de Ch��o Falc��o, Lda (GS)	Manager
PEL - Parque E��lico da Lous��, Lda (GS)	Manager

PEP - Parque Eólico da Povoeira, Lda (GS).....	Manager
PESL - Parque Eólico da Serra do Larouco, SA. (GS)	Chairman Board of Directors
PESM - Parque Eólico da Serra das Meadas, Lda (GS).....	Manager
PEVB - Parque Eólico de Vila do Bispo, Lda (GS).....	Manager
Renewable Energy Systems Sistemas Energéticos, S.A. (GS)	Chairman Board of Directors
SCG - Société des Ciments de Gabès, SA(GS).	Director
SECIL Investimentos, SGPS, SA. (GS)	Director
SECILPAR, SL (GS)	Director
SEINPART - Participações, SGPS, SA. (GS)	Director
SEMAPA Inversiones, SL. (GS).....	Director
SONACA - Sociedade Nacional de Canalizações, S.A.	Chairman Board of Directors
Ventos da Serra, Produção de Energia Lda. (GS)	Manager

Paulo Jorge Barreto de Carvalho Ventura

Besleasing e Factoring - Instituição Financeira de Crédito, SA	Chairman of General Meeting
CARREFOUR - Sociedade de Exploração de Centros Comerciais, SA ...	Chairman of General Meeting
CIMIANTO - Gestão de Participações, SGPS, SA.....	Chairman of General Meeting
CIMIANTO - Sociedade Técnica de Hidráulica, SA	Chairman of General Meeting
CIMINPART - Investimentos e Participações, SGPS, SA.....	Chairman of General Meeting
CMP - Cimentos Maceira e Pataias, SA	Chairman of General Meeting
COMPANHIA DE SEGUROS ALLIANZ, PORTUGAL, SA	Chairman of General Meeting
COMPANHIA DE SEGUROS TRANQUILIDADE, SA.....	Chairman of General Meeting
ESIA - Inter Atlântico Companhia de Seguros, SA	Chairman of General Meeting
ESPÍRITO SANTO FINANCIAL (PORTUGAL) - SGPS, SA	Chairman of General Meeting
GALERIAS RITZ - Imobiliária, SA.....	Chairman of General Meeting
GOLIATUR - Sociedade de Investimentos Imobiliários, SA.....	Chairman of General Meeting
HIDROPROJECTO - Engenharia e Gestão, SA	Chairman of General Meeting
HOTEL RITZ, SA	Chairman of General Meeting
JCDECAUX AIRPORT - Publicidade em Aeroportos, SA.....	Chairman of General Meeting
JCDECAUX NEONLIGHT – Publicidade Luminosa, SA.....	Chairman of General Meeting
PARQUE RITZ - Imobiliária, SA.....	Chairman of General Meeting
PARSEINGES - Gestão de Investimentos, SGPS, SA	Chairman of General Meeting
PEMA - Pesquisas e Empreend. Mineiros, Agro-Industriais e de Comércio, SA	Director
RED PORTUGUESA - Publicidade Exterior, SA.....	Chairman of General Meeting
SAIVANE IMOBILIÁRIA SA	Chairman of General Meeting
SECIL - Companhia Geral de Cal e Cimento, SA (GS)	Chairman of General Meeting
SECIL, Betões e Inertes - Sociedade Gestora de Participações Sociais, SA(GS)	Chairman of General Meeting
SEINPART - Participações, SGPS, SA (GS)	Chairman of General Meeting
SEMINV - Investimentos, SGPS, SA (GS).....	Chairman of General Meeting
SODIM - SGPS, SA	Chairman of General Meeting
SONACA - Sociedade Nacional de Canalizações, SA.....	Chairman of General Meeting
VÉRTICE - Gestão de Participações, SGPS, SA	Director

Luís Manuel Pego Todo Bom

Banco Finantia, S.A.	Director
Amorim Imobiliária, SGPS, S.A.....	Director
Celulose do Caima, SGPS, S.A.	Director
Companhia de Seguros Sagres, S.A.	Director

2. Executive Board

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

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

3. Workings of the Management Body

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

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

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

The Executive Board cannot resolve on the following:

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

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

The Board of Directors met ten times in 2004.

4. Remuneration Policy

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

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

5. Remuneration

The total remuneration earned by directors with executive powers in the company, including amounts paid on any grounds by controlled or controlling companies stood at 7,427,953.00 €, of which 3,935,579.00 € corresponded to the fixed component, and 3,492,374.00 € corresponded to profit sharing.

Total remuneration earned by non-executive directors, including amounts paid on any grounds by controlled or controlling companies, stood at 1,342,956.00 €, of which 620,956.00 € corresponded to the fixed component and 722,000.00 € corresponded to profit sharing.

**Disclosure required by articles 447 and 448 of the Companies Code and para. 1 e of article
8 of Stock Market Commission Regulations no. 04/2004
(Financial year of 2004)**

- 1. Securities issued by the company held by company officers:** José Alfredo de Almeida Honório – 20,000 shares.
- 2. The company officers hold no securities issued by companies controlled by or related to Semapa.**
- 3. Securities issued by the company held by companies in which directors and auditors hold corporate office:** Cimianto – Gestão de Participações, S.A. – 100 shares; Cimo - Gestão de Participações, SGPS, S.A. – 14,592,300 shares; Longapar, SGPS, S.A. – 20,000,000 shares; Sodim SGPS, SA – 26,115,000 shares; Sociedade Agrícola da Quinta da Vialonga, SA – 642,535 shares; Sonaca - Sociedade Nacional de Canalizações, SA – 1,250,000 shares; OEM - Organização de Empresas, SGPS, SA – 500,000 shares; Cunha e Meneses, Lda – 8,000 shares; Secil Investimentos, SGPS, S.A. – 2,727,975 shares.
- 4. Acquisition, disposal or encumbrance of securities issued by the company or companies controlled by or related to the group by company officers and the companies referred to in 3:** Banco Espírito Santo de Investimento, S.A. purchased 42,225 shares in the company on 2-2-2004 for a price of 3,51€ per share, purchased 4,500 shares in the company on 3-2-2004 for a price of 3.63€ per share and sold 46,725 shares in the company on 6-2-2004 for a price of 3.90€ per share; Carlos Eduardo Coelho Alves sold 761 shares in Enersis – Sociedade Gestora de Participações Sociais, S.A. on 17-5-2004 for a price of 14.9147€ per share; Sonagi, SGPS, S.A. sold 6,360 shares in Enersis– Sociedade Gestora de Participações Sociais, S.A., on 26-5-2004, for a price of 14.9147€ per share to Geciment – Gestão de Participações, SGPS, S.A., now called Enersis II – Sociedade Gestora de Participações Sociais, S.A.; Sonagi, SGPS, S.A. purchased 67 shares in Geciment on 21-5-2004 for a price of 5.00€ per share, from Semapa; Frederico José da Cunha Mendonça e Meneses sold 8,000 shares in the company on 27-12-2004 for a price of 4.10€ per share to Cunha e Meneses, Lda.

