

***MANAGEMENT REPORT AND CONSOLIDATED ACCOUNTS
1ST HALF 2005***

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

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Reg. with the Lisbon Companies Registry under no. 2630 · Tax No. 502 593 130 · Share Cap. 118,332,445 Euros

Contents

	Page
1. Business Overview: Consolidated Economic and Financial Results	1
2. Operational Overview and Major Developments	5
3. Business Areas	7
3.1. Cement, Cement Products and Aggregates	7
3.2. Renewable Energy	13
3.3. Paper and Paper Pulp	15
4. Human Resources	19
5. Financial	19
5.1. Financing	19
5.2. Share Prices	20
5.3. Dividends	21
5.4. Net Profit for the 1st Half	21

SEMAPA

MANAGEMENT REPORT – 1ST HALF 2005

CONSOLIDATED FINANCIAL STATEMENTS

1. Business Overview: Consolidated Economic and Financial Results

Despite the difficult economic situation at home and abroad, the **Group** recorded satisfactory performance in the 1st half of 2005.

Operating income stood at 794 million euros. EBITDA totalled 212 million euros, with the EBITDA margin standing at 26.8 %. EBITDA less CAPEX totalled 13 million euros. Net profits for the period amounted to 21 million euros and net debt as at 30 June 2005 totalled 2,147 million euros.

Semapa's results for the same period in 2004 (136 million euros) are not wholly comparable with those for the 1st half of 2005 for the particular reasons that **(i)** Semapa recorded significant capital gains in the same period in 2004 due to the disposal of financial holdings, and that **(ii)** there were changes to the companies included in the consolidated accounts.

Adoption of the International Financial Reporting Standards (IFRS)

Consolidated financial information for the first half of 2005 has been drawn up under the IFRS (International Financial Reporting Standards). **The information for the first half of 2004 has been revised to reflect the new rules**, so as to allow for a comparative analysis.

In addition to the adoption of the IFRS, the comparability of Semapa's 1st half financial information has also been affected because:

- ⇒ in the IFRS accounts in June 2005, Portucel/Soporcel has been consolidated through use of the full consolidation method;
- ⇒ in the IFRS accounts for June 2004, Portucel/Soporcel was consolidated using the equity method, reflecting the fact that the Group held only a 30% interest;
- ⇒ In the POC (Portuguese Plan of Accounts) accounts for June 2004, Secil was the only subsidiary included through the full consolidation method, although Tecnosecil, in Angola, was excluded (stated at historical cost), whilst the subsidiaries Enersis and Portucel/ Soporcel were consolidated using the equity method.

The scope of the **Group's** consolidated accounts for the first half of 2005 was also extended due essentially to inclusion of the following acquisitions:

- ⇒ Acquisition of 100% of Jobritas-Indústria Extractiva, SA by SBI-Secil Betões e Inertes, resulting in a Group holding of 93.66%;
- ⇒ Acquisition of 70% of IRP-Indústria de Rebocos de Portugal, SA, by Secil Martingança; given that there is an option for purchase of the remaining 30%, the **Group's** holding amounts to 51%;
- ⇒ Acquisition of the remaining 30% share capital of TecnoSecil by the company itself, bringing the Group's holding up to 100% instead of the 70% held up to 31 December 2004;
- ⇒ Acquisition of 100% of Eólica dos Candeeiros-Parques Eólicos, Lda. by Companhia de Energias Renováveis da Serra dos Candeeiros.

Also in the first half, the Enersis Group concluded an agreement to acquire the remaining 42.5% of Fespect-Serviços de Consultoria, SA not currently held by the **Group**, assuming all the associated risks and benefits, meaning that the shareholders' funds and the results of this company and its subsidiaries are not wholly appropriated by the **Group**.

A further development in the first half was the disposal by Semapa, SGPS, SA, through its subsidiaries SEINPAR INVESTMENTS, BV and PORTUCEL - Empresa Produtora de Pasta de Papel, of the entire holding in ENCE - Grupo Empresarial ENCE, SA.