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

Holder	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%
Subtotal:	63.119.935	53,34%	54,60%
B - Banco BPI, S.A.	-	-	-
Banco Português de Investimento, S.A.	17.490	0,01%	0,02%
BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	4.195.830	3,55%	3,63%
BPI Fundos - Gestão de Fundos de Investimento Mobiliário, S.A.	1.051.000	0,89%	0,91%
BPI Vida - Companhia de Seguros de Vida, S.A.	33.546	0,03%	0,03%
Institutional clients with discretionary portfolio management	70.016	0,06%	0,06%
Private clients with discretionary portfolio management	72.534	0,06%	0,06%
Subtotal:	5.440.416	4,60%	4,71%
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%

Note that the 2,727,975 shares in the company held by Seminv Investimentos, SGPS, S.A., corresponding to 2.305% of the share capital, are subject to the rules on own shares.

BALANCE SHEET AS OF DECEMBER 31, 2004 AND 2003

04 2003

FIXED ASSETS:					
Intangible assets:					
Incorporation expenses	8 and 10	236.233	(214.664)	21.569	61.626
Goodwill		-	-	-	-
		<u>236.233</u>	<u>(214.664)</u>	<u>21.569</u>	<u>61.626</u>
Tangible assets:					
Transport equipment	10	164.418	(121.939)	42.479	103.365
Administrative equipment	10	136.063	(81.971)	54.092	5.322
Other tangible fixed assets	10	2.349	(294)	2.055	-
		<u>302.830</u>	<u>(204.204)</u>	<u>98.626</u>	<u>108.687</u>
Investments:					
Investments in subsidiaries	10 and 16	292.530.557	-	292.530.557	260.641.000
Investments in affiliated companies		-	-	-	-
Securities and other investments		1.229	-	1.229	1.229
		<u>292.531.786</u>	<u>-</u>	<u>292.531.786</u>	<u>260.642.229</u>
MEDIUM AND LONG TERM RECEIVABLES:					
Group companies	53	124.371.545	-	124.371.545	-
CURRENT ASSETS:					
Accounts receivable - Short term:					
Group companies	53	15.828.926	-	15.828.926	33.132.690
Accounts receivable from state entities	48	875.523	-	875.523	-
Other debtors	49	4.280.907	(402.000)	3.878.907	456.148
		<u>20.985.356</u>	<u>(402.000)</u>	<u>20.583.356</u>	<u>33.588.838</u>
Marketable securities:					
Other marketable securities	54	391.932	(6.405)	385.527	-
Banks and cash:					
Bank deposits		426.449		426.449	71.201
Cash		1.215		1.215	465
	54	<u>427.664</u>		<u>427.664</u>	<u>71.666</u>
ACCRUALS AND DEFERRALS:					
Accrued income		58.506		58.506	-
Deferred costs	50	21.740		21.740	14.170
		<u>80.246</u>		<u>80.246</u>	<u>14.170</u>

	Notes	2004	2003
EQUITY:			
Share capital	36, 37 and 40	118.332.445	118.332.445
Treasury stock - nominal value		-	-
Treasury stock - discounts and premiums		-	-
Share Premium	40	3.923.459	3.923.459
Adjustments in investments in subsidiaries and affiliated companies	40	(32.230.787)	(13.477.352)
Reserves:			
Legal reserves	40	13.117.391	11.113.753
Other reserves	40	101.765.900	77.530.008
Retained earnings	40	(2.557.432)	130.418
Net profit for the year	40	182.073.722	40.072.775
Total equity		<u>384.424.698</u>	<u>237.625.506</u>
LIABILITIES:			
PROVISIONS FOR RISKS AND COSTS:			
Other provisions for risks and costs	34	<u>4.587.844</u>	<u>3.007.910</u>
MEDIUM AND LONG TERM LIABILITIES:			
Debtenture loans	51	13.467.543	19.153.839
Bank loans	51	-	4.046.429
		<u>13.467.543</u>	<u>23.200.268</u>
SHORT TERM LIABILITIES:			
Debtenture loans	51	4.489.181	4.788.460
Bank loans	51	23.002.167	735.714
Accounts payable to suppliers		112.570	22.194
Accounts payable to group companies	53	361.816	17.789.601
Shareholders	52	6.883.458	6.419.209
Accounts payable to state entities	48	161.727	225.169
Other creditors	49	234.253	613
		<u>35.245.172</u>	<u>29.980.960</u>
ACCRUALS AND DEFERRALS:			
Accrued costs	50	774.544	672.572
Deferred income		518	-
		<u>775.062</u>	<u>672.572</u>

The Accountant

The Board of Directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.
INCOME STATEMENT BY NATURE FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Amounts stated in Euros)

EXPENSES	Notes	2004	2003	INCOME	Notes	2004	2003
External supplies and services		1.909.682	508.036	Services rendered	44	1.041.188	1.126.538
Payroll expenses:				Supplementary income	53	537.096	685.797
Salaries		3.142.518	2.588.751	Other operating income		2.590	685.797
Social charges		352.916	247.517	(B)		1.580.874	1.812.335
Depreciation and amortisation	10	99.600	187.723	Gains on group and affiliated companies	16 and 45	50.887.963	45.851.006
Provisions	34	1.186.262	-	Gains on other companies	31		32
Taxes		793.640	219.387	Other interest and similar income:			
Other operating costs		5.071	14.095	Income relating to group and affiliated companies	53	6.395.026	260.094
(A)		7.489.689	3.765.509	Other	45	59.492	242
				(D)		58.923.386	47.923.709
Loss on affiliated companies	16	8.414.289	18.000	Extraordinary income	46	144.458.587	82.915
Depreciation and provisions for investments	34 and 45	3.809.987	3.007.910				
Others financial expenses	45	1.543.371	1.095.426				
(C)		21.257.336	7.886.845				
Extraordinary expenses	46	39.732	2.200				
(E)		21.297.068	7.889.045				
Income tax for the year	6	11.183	44.804				
(G)		21.308.251	7.933.849				
Net profit for the year		182.073.722	40.072.775				
		203.381.973	48.006.624	(F)		203.381.973	48.006.624
				Operating results:	(B) - (A)	(5.908.815)	(1.953.174)
				Net financial results:	(D-B) - (C-A)	43.574.865	41.990.038
				Current results:	(D) - (C)	37.666.050	40.036.864
				Profit before income tax:	(F) - (E)	182.084.905	40.117.579
				Net profit for the year:	(F) - (G)	182.073.722	40.072.775

The accompanying notes form an integral part of the income statement by nature for the year ended December 31, 2004.

The Accountant

The Board of Directors

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

CASH FLOW STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Amounts stated in Euros)

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES:			
Paid to suppliers		(4.401.000)	(1.030.626)
Paid to personnel		(5.482.864)	(4.388.906)
Flows from operations:		(9.883.864)	(5.419.532)
(Payments)/Receipts of income tax		(18.881)	(557.311)
Other (payments)/receipts relating to operating activities		(2.189.494)	2.569.359
Flows before extraordinary captions		(12.092.239)	(3.407.484)
Receipts related with extraordinary captions		-	-
Flows from operating activities (1)		(12.092.239)	(3.407.484)
INVESTING ACTIVITIES:			
Receipts relating to:			
Investments		329.688.663	-
Tangible fixed assets		38.410	-
Interest and similar income		369.674	101.724
Dividends	10	90.194.963	18.891.842
		420.291.710	18.993.566
Payments relating to:			
Investments	10	(67.512.284)	(329.083)
Tangible fixed assets		(71.298)	(61.084)
		(67.583.582)	(390.167)
Flows from investing activities (2)		352.708.128	18.603.399
FINANCING ACTIVITIES:			
Receipts relating to:			
Loans obtained		165.389.257	50.019.449
Loand granted		97.837.611	25.014.633
Treasury stock sales		-	9.631.381
		263.226.868	84.665.463
Payments relating to:			
Loans obtained		(170.242.705)	(29.008.633)
Loand granted		(420.011.844)	(56.668.561)
Interest and similar expenses		(1.159.200)	(1.867.715)
Dividends	40	(11.833.245)	(11.567.917)
Treasury stock acquisitions		-	-
		(603.246.994)	(99.112.826)
Flows from financing activities (3)		(340.020.126)	(14.447.363)
VARIATION IN CASH AND EQUIVALENTS (4) = (1) + (2) + (3)		595.763	71.666
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR	55	71.666	-
PROVISIONS FOR OTHER MARKETABLE SECURITIES		(6.405)	-
CASH AND EQUIVALENTS AT THE END OF THE YEAR	55	661.024	71.666

The accompanying notes form an integral part of the cash flow statement for the year ended December 31, 2004.

The Accountant

The Board of Directors

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

INCOME STATEMENT BY FUNCTIONS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Amounts stated in Euros)

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
Sales and services rendered		1.041.188	1.126.538
Cost of sales and services rendered		<u>(4.937.051)</u>	<u>(2.443.183)</u>
Gross results		<u>(3.895.863)</u>	<u>(1.316.645)</u>
Other Operating income		539.686	740.838
Administrative Cost		(468.065)	(451.648)
Other Operating costs		<u>(2.084.573)</u>	<u>(872.878)</u>
Operating results		<u>(5.908.815)</u>	<u>(1.900.333)</u>
Financing net cost		4.911.147	(835.090)
Income/(expenses) with affiliated companies		38.663.718	42.852.970
Non usual or non frequent results		<u>144.418.855</u>	<u>32</u>
Current results		<u>182.084.905</u>	<u>40.117.579</u>
Income tax for the year	38	(11.183)	(44.804)
Minority Interests		<u>-</u>	<u>-</u>
Net profit for the year		<u><u>182.073.722</u></u>	<u><u>40.072.775</u></u>
Net profit per share		<u><u>1,54</u></u>	<u><u>0,34</u></u>

The accompanying notes form an integral part of the income statement
by functions for the year ended December 31, 2004.

The Accountant

The Board of Directors

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

INTRODUCTION

Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("The Company") was incorporated in June 21, 1991 and its main object consists in holding positions in other companies, namely in the production of cement, cellulose pulp and paper and renewable energy, through its subsidiaries, Secil – Companhia Geral de Cal e Cimento, S.A., Portucel – Empresa Produtora de Pasta e Papel, S.A. and Enersis II, SGPS, S.A. (ex - Geciment – Gestão de Participações, SGPS, S.A.) the holding for the renewable energy business segment.

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

3. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

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

These financial statements reflect only the individual accounts of the Company. The Company has also prepared consolidated financial statements, which reflect the following differences and considering the individual financial statements, as of December 31, 2004:

	<u>Increases</u>
Total Assets, net	2.910.538.283
Total liabilities (excluding minority interests)	2.435.602.450
Total income	737.099.926

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

a) Intangible assets

Intangible assets include costs incurred with capital increases, which are amortized on a straight-line basis over five years and costs incurred with the issuance of the debenture loan, which are amortised on a straight-line basis over ten years (the redemption period of that loan).

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NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

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b) Tangible fixed assets

Tangible fixed assets which comprises transport equipment and administrative equipment and other tangible assets, are recorded at cost and depreciated on a straight-line basis over periods from three to eight years.

	Useful life (years)
Transport Equipment	3 to 4
Administrative Equipment	3 to 8
Other Tangible Assets	4 to 8

c) Investments

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

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

d) Accrual basis

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

e) Corporate income tax

The income tax includes current and deferred tax, when applicable. Income tax is recognised in the income statement except when relating to gains and losses recorded directly in reserves, in which case the income tax is also recorded directly in reserves, namely, that relating to the impact of asset revaluations.

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

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

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The Company 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 able to be used.

f) Provisions

The provisions are registered at the values effectively necessary to face estimated economic losses.

g) Use of estimates

The preparation of the financial statements requires that management applies its judgment in the calculation of estimates affecting revenue, expenses, assets, liabilities and disclosures on balance sheet date. These estimates are determined by judgement of the Group's management based on: i) best information and knowledge of present events, which are supplemented, in some cases, with independent opinions from third parties and ii) the specific steps which the Company considers that may undertake in the future. Nonetheless, at the closing date of operations the result may differ from the estimates included in the financial statements.

6. INCOME TAX

In accordance with current legislation, tax losses are carried forward for a period of six years and may be deducted to tax profits during that period. The Company is subject to corporate income tax on an individual basis, having tax losses not used since 1999, which amount to Euros 18.974.833. As mentioned in Note 3.e), and since the Company has been generating operating losses, there is no reasonable certain that future tax profits will be generated so, the deferred tax asset generated by the referred tax losses has not been recorded.

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

Income tax for the year ended December 31, 2004 amounting to Euros 11.183 relates to current income tax - - autonomous taxation.