Overview of the main consolidated indicators

Figures in '000 €	IFRS		POC	31 December 2004	
	June 2005	June 2004	June 2004	IFRS	POC
Turnover	751 421	241 055	220 163	739 736	699 961
Other income	42 791	172 923	1 991	207 496	6 902
Costs and losses	(581 715)	(201 079)	(162 997)	(604 686)	(536 744)
EBITDA	212 498	212 899	59 157	342 546	170 120
Recurrent EBITDA	196 022	65 681	59 157	194 583	170 120
Depreciation	(87 577)	(18 847)	(34 411)	(79 943)	(98 032)
Provisions	-	-	(2 047)	-	(12 017)
EBIT	124 921	194 053	22 699	262 603	60 071
Financial results	(39 926)	(7 590)	(8 095)	(30 797)	(27 731)
Current results	84 995	186 463	14 603	231 806	32 340
Extraordinary results	-	-	185 408	-	195 897
Pre-tax profits	84 995	186 463	200 011	231 806	228 237
Tax on profits	(30 960)	(54 084)	(44 002)	(30 815)	(31 477)
Minority interests	(33 105)	3 989	(1 356)	(15 465)	(14 686)
Net profit for the period	20 930	136 368	154 653	185 526	182 074
Cash flow	108 507	155 215	189 064	265 469	280 106
EBITDA Margin %	26,8%	51,4%	26,6%	36,2%	24,1%
EBT Margin %	15,7%	46,9%	10,2%	27,7%	8,5%
Total net assets	3 861 107	1 566 717	1 336 470	3 837 115	3 349 039
Shareholders' funds (before minority interests)	390 752	344 004	378 606	386 143	384 425
Net debt	2 146 791	649 307	430 189	2 105 469	1 790 653

Sales

The SEMAPA Group's first half consolidated sales totalled 751 million euros. The substantial difference in relation to the same period in 2004 was due to the inclusion of Portucel/Soporcel in the consolidated accounts.

These sales break down into:

- cement, cement products and aggregates, amounting to 227 million euros. This area recorded a 3% increase in sales over the first half of 2004;
- renewable energy with 19 million euros, up 8% over the same period in 2004; and
- paper and paper pulp, totalling 505 million euros.

Other Income

Adoption of the IFRS required the reclassification of the account for Gains on Financial Fixed Assets which, in the 2004 POC accounts, were included under Extraordinary Results. In June 2004, in the POC accounts, a total of 179.5 million euros was recorded by way of Gains on Financial Fixed Assets, resulting from the disposal of holdings in Secil (139.1 million euros), Cimpor (39.4 million euros) and Banco Espírito Santo (one million euros). These operations, the value of which has been adjusted by the new criterion for determining capital gains, are not included under Other Income, which explains the variation between the POC and IFRS accounts for the 1st Half of 2005. Except for 6.5 million euros deriving from services rendered by Enersis in relation to a 24 MW wind farm project, which has been disposed of, the Other Income recorded in June 2005 derives from supplementary income of recurrent nature recorded in the various business areas.

EBITDA

Consolidated EBITDA for the period stood at 212 million euros. Comparability with the same period in 2004, in both the IFRS 2004 accounts and the POC 2004 accounts, is affected by the alteration in the scope of the consolidated accounts, as described above, and by reclassification of accounting items due to the adoption of IFRS. The total of 212 million euros breaks down as follows:

- ⇒ Semapa, with a negative contribution of 10 million euros,
- ⇒ Secil with 84.3 million euros,
- ⇒ Enersis with 17.7 million euros,
- ⇒ Portucel/ Soporcel with 120 million euros.

Secil recorded an 18% increase in EBITDA over the first half of 2004, due to 3% growth in sales.

At Enersis, EBITDA grew by 40% in the comparison of equivalent periods in 2005/2004. Operating results in this area were affected by the following factors:

- Wind generation was 81% up on the previous year, due to the fact that capacity almost doubled, despite a number of significant delays in the start of construction work on some wind farms;
- The contribution from hydro power was 56% down on the same period in 2004, due to particularly adverse hydrological conditions in Portugal;
- A positive contribution of 6.5 million euros, resulting from the operation referred to above.