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NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

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The reconciliation of effective tax rate is as follows:

	2004	2003
Profit before income tax	182.084.905	40.117.579
Nominal rate of income tax	27,50%	33,00%
Estimated income tax	50.073.349	13.238.801
Permanent differences (a)	(49.999.697)	(14.239.988)
Adjustments to taxable income (b)	11.183	44.804
Income tax modification (c)	-	1.001.187
Recovered tax losses	(73.652)	-
	11.183	44.804
Effective rate of income tax	0,01%	0,11%

(a) This amount is made up essentially of :

	2004	2003
Effects arising from the application of the equity method (Notes 10 and 16)	(42.473.674)	(45.833.006)
Amortisation of goodwill (Note 8)	-	92.087
Taxed provisions (Note 34)	4.996.249	3.007.910
Non-taxable realized gains	(144.423.547)	-
Gains for tax purposes	60.865	-
Others	23.026	(418.471)
	(181.817.080)	(43.151.480)
Tax Effect 27,50% (2003: 33,00%)	(49.999.697)	(14.239.988)

In accordance with current tax legislation, tax returns are subject to review and adjustment by the tax authorities during a period of four years and ten years for Social Security. Consequently, the Company's tax returns for the years from 2001 to 2004 are still subject to review.

The Company's Management believes that any possible adjustments that may result from tax authorities reviews will not have a significant effect on the financial statements as of December 31, 2004.

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NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

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7. AVERAGE NUMBER OF EMPLOYEES

The average number of employees as of December 31, 2004 and 2003 was 13 persons.

8. INTANGIBLE ASSETS

As of December 31, 2004, this caption was made up as follows:

Costs with the capital increase (year 2000)	164.336
Expenses with the debenture loans (year 1998)	<u>71.897</u>
	<u><u>236.233</u></u>

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(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

10. MOVEMENT IN FIXED ASSETS

During the year ended December 31, 2004, the movement in intangible, tangible assets and investments, and in the related amortisation, depreciation and provision, was as follows:

Rubricas	Fixed Assets				
	Opening balance	Increases	Decreases	Disposals and others	Closing balance
Intangible assets:					
Incorporation expenses (Note 8)	236.233	-	-	-	236.233
Goodwill	92.087	-	-	(92.087)	-
	<u>328.320</u>	<u>-</u>	<u>-</u>	<u>(92.087)</u>	<u>236.233</u>
Tangible assets:					
Transport Equipment	296.270	-	(131.852)	-	164.418
Administrative Equipment	68.193	67.870	-	-	136.063
Other Tangible Assets	-	2.349	-	-	2.349
	<u>364.463</u>	<u>70.219</u>	<u>(131.852)</u>	<u>-</u>	<u>302.830</u>
Investments:					
Investments in subsidiaries (Note 16)	260.641.000	335.661.008	(180.087.222)	(123.684.229)	292.530.557
Investments in affiliated companies (Note 16)	-	125.565	(125.565)	-	-
Other financial investments	1.229	-	-	-	1.229
	<u>260.642.229</u>	<u>335.786.573</u>	<u>(180.212.787)</u>	<u>(123.684.229)</u>	<u>292.531.786</u>
	<u>261.335.012</u>	<u>335.856.792</u>	<u>(180.344.639)</u>	<u>(123.776.316)</u>	<u>293.070.849</u>
Captions	Accumulated amortisation, depreciation and provisions				
	Opening balance	Increases	Decreases	Disposals and others	Closing balance
Intangible assets:					
Incorporation expenses (Note 8)	174.607	40.057	-	-	214.664
Goodwill	92.087	-	-	(92.087)	-
	<u>266.694</u>	<u>40.057</u>	<u>-</u>	<u>(92.087)</u>	<u>214.664</u>
Tangible assets:					
Transport Equipment	192.905	40.149	(111.115)	-	121.939
Administrative Equipment	62.871	19.100	-	-	81.971
Other Tangible Assets	-	294	-	-	294
	<u>255.776</u>	<u>59.543</u>	<u>(111.115)</u>	<u>-</u>	<u>204.204</u>
	<u>522.470</u>	<u>99.600</u>	<u>(111.115)</u>	<u>(92.087)</u>	<u>418.868</u>

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NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

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The movement in the captions investments in subsidiaries and investments in affiliated companies for the year ended December 31, 2004 was as follows:

	Subsidiaries	Affiliated Companies
Opening Balance	260.641.000	-
Results of subsidiaries and affiliated companies recorded by the equity method (Note 6, 16 and 45):		
- Profits	50.879.090	8.873
- Losses	(8.414.289)	-
Dividends distributed by Secil, S.A.	(78.894.963)	-
Dividends distributed by Seinpar, B.V.	(11.300.000)	-
Supplementary capital contributions in Semapa Inversiones SL	3.800.000	-
Other changes in the equity of Semapa Inversiones SL	80.530	-
Supplementary capital contributions in Semapa Investments B.V.	7.500.000	-
Other changes in the equity of Semapa Investments B.V.		
- Provision for negative shareholders equity	(3.007.910)	-
- Others	38.664	-
Aquisitions of capital and supplementary contributions of capital in CMP Investments B.V.	22.524.771	-
Aquisitions of capital and supplementary contributions of capital in Seminv SGPS, S.A.	250.597.260	-
Aquisition of capital of Becim - Corretores de Seguros, Lda	-	123.627
Sales of capital of subsidiaries in the following companies:		
- Secil - Companhia Geral de Cal e Cimento, S.A.	(180.037.222)	-
- Enersis II - Gestão de Participações, SGPS, S.A.	(50.000)	-
- Becim - Corretores de Seguros, Lda		(125.565)
Adjustment in the equity of subsidiaries and affiliated companies (Note 40):		
- Secil - Companhia Geral de Cal e Cimento, S.A. por:		
- Changes in the caption foreign currency exchange reserves	(22.105.731)	-
- CMP Investments B.V.	6.559	-
- Semapa dividends distributed to Seminv - Investimentos, SGPS, S.A.	272.798	-
- Becim - Corretores de Seguros, Lda.	-	(6.935)
Closing Balance	292.530.557	-

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

16. SUBSIDIARIES AND AFFILIATED COMPANIES

As of December 31, 2004, investments in subsidiaries and affiliated companies were as follows:

Subsidiaries	Head Office	December 31, 2004			%	Participation	
		Share Capital	Equity	Net results		Book Value (Note 10)	Proportional share in net results (Notes 10 and 45)
Betopal, S.L.	Madrid	3.005	20.737	102	100,00%	20.737	102
CMP Investments B.V.	(c) Amsterdam	50.000	25.567.318	3.035.987	100,00%	25.567.318	3.035.987
Secil, S.A.	(a) Outão	264.600.000	332.525.128	75.487.154	6,42%	21.332.996	27.632.885
Seinpar Investments, B.V.	(a) Amsterdam	18.000	18.382.866	14.415.450	100,00%	18.382.866	14.415.450
Semapa Inversiones, S.L.	(b) Madrid	3.006	(615.635)	(4.499.170)	100,00%	-	(3.883.535)
Semapa Investments, B.V.	(b) Amsterdam	18.000	(2.994.357)	(7.525.111)	100,00%	-	(4.530.754)
Seminv, SGPS, SA	(a) Amsterdam	7.500.000	227.226.640	21.409.601	100,00%	227.226.640	5.794.666
Becim, Lda	Lisboa	150.000	-	-	0,00%	-	8.873
						<u>292.530.557</u>	<u>42.473.674</u>

- (a) net income of the subsidiary Secil appropriated by Semapa until May 2004 was made at 100% via direct and indirect participation through Seinpart B.V..

The subsidiary Seinpar, B.V. holds 100% of Seminv Investimentos, SGPS, S.A. (ex – Secil Investimentos – SGPS, S.A.), which acquired in March 2003 the total share capital of Cimentospar – Participações Financeiras, SGPS, Lda (ex – FLSHH, SGPS, S.A.). Cimentospar holds a participation of 44,58% in Secil, S.A..

On October 8, 2004, Seinpar B.V. sold Seminv – Investimentos, SGPS, S.A. to Semapa, SGPS, S.A..

- (b) Semapa Inversiones S.L. and Semapa Investments B.V. uses acquisition cost in measuring Portucel, S.A. investments. Therefore its statutory accounts present positive net equity. However, and due to consolidation adjustments, net equity of those companies are negative. Consequently the related investments are stated at zero in the Company's balance sheet, having been recorded in the caption "provisions for other risks and charges" provisions amounting to Euros 625.260 and Euros 3.178.322 (Note 34), respectively.

These companies hold indirectly control 15,3% and 14,7% of Portucel, S.A., having Semapa Investments B.V. a direct investment 37,1% on Portucel share capital.

- (c) CMP Investments B.V. holds 89,92% of Enersis II, SGPS, S.A. (ex - Geciment, SGPS, S.A.) share capital, holding for the renewable energies. Therefore its results reflect group activities developed in this business segment.

32. GUARANTEES GRANTED

During the year ended December 31, 2004, the subsidiaries Semapa Inversiones S.L. and Semapa Investments B.V. have contracted, together with Semapa in a financing bank's consortium a borrowing (December 31, 2004: outstanding balance amounts to Euros 700.561.863), for the acquisition, through Seinpart – Participações, SGPS, S.A., subsidiary jointly owned, of a 67,1% participation in the share capital of Portucel – Empresa Produtora de Pasta e Papel, S.A., being granted pledges over share capital and paid-in capital direct and indirectly owned by Semapa, in the subsidiaries Semapa Inversiones, S.L., Semapa

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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..

34. MOVEMENT IN PROVISIONS

During the year ended December 31, 2004, movement in provisions was as follows:

Captions	Opening balance	Increase	Decreases	Closing balance
Other provisions for risks and costs:				
Appropriation of results of subsidiaries and affiliated companies by the equity method (Note 10)	3.007.910	3.803.582	(3.007.910)	3.803.582
Others Provisions	-	784.262	-	784.262
Provisions for other debtors	-	402.000	-	402.000
Provisions for treasury investments	-	6.405	-	6.405
	<u>3.007.910</u>	<u>4.996.249</u>	<u>(3.007.910)</u>	<u>4.996.249</u>

As of December 31, 2004 Semapa Inversiones, S.L. net equity was negative by some Euros 625.260 (Note 16). Therefore, a provision in the same amount was registered against the caption "Depreciation and provisions for investments".

Additionally, net equity of the subsidiary Semapa Investments B.V. adjusted by internally realised gains, was negative as of December 31, 2004 by Euros 3.178.322. Therefore a provision of the same amount was booked. As of December 31, 2003 the above mentioned provision was booked by the amount of Euros 3.007.910, by the same reason, which was reverted in 2004 when the Group sold the shares of the Cimpor, SGPS, S.A..

36. SHARE CAPITAL

As of December 31, 2004 the Company's share capital, totally subscribed and paid for, consisted of 118.332.445 shares with the nominal value of Euro 1 each (Note 40).

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37. ENTITIES HOLDING THE SHARE CAPITAL

In accordance with the most recent shareholder's meeting, held on April 16, 2004, and the qualified participations mentioned, the Company's share capital as of December 31, 2004 is owned by:

Name	Number of shares	%
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
Seminv - 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
Sonaca - Sociedade Nacional de Canalizações, S.A.	1.254.324	1,06
Other shareholders with a participation lower than 2%	25.943.525	21,92
	<u>118.332.445</u>	<u>100,00</u>

40. CHANGES IN SHAREHOLDERS' EQUITY

The movement in the equity accounts during the year ended December 31, 2004 was as follows:

Caption	Opening balance	Increases	Decreases	Transfers	Closing balance
Share capital	118.332.445	-	-	-	118.332.445
Share Premium	3.923.459	-	-	-	3.923.459
Adjustments in investments in subsidiaries and affiliated companies (Note 10)	(13.477.352)	-	(21.434.351)	2.680.916	(32.230.787)
Reserves:					
Legal reserve	11.113.753	-	-	2.003.638	13.117.391
Other reserves	77.530.008	-	-	24.235.892	101.765.900
Retained earnings	130.418	-	(6.934)	(2.680.916)	(2.557.432)
Net profit for the year	40.072.775	182.073.722	(13.833.245)	(26.239.530)	182.073.722
	<u>237.625.506</u>	<u>182.073.722</u>	<u>(35.274.530)</u>	<u>-</u>	<u>384.424.698</u>

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As decided by the Shareholders' General Meeting held on April 16, 2004, the 2003 net income was appropriated as follows:

Distribution of Dividends (0,10 euros per share)	11.833.245
Legal reserves	2.003.638
Other reserves	24.235.892
Bonus to Board Members	2.000.000
	<hr/>
	40.072.775

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

During the year ended December 31, 2004, movement in this caption was as follows:

	<u>Adjustments in investments in subsidiaries and affiliated companies</u>
Opening Balance	(13.477.352)
Changes in equity of Seipar B.V.	272.829
Changes in equity of Semapa Inversiones SL	80.530
Changes in equity of Semapa Investments B.V.	38.664
Adjustment in the equity of group and affiliated companies	
- Secil - Companhia Geral de Cal e Cimento, S.A. Due to:	
- Changes in the caption of foreign currency exchange reserves and other changes in equity	(22.105.731)
- Reclassification to Retained Earnings due to disposal of 45,125% of Secil	2.680.916
- Dividends distributed by Semapa to Seminv - Investimentos, SGPS, S.A.	272.798
- CMP Investments B.V.	6.559
Closing Balance	<hr/> <hr/> (32.230.787)

The amount of Euros 22.105.731 correspond essentially to 51% of the adjustment made in the accumulated exchange reverse in the subsidiary Secil - Companhia Geral de Cal e Cimento, S.A. as a result of the translation to euros at closing exchange rate of the assets and liabilities of the subsidiary Société des Ciments de Gabes, including goodwill and the fair values calculated at acquisition date.