Financial Results

The evolution of consolidated Financial Results, from a negative figure of 7.6 million euros in 2004 to a negative figure of 40 million euros in 2005 was due essentially to the increase in bank charges deriving from the fresh borrowing required to acquire a holding of 67.1% in the share capital of Portucel and the borrowing taken out to finance expansion of Enersis' investments. In addition, the Portucel/Soporcel Group obtained in 2004 a one-off financial gain of approximately 8 million euros, relating to interest owed by its main shareholder at that time.

The appropriation of Results in affiliates was down by 4 million euros, insofar as the result for the same period in 2004 includes a sum of 2.6 million euros relating to appropriation, by the equity method, of 30% of the June results of the subsidiary Portucel.

Current Results

As a result of the above, Current Results stood at 85 million euros. The comparison of this figure with that for the same period in 2004 is also affected by the factors referred to above, in particular the capital gains recorded on the disposal of holdings in 2004 and the alteration of the scope of the consolidated accounts between the two periods under consideration.

Consolidated Net Profit after Tax and Minority Interests

After tax and deduction of Minority Interests, Semapa closed the first half with a consolidated Net Profit of 21 million euros.

Net Assets

The variation in total Net Assets is explained by the alteration in the scope of the consolidated accounts, with the inclusion of Portucel/Soporcel by the full consolidation method and the developments which have taken place, as already described.

Shareholders' Funds

The increase in Shareholders' Funds over the first half of 2004, excluding Minority Interests, is due essentially to the positive effect of the Net Profits for the period and the counter-effect of the dividends paid.

Net Debt

The increase in Net Debt is due to the borrowing taken out to acquire Portucel and for other investments by the Group's subsidiaries – in particular by Enersis – and the inclusion of the Net Debt of the Portucel/Soporcel Group (approximately 822 million euros).

2. Operating Overview and Major Developments

SEMAPA

In January 2005, SEMAPA, SGPS, SA notified the market of the disposal of its entire holding in ENCE – Grupo Empresarial ENCE, SA, corresponding to 8.00% of the respective share capital, for a sum of approximately 46 million euros. This disposal was effected by companies controlled by SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA, SEINPAR INVESTMENTS BV and PORTUCEL – Empresa Produtora de Pasta de Papel, SA.

The Annual General Meeting of Shareholders, held on 30 March 2005, resolved to distribute a dividend of 11 cents per share and approved an amendment to the Articles of Association, permitting the company's board of directors to comprise an uneven number of members, of between 3 and 15. The meeting also approved the Directors' Pension Regulations, as required by article 17 of the Articles of Association.

Dividends relating to the financial year of 2004 were paid in April.

Also in April, the market was notified of an alteration in the qualifying holding of the BPI Group, which now held and/or managed a 4.92% interest in SEMAPA, corresponding to 5.03% of the respective non-suspended voting rights. The market was also notified of an alteration in the qualifying holding of Companhia de Seguros Tranquilidade, SA, which now held 2.1374% of the share capital of SEMAPA, corresponding to 2.1878% of the respective non-suspended voting rights.

With effect as of 30 June 2005, Dr. Paulo Jorge Barreto de Carvalho Ventura resigned as director of SEMAPA.

The composition of SEMAPA's Audit Board was altered, with the resignation of the audit firm Belarmino Martins, Eugénio Ferreira e Associados, Sociedade de Revisores Oficiais de Contas, Lda.. In accordance with article 50 of Decree-Law 487/99, of 16 November 1999, the officers of the General Meeting appointed as the effective Official Auditor the firm PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., registered with the Ordem dos Revisores Oficiais de Contas under no. 183, represented by Dr. Abdul Nasser Sattar, Official Auditor no. 958, or by Dr. Ana Maria Ávila de Oliveira Lopes Bertão, Official Auditor no. 902, with Dr. Jorge Manuel Santos Costa, Official Auditor no. 847, being appointed as alternate auditor. As required by the same article, these appointments will be submitted for ratification by the Company's next General Meeting.

SECIL

The following developments took place in the Secil Group during the first half of 2005:

- Acquisition of 70% of IRP – Indústria de Rebocos de Portugal, SA.
- Acquisition of 70% of Lusocil – Sociedade Portuguesa de Cimento-Cola, SA.

Total first half investment by the Secil Group totalled 47.3 million €, corresponding to 35.5 million € in tangible fixed assets, 6.5 million € in new acquisitions and 5.3 million euros in holdings (or increased holdings) in associated companies.

Secil's results were boosted by the accounting at fair value of a debt from the Angolan State at 16.5 million € (13.2 million € after tax). In accordance with the agreed terms, the Angolan State issued 3.9 million € in treasury bonds in Secil's favour during the first half of the year, and will issue further treasury bonds up to November 2006 for the remaining 12.6 million €.

Secil also recorded operating income relating to investment subsidies granted under the POE, amounting to 5.3 million €.

Both operations benefited Semapa's shareholders' funds, with 51% of these amounts being attributed to the Group, and 49% to minority interests.

ENERSIS

The acquisition by Enersis from Rennergys, GmbH, of the company Eólica dos Candeeiros – Parques Eólicos, Lda. was designed to increase the capacity of the Candeeiros Wind Farm, which rose from 78 MW to 111 MW.

In turn, the acquisition of 42.5% of the share capital of Fespect – Serviços de Consultoria, S.A., resulted in Enersis taking over full ownership of the company promoting the Pampilhosa Wind Farm, with capacity of 114 MW under construction.

PORTUCEL/ SOPORCEL

In the field of industrial investment, the Portucel/Soporcel Group has complied with an extremely rigorous plan for ongoing improvements in the environmental systems at its plants.

Pulp output at the Figueira da Foz plant increased by approximately 14 thousand tons, thanks to the new waste heat boiler coming on line. It should be outlined the increase of 8 000 tons at the production level at Setúbal plant in which continuous monthly records have been registered.

Another investment was the waste heat boiler in Cacia, which in the first half accounted for 60% of investment, totalling 18 million euros.

The main investment at the Setúbal plant was the new Electrostatic Precipitator in the Waste Heat Boiler, which is designed to improve environmental performance.

3. Business Areas

3.1. Cement, Cement Products and Aggregates

3.1.1. Operating Overview

Secil Group consolidated sales stood at 227 million €, up approximately 3% on the 1st half of 2004.

The increase in sales reflects the inclusion in the consolidated accounts of Tecnosecil (Angola) and IRP and Jobritas (Portugal) given that sales in the Group's main business areas – cement manufacture in Portugal and Tunisia – grew only marginally in relation to the 1st half of 2004.

Cement consumption is estimated to have declined by approximately 4% as a result of the continuing recession in the construction sector, caused largely by the general stagnation of the economy. Cement consumption in Tunisia was down by 1%.

EBITDA stood at 84 million € and EBIT at 64 million €, up by 18% and 10%, respectively, in relation to the same period in 2004.

Net profits totalled 47 million €, 97% up on those in the first half of 2004. It should be noted that the capital gain resulting from disposal of the holding in Cimpor, obtained in the first half of 2004, with a POC value of 24 million €, after tax, was partially considered in the adjustments for transition to IFRS, as at 1 January 2004, given its nature as a disposable asset; on the other hand, the 2005 first half results include the substantial sum, of 13.2 million M€, after tax, resulting from the accounting at fair value of a debt from the Angolan State, deriving from the nationalization of Secil's assets in Angola at the time of independence, which is a non-recurrent gain.

Other major investments were concluded in environmental performance, especially at the Secil-Outão Plant, and investment continued in preparing cement plants for the use of waste as fuel and raw material.