Until December 31, 2003, the fair value of those assets was treated as an asset of the subsidiary Secil - Companhia Geral de Cal e Cimento, S.A., expressed in foreign currency and converted at historical acquisition exchange rate. During 2004, the Group started to consider the goodwill and the fair value adjustments as an asset of the subsidiary expressed in Tunisian Dinar and therefore transposed at closing exchange rate.

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

The transfer of Euros 2.680.916 to retained earnings relates to the reclassification of the changes in shareholders equity of the subsidiary Secil – Companhia Geral de Cal e Cimento, S.A., as a result of the sale of 45,125% of the participation (49% of the voting rights) in the share capital of that Company.

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

43. STATUTORY BOARD MEMBERS REMUNERATION

Remuneration attributed to statutory board members, including 2003 net income bonus distribution (Note 40) during the years ended on December 31, 2004 and 2003, were as follows:

	2004	2003
Board of Directors	3.828.222	3.101.377
Audit Board	4.090	2.394
	<u>3.832.312</u>	<u>3.103.771</u>

44. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKET

Sales and services rendered by geographic market during the years ended December 31, 2004 and 2003, were as follows:

	2004	2003
Domestic Market (Note 53)	450.938	639.038
Foreign Market (Note 53)	590.250	487.500
	<u>1.041.188</u>	<u>1.126.538</u>

45. FINANCIAL RESULTS

SEMAPA — SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED**

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

Net financial results during the years ended December 31, 2004 and 2003 are made up as follows:

	2004	2003
<u>Expenses:</u>		
Interest expense with loans obtained from shareholders (Note 52)	250.259	277.920
Interest expense with loans obtained from group companies (Note 53)	389.182	11.170
Interest expense with other loans obtained	840.585	788.698
Losses on subsidiaries and affiliated companies (Note 16)	8.414.289	18.000
Provisions for investments (Notes 16 and 34)	3.809.987	3.007.910
Other financial expenses (Note 49)	63.345	17.638
	<u>13.767.647</u>	<u>4.121.336</u>
Net financial results	<u>43.574.865</u>	<u>41.990.038</u>
	<u>57.342.512</u>	<u>46.111.374</u>
<u>Income:</u>		
Interest income on loans granted to group companies (Note 53)	6.395.026	260.094
Other interest income	49.480	242
Gains on subsidiaries and affiliated companies (Note 16)	50.887.963	45.851.006
Capital gains on treasury applications	10.012	-
Income from other equity investments	31	32
	<u>57.342.512</u>	<u>46.111.374</u>

SEMAPA — SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED**

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

Extraordinary results during the years ended December 31, 2004 and 2003 are made up as follows:

	2004	2003
<u>Extraordinary expenses:</u>		
Donations	150	2.200
Uncollectable debts	127	-
Other extraordinary expenses	39.455	-
	39.732	2.200
Net extraordinary results	144.418.855	80.715
	144.458.587	82.915
<u>Extraordinary income:</u>		
Gains on fixed assets (Note 16)	144.423.548	-
Decrease in provisions	-	27.874
Other extraordinary income	35.039	55.041
	144.458.587	82.915

The caption "Gains on fixed assets" includes an amount of Euros 144.303.341 related to the realised capital gains on the sale of 45,125% of Secil – Companhia Geral de Cal e Cimento, S.A. share capital (49% of the voting rights) as well as an amount of Euros 102.534 related to the realised capital gain on the sale of 25% of Becim – Corretores de Seguros, Lda participation.

48. STATE AND OTHER PUBLIC ENTITIES

As of December 31, 2004 the Company was up-to-date with its payments to the State and other public entities. The balances payable to these entities as of December 31, 2004 and 2003, were made up as follows:

	2004		2003
	Debtors	Creditors	Creditors
Corporate income tax	875.523	-	35.003
Personal income tax	-	76.391	56.546
Social security	-	40.804	25.125
Value added tax	-	44.532	106.995
Other taxes	-	-	1.500
	875.523	161.727	225.169

SEMAPA — SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED**

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

As of December 31, 2004 the caption “Corporate Income Tax” was made up as follows:

Corporate income tax for the year - estimation	(11.183)
Payments on account	12.224
Withholdings at source	<u>874.482</u>
	<u><u>875.523</u></u>

49. OTHER DEBTORS AND CREDITORS

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

	<u>2004</u>	<u>2003</u>
<u>Other debtors:</u>		
Group Companies (Note 53)	54.789	166.444
Affiliated Companies	-	285.600
Others	<u>4.226.118</u>	<u>4.104</u>
	<u><u>4.280.907</u></u>	<u><u>456.148</u></u>
<u>Other Creditors</u>		
Consultants/ professionals	234.254	119
Others	<u>-</u>	<u>494</u>
	<u><u>234.254</u></u>	<u><u>613</u></u>

The value in “Other Debtors – Others” caption includes the amount of Euros 3.027.602 regarding costs related to the acquisition of Portucel, S.A. already paid by Semapa SGPS, S.A. and will be charged to the subsidiary Semapa Investments B.V..

SEMAPA — SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED**

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

50. ACCRUALS AND DEFERRALS

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

	2004	2003
<u>Deferred costs:</u>		
Rentals	17.153	-
Insurance costs	-	1.126
Expenses incurred to open credit lines	-	13.044
Other deferred costs	4.587	-
	<u>21.740</u>	<u>14.170</u>
<u>Accrued costs:</u>		
Other accrued interest	194.868	187.772
Vacation pay, vacation subsidy and other personnel costs	524.981	392.944
Accrued insurance	14.008	8.269
Judicial assistance	-	11.910
Audit	-	56.378
Other accrued costs	40.688	15.299
	<u>774.545</u>	<u>672.572</u>

51. LOANS

As of December 31, 2004 and 2003, this caption was made up as follows:

	2004			2003
	Short term	Medium and long term	Total	Total
Semapa/98 Debenture Loan	4.489.181	13.467.543	17.956.724	23.942.299
Bank Loans	23.002.167	-	23.002.167	4.782.143
	<u>27.491.348</u>	<u>13.467.543</u>	<u>40.958.891</u>	<u>28.724.442</u>

On March 9, 1998 the Company issued 4.800.000 bonds with the nominal value of mEsc 1 each, redeemable in ten years. During the year ended December 31, 2001, the bonds were redenominated to euros, totalling Euros 23.942.299, corresponding to 2.394.229.906 bonds, with a nominal value of euros 0,01 each. After the anticipated and the reimbursement of 20% initial capital in the 12^o coupon as of March 9, 2004, debenture loan amounts to Euros 17.956.724 corresponding to 2.244.590.447 bonds, with a nominal value of Euros 0,01 each.