Leading Operational Indicators - Consolidated

	Unit	2003	2004	1st Half 04	1st Half 05	%
Cement Production Capacity ⁽¹⁾		5 492	5 492	5 492	5 670	3%
Sales						
Grey cement	1 000 t	4 189	4 744	2 385	2 395	0%
White cement	1 000 t	82	75	39	40	3%
Artificial lime	1 000 t	85	81	40	37	-8%
Clinker	1 000 t	208	275	187	92	-51%
Ready-Mixed	1 000 m ³	2 230	2 564	1 232	1 224	-1%
Aggregates	1 000 t	2 779	2 966	1 591	1 569	-1%
Pre-cast	1 000 t	324	331	165	163	-1%
Hydraulic lime	1 000 t	50	47	25	22	-12%
Mortar fixative	1 000 t	12	11	7	5	-29%
Mortars	1 000 t	161	152	76	161	112%
Workforce		1 994	1 978	1 936	2 187	13%

(1) The figures for 2003 and 2004 have been altered from those stated in previous reports due to the revaluation of production capacity required by the change in the mix of cements produced.

Leading Business Indicators

	Unit	1st Half 04	1st Half 05	%
Sales	Million €	220	227	3%
EBITDA	Million €	62	58	-6%
EBIT	Million €	29	24	-17%
Financial results	Million €	-3	-2	33%
Current results	Million €	26	22	-15%
Extraordinary results	Million €	44	23	-48%
Pre-tax profits	Million €	70	45	-36%
Taxes	Million €	21	13	-38%
Minority interests	Million €	0	0	-
Net profits	Million €	49	32	-35%
Cash flow	Million €	82	66	-20%
Total assets	Million €	816	779	-5%
Shareholders' funds	Million €	397	349	-12%
Net debt	Million €	200	189	-6%
EBITDA Margin		29%	25%	
CAPEX	Million €	21	35	67%
Net debt / EBITDA	Million €	1,6	1,5 ⁽¹⁾	

(1) Considering the EBITDA generated in the 1st half of the year and in the 2nd half of the previous year.

3.1.2. Portugal

3.1.2.1. Cement

First half sales of cement and clinker totalled 128 million € and correspond to 1 905 000 t, which represents growth of 2% in value, and a reduction of 6% in quantity, in comparison with the same period in the previous year.

Cement and Clinker Sales

	Unit	2003	2004	1st H 04	1st Hf 05
Domestic market	Million €	220	233	117	120
External market	Million €	9	15	9	8
Total	Million €	229	248	126	128
Variation %		- 18%	8%		2%
Domestic market	1 000 t	3 145	3 423	1 713	1 741
External market	1 000 t	326	483	304	164
Total	1 000 t	3 471	3 906	2 017	1 905
Variation %		- 11%	13%		-6%

Total cement output in the first half stood at 1 790 000 t, down by 2% on the same period in 2004.

Major investment was undertaken in environmental performance, in particular at the Secil-Outão plant.

Investment continued in preparing cement plants for the use of waste as fuel and raw material.

As indicated in the Overview, performance declined in this business area, as may be seen through analysis of the indicators presented below. This was fundamentally due to increased operating costs, caused largely by the accounting for liabilities relating to pensions, with a value of approximately 5.7 million €.

3.1.2.2. Ready-mixed and aggregates

Aggregated business figures for companies operating in the ready-mixed sector:

Ready-Mixed

	Unit	2003	2004	1st H 04	1st H 05	%
Cement Plants		41	45	43	44	2%
Sales	1 000 m ³	2 145	2 471	1 190	1 169	-2%
Sales	1 000 €	118 436	125 737	60 493	60 556	0%

Aggregated business figures for companies operating in the aggregates sector, including the company Jobritas, as from the 1st half of 2005:

Aggregates

	Unit	2003	2004	1st H 04	1st H 05	%
Crushing plants		6	6	6	6	0%
Sales	1 000 t	2 779	2 966	1 591	1 569	-1%
Sales	1 000 €	16 492	15 566	6 852	6 600	-4%

3.1.2.3. Pre-cast concrete

Aggregated business figures for companies operating in the pre-cast concrete sector (Argibetão e Secil-Prebetão):

	Unit	2003	2004	1st H 04	1st H 05	%
Plants		9	9	9	8	-11%
Sales	1 000 t	305	303	155	140	-10%
Sales	1 000 €	20 307	19 654	9 002	8 784	-2%

Production at Argibetão's Azeitão plant was discontinued as part of the current streamlining of this company.

3.1.2.4. Mortars and binders

Figures for this business area include Secil Martingança and, as from the first half of 2005, the company IRP, acquired during the period.

	Unit	2003	2004	1st H 04	1st H 05	%
Plants		2	2	2	3	50%
Sales of hydraulic lime	1 000 t	50	47	25	22	-12%
Sale of mortars	1 000 t	161	152	76	161	112%
Mortar fixative	1 000 t	12	11	7	5	-29%
Sales	1 000 €	9 728	8 908	4 706	8 343	77%

3.1.2.5. Other Business

Net profits of 4.2 million euros were obtained from other companies with significant activity in which Secil has a direct holding.

3.1.3. Tunisia

3.1.3.1. Cement

Société des Ciments de Gabès recorded 1st half sales of 22.1 million €, corresponding to 607 000 t, which represents growth of 2% in value and 1% in quantity, in comparison with the same period in the previous year.

Cement and Clinker Sales

	Unit	2003	2004	1st H 04	1st H 05
Domestic Market	1 000 €	38 506	40 016	20 548	20 807
External Market	1 000 €	53	2 936	1 013	1 258
Total	1 000 €	38 559	42 952	21 561	22 065
Variation %		- 4%	11%		2%
Domestic Market	1 000 t	1 048	1 097	566	571
External Market	1 000 t	1	97	36	36
Total	1 000 t	1 049	1 194	602	607
Variation %		- 1%	14%		1%

Output of cement and artificial lime totalled 596 000 t. In terms of developments in production, the company started to use coke as a thermal fuel.

The company's performance was down on the same period in 2004, basically due to the increase cost of electricity and the increase in maintenance costs, due in part to the alteration in the criteria for accounting for capitalized expenses.

3.1.3.2. Ready-mixed and pre-cast concrete

Business figures for companies operating in this sector (**Sudbéton** and **Zarzis Béton**):

	Unit	2003	2004	1st H 04	1st H 05	%
Concrete plants		2	3	3	3	0%
Concrete sales	1 000 m ³	85	93	42	48	14%
Pre-casting lines		2	2	2	2	0%
Pre-cast sales	1 000 t	19	28	10	23	130%
Sales	1 000 €	4 057	4 351	1 881	2 336	24%

3.1.4. Angola

3.1.4.1. Cement

Tecnosecil sold approximately 50 000 t in the first half of the year, representing growth of 61% over the same period in 2004, made possible by the increase in production capacity obtained through installation of a new cement mill.

	Unit	2003	2004	1st H 04	1st H 05	%
Plants	1 000 t	1	1	1	1	0%
Sales	1 000 t	43	74	31	50	61%
Sales	1 000 €	5 485	8 298	3 488	6 143	76%

3.1.5. Lebanon

3.1.5.1. Cement

Despite the drop in sales, Ciment de Sibline recorded highly positive performance in the first half of 2005, due essentially to improved operating costs, as may be seen in the following indicators:

	Unit	2003	2004	1st H 04	1st H 05	%
Plants		1	1	1	1	0%
Sales – Domestic Market	1 000 t	506	542	237	276	16%
Sales – External Market	1 000 t	200	399	256	78	-70%
Sales	1 000 €	29 356	43 642	20 877	18 155	-13%

During the 1st half, Secil acquired an additional holding of 6.88% in the capital of Ciment de Sibline, giving it 28.12% of the company.

3.1.6. Cape Verde

3.1.6.1. Aggregates

ICV – Inertes de Cabo Verde recorded positive results, in the order of 36 000 €, reflecting performance which, albeit positive, fell short of that recorded in the 1st half of 2004.