The coupon interests are paid each semester and the reimbursement will occur 20% in the 14th coupon (09/03/2005), 25% in the 16th (09/03/2006) and 18th (09/03/2007) and 10% in the 20th and last coupon (09/03/2008), being impossible its anticipated reimbursement in all or part after the changes introduced to the technical note by General Assembly as of March 5, 2004. The bonds were fully subscribed for and paid upon subscription and are represented by dematerialized securities rated in Euronext Lisbon.

As of December 31, 2004 the medium and long-term debenture loan is redeemable as follows:

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

2006	5.614.469
2007	5.614.469
2008 (1st semester)	2.238.605
	<u>13.467.543</u>

As of December 31, 2004 and 2003, there were available bank credits granted and undrawn facilities of Euros 2.094.591.

52. SHAREHOLDERS

As of December 31, 2004 and 2003 the amount payable to shareholders related to short term loan facilities was as follows:

	2004	2003
Cimo - Gestão de Participações, SGPS, S.A.	3.888.777	4.699.610
Longapar, SGPS, S.A.	2.026.737	866.638
Sonaca - Sociedade Nacional de Canalizações, S.A.	967.944	852.961
	<u>6.883.458</u>	<u>6.419.209</u>

These balances earn interest at normal market rates.

During the year ended December 31, 2004, transactions with shareholders, were as follows:

	December 31, 2004	
	External supplies and services	Expenses (Note 45)
Cimianto - Gestão de Participações, S.A. (SGPS)	185.000	-
Cimo - Gestão de Participações, SGPS, S.A.	-	153.166
Longapar, SGPS, S.A.	-	62.093
Sonaca - Sociedade Nacional de Canalizações, S.A.	-	35.000
	<u>185.000</u>	<u>250.259</u>

53. GROUP COMPANIES

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

As of December 31, 2004, balances with Group companies were as follows:

	Assets		Liabilities
	Group Companies -short term	Group Companies - medium and long term	Group Companies -short term
Betopal, S.L.	2.005	-	7.125
Cimenpar Investments B.V.	3.546	-	-
Cimentospar - Participações, SGPS, S.A	-	-	32
CMP Investmenst B.V.	-	-	11
Geciment - Participações, SGPS, S.A	-	23.747.967	565
Secil - Companhia Geral de Cal e Cimento, S.A.	-	-	45.475
Seinpar Investments, B.V.	13.769.783	-	-
Seinpart - Participações, SGPS, S.A	-	99.878.815	-
Semapa Inversiones S.L.	2.053.592	-	-
Semapa Investments B.V.	-	-	1.130
Seminv - Investimentos, SGPS, S.A	-	744.763	451
	<u>15.828.926</u>	<u>124.371.545</u>	<u>54.789</u>
			<u>361.816</u>

The amount of Euros 15.828.926, to be received from Group Companies refers to short term loan facilities bearing interest quarterly at market rates.

The amount of Euros 124.371.545 to be received from Group Companies refers to medium and long term loan facilities bearing interest quarterly at market rates.

During the year ended December 31, 2004, transactions with Group Companies were as follows:

	Sales and services rendered	External Suppliers of services	Other Operating income	Financial income (Note 45)	Financial losses (Note 45)
Betopal, S.L.	750	-	-	5	1.687
Cimentospar - Participações, SGPS, S.A	1.000	-	-	-	25.194
CMP Investmenst B.V.	-	-	-	274	3.061
Geciment - Participações, SGPS, S.A	-	-	-	521.384	-
Secil - Companhia Geral de Cal e Cimento, S.A.	400.146	5.843	532.745	-	317.539
Secilpar SL	187.500	-	1.370	-	-
Seinpar Investments, B.V.	-	-	-	167.085	32.739
Seinpart - Participações, SGPS, S.A	1.000	-	-	2.043.593	-
Semapa Inversiones S.L.	-	-	-	23.551	-
Semapa Investments B.V.	-	-	-	197.213	8.049
Seminv - Investimentos, SGPS, S.A	2.708	-	-	3.441.875	913
Outras	448.084	-	-	46	-
	<u>1.041.188</u>	<u>5.843</u>	<u>534.115</u>	<u>6.395.026</u>	<u>389.182</u>

The amount of Euros 1.041.188 in “Sales and services rendered” caption, refers to management services provided by the Company in financial, administrative, fiscal and IT areas, among others.

The amount of Euros 534.115 in “Supplementary earnings” refers to staff seconded by the Company.

SEMAPA — SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.**NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED**

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

54. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2004, are made up as follows:

	2004	2003
Marketable Securities	385.527	-
Short-term bank deposits	420.660	-
Bank deposits	5.789	71.201
Cash in hand	1.215	465
Bank overdrafts	-	-
	<u>813.191</u>	<u>71.666</u>

55. AUDIT FEES AND OTHER SERVICES

During the year ended December 31, 2004 and 2003, the costs incurred with Auditors, Statutory auditors and other consultants were as follows:

	2004	2003
Audit fees	56.378	56.378
Tax advisory services	86.423	1.420
Other attest services	70.145	-
	<u>212.946</u>	<u>57.798</u>

67. RECONCILIATION OF “EXTRAORDINARY RESULTS” IN INCOME STATEMENT BY NATURE AND BY FUNCTIONS

The income statement by functions presents a meaning for extraordinary results different from “Plano Oficial de Contabilidade” (POC) for the preparation of the income statement by nature. Therefore, the value of extraordinary results for years ended December 31, 2004, Euros 144.418.855, in income statement by nature (Note 46) was reclassified to current results, as follows:

	Income statement		
	2004		
	By nature	Reclas-sifications	By function
Operating results	(5.908.815)	-	(5.908.815)
Current results	37.666.050	144.418.855	182.084.905
Extraordinary results	144.418.855	(144.418.855)	-
Net Profit for the year	182.073.722	-	182.073.722

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(Amounts stated in Euros)

68. 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.

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

NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2004 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

(Translation of a report originally issued in Portuguese – Note 68)

(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

José Alfredo de Almeida Honório
Member

Frederico José da Cunha de Mendonça e Meneses
Member

Gonçalo Allen Serras Pereira
Member

Francisco José de Melo e Castro Guedes
Member

Paulo Jorge Barreto de Carvalho Ventura
Member

Paulo Jorge Morais Costa
The Accountant

Luís Manuel Pego Todo Bom
Member

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

Introduction

1 As required by law, we present our Statutory Audit Report, including the regulatory Report of the External auditor in respect of the financial information included in the Annual Report of the Board of Directors and the accompanying financial statements of **SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.**, comprising the balance sheet as of December 31, 2004, (which shows total assets of €438.500.319 and a total of shareholder's equity of €384.424.698, including a net income of €182.073.722), the statements of income by nature and by functions and the cash flow statement for the year then ended, and the corresponding notes to the accounts.