3.1.7. Financial

Total investment by the Secil Group amounted to 47.3 million €, of which 35.5 million € corresponded to tangible fixed assets, 6.5 million € to new acquisitions and 5.3 million € to holdings (or increased holdings) in associates.

The Secil Group's net debt, as at 30 June 2005, stood at 189 million €, down from the total of 244 million €, recorded at the end of the previous year. This variation is essentially explained by the cash flow generated in the period and by investments in tangible and intangible fixed assets.

Bank borrowing is expressed in euros, except for that contracted in Tunisia, which is in local currency.

Given the economic climate, it was decided to keep all borrowing on a floating rate basis.

Results

Secil closed its first half accounts for 2005 with a net profit, under IFRS, after minority interests, of 46 827 446 €. Sales and services totalled 227 065 810 € and EBITDA stood at 84 362 424 €.

3.2. Renewable Energy

3.2.1. Operating Overview

As part of the corporate reorganization process initiated in 2004, and in order to verticalize the Enersis Group's different developing business units in a more segmented fashion, the holding structure is being overhauled with a view to creating three core units, dedicated to:

- promotion and operation of mini-hydro plants;
- promotion and operation of wind farms;
- research and development in new forms of renewable energy and internal provision of value added services.

The following table shows the main consolidated operating and financial indicators for the first half of 2005, comparing them with the same period in the previous year:

Operating Indicators

	Unit	REAL 2005	REAL 2004
OPERATING INDICATORS			
Rated capacity	MW	271,3	175,9
Mini-hydro plants	MW	79,9	79,9
Wind farms	MW	191,4	96,0
Power injected	GWh	206,5	207,7
Mini-hydro plants	GWh	54,9	124,1
Wind farms	GWh	151,6	83,6
FINANCIAL INDICATORS			
Electricity sales	000'€	18 841,9	17 428,0
Operating cash flow – EBITDA	000'€	17 767,3	12 697,8
Net profits	000'€	1 891,9	3 400,0
Investment	000'€	135 652,7	86 107,4
Net Debt	000'€	451 789,5	339 827,4

Hydro generation for the first half fell far short not only of that in the same period in 2004 (56%), but also of the budget (73%), which had anticipated an average hydrological regime. Water resources are approximately 67% below the average year, as is confirmed by the severe drought throughout Portugal.

On the other hand, wind generation was significantly up on the previous year (81%), thanks to the near doubling of capacity. Nonetheless, there were substantial delays in the start of construction work on the Pampilhosa, Candeeiros and Rabaçal (194 MW) wind farms, which caused a 22% deviation in output, in relation to budget. Except for the Pampilhosa wind farm, which should only be 5% complete by the end of the year, the other developments will come on line in the 3rd quarter of 2005.

The three mini-hydro plants planned (22 MW) on the River Rabaçal and the River Zêzere have not yet started production, due to technical constraints. These plants may be expected to come on line by the end of the year.

First half availability at the hydro plants (99.98%) and the wind farms (97.60%) remained, as ever, at very satisfactory levels.

Electricity sales for the 1st half stood at 18.8 million euros, in line with operating performance, but also reflecting the adverse weather conditions. Even so, the differential in relation to the same period in 2004 amounted to only approximately 1.4 million euros, despite added wind farm capacity of 95.4 MW being in operation. This differential was due above all to the performance of hydro generation, as described above (down by 5.4 million euros), given that it incorporates a positive differential for wind generation of 6.8 million euros.

The Group recorded Other Operating Income of 8.0 million euros in the first half, which included a range of services rendered.

The existence of a not entirely variable cost structure and the limited hydrological resources penalized the income account for the period, especially in terms of the EBITDA generated (approximately 17.2 million Euros), which, despite being up on that recorded in the same period in the previous year, is still far below the projected level.

3.2.2. Investment Activities

The Enersis Group has been developing its various projects, especially in the wind farm sector, in Portugal and abroad, and at the end of the 1st half it had capacity of approximately 267 MW nearing completion, including 265 MW