Responsibilities

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

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

Scope

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

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

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

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

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

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of **SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.** as of December 31, 2004, the results of its operations and its cash flows for the year then ended, in conformity with the generally accepted accounting principles in Portugal, and the information included is complete, true, timeliness, clear, objective and licit.

Lisbon, March 11, 2005

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

Abdul Nasser Abdul Sattar, R.O.C.

**Report and Opinion
of the Supervisory Board**

(Free Translation from the original in Portuguese)

To the Shareholders

1 In accordance with the law and our mandate, we herewith present the report on our supervisory activity and our opinion on the Directors' Report and the corresponding Financial Statements of SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A. with respect to the year ended December 31, 2004.

2 During the course of the year, we have accompanied the evolution of the company's activities, as and when deemed necessary, and have verified the timeliness and adequacy of the accounting records and supporting documentation. We have also ensured that the law and the company's statutes have been complied with.

3 We have also accompanied the work performed by Belarmino Martins, Eugénio Ferreira & Associados, SROC, Lda, have reviewed their audit report, in attach, and concur with their conclusions. Furthermore we have considered the Statutory Auditors' Report sent to the Board of Directors in which the audit procedures undertaken are described, as required by Article 451^o of the Commercial Companies Code.

4 Within the scope of our mandate, we have verified that:

- i) the Balance Sheet, the Income statements by nature and by functions, the Cash flow statements and the Notes to the accounts present adequately the financial position and the results of the company;
- ii) the accounting policies and valuation methods applied are appropriate;
- iii) the Report of the Board of Directors is sufficiently clear as to the evolution of the business and the position of the company and highlights the more significant aspects;
- iv) the proposed appropriation of profits is adequately supported.

5 On this basis, and taking into account the information obtained from Board of Directors and the company's employees, together with the conclusions in the statutory auditor's report on the accounts, we are of the opinion that:

- i) the Report of the Board of Directors be approved;
- ii) the Financial Statements be approved;
- iii) the proposed appropriation of profits be approved.

Lisbon. March 11, 2005

The Supervisor Board

The President

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

Abdul Nasser Abdul Sattar, R.O.C.

Member

Dr. Rafael Caldeira Castel-Branco Valverde

Member

Dr. Duarte Nuno D'Orey da Cunha

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

PricewaterhouseCoopers
& Associados - Sociedade de
Revisores Oficiais de Contas, Lda.
Palácio Sottomayor
Rua Sousa Martins, 1 - 3º
1050-217 Lisboa
Portugal
Tel +351 213 599 000
Fax +351 213 599 999

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

1 We have audited the accompanying balance sheet of **SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.** as of December 31, 2004, the related income statements and cash flows and the related notes to the accounts for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3 In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with the generally accepted accounting principles in Portugal.

Lisbon, March 11, 2005

PricewaterhouseCoopers & Associados
Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Ana Maria Ávila de Oliveira Lopes Bertão, R.O.C.



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

Registered offices: Av. Fontes Pereira de Melo, no. 14, 10º, Lisbon
Share Capital: 118,332,445 Euros
Corporate person no.: 502593130
Registered with the Lisbon Companies Registry under no. 2630

NOTICE

We hereby give notice that at the Annual General Meeting of Shareholders of this company, held on 30 March 2005, the financial statements for 2004 were approved, and it was resolved to distribute a dividend of 11 cents per share. The meeting also approved the amendment proposed to article 11, para. 1 of the article of association, permitting the company's Board of Directors to comprise an uneven number of members, between 3 and 15.

31 March 2005

The Board of Directors

SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.
Public Limited Company

Registered offices: Av. Fontes Pereira de Melo, no. 14, 10º, Lisbon
Share Capital: 118,332,445 Euros
Registered with the Lisbon Companies Registry under no. 2630
Corporate person no.: 502593130

**Excerpt from the Minutes of the General Meeting of Semapa
of 30-3-2005**

Semapa
General Meeting
Minutes of Meeting no. 21

On 30 March 2005, at 11 a.m., a General Meeting was held in Lisbon, at Av. das Forças Armadas, no. 125, 13º C, of Semapa - Sociedade de Investimento e Gestão, SGPS, SA, public limited company, with registered offices in Lisbon, at Av. Fontes Pereira de Melo, no. 14, 10º floor, with share capital of 118,332,445 euros, corporate person no. 502593130, registered at the Lisbon Companies Registry under no. 2630, with the following order of business:

1. To resolve on the Management Report, Balance Sheet and Accounts for the financial year of 2004, and on the Report and Opinion of the Audit Board;
2. To resolve on the consolidated financial statements for the same period;
3. To resolve on the distribution of profits;

[...]

The Chairman started by checking that the meeting had been duly called by the notices published on 22 February 2005 in series III of *Diário da República*, and on 18 February in *Diário Económico*, on the same date in the Lisbon and Oporto editions of *Público*, and also on 15 February in the Euronext Lisbon Bulletin of Listed Prices, that all the company offices were present, except Dr. Rafael Caldeira Castel-Branco Valverde, member of the Audit Board, who had submitted justification for his absence, and that shareholders owning 67,257,132 shares, corresponding to 174,689 votes and approximately 56.84% of the share capital were present or represented, as detailed in the register drawn up and duly filed.

[...]

As no one else wished to speak, the Chairman called a vote and it was unanimously resolved to approve the Management Report, Balance Sheet and Accounts for the financial year of 2004, together with the Report and Opinion of the Audit Board. The consolidated financial statements for the same period were then put separately to the vote, and unanimously approved. The documents were approved with a correction to the annex to the report relating to the qualifying holding in Semapa held by Banco BPI S.A.. The Chairman explained in advance that the correction would be included in the correct place and was due to information subsequently received from Banco BPI; the exact terms of the correction were set out in a document handed out to shareholders prior to the start of the meeting.

[...]

As no one else wished to speak, the Chairman of the Meeting asked if any shareholder objected to the two proposals being voted on together, giving that they were mutually compatible. No objection was expressed, and the two proposals were put jointly to the vote, and unanimously approved, the distribution of the net profits for the period being fixed as follows:

Dividends on shares in circulation	13.016.568,95 Euros
Retained earnings	3.000.000,00 Euros
Legal reserve.....	9.103.686,00 Euros
Free reserves.....	147.853.467,37 Euros
Directors' remuneration.....	9.100.000,00 Euros

[...]

There being no further business, and given that no one else wished to take the floor, the meeting was closed at 1.15 p.m., and these minutes were drawn up, which are duly signed by the officers of the General Meeting and the company secretary, in respect of the latter also under the terms and for the purposes of para. 1 a) and b) of article 446-B and para. 3 b) of article 85 of the Companies Code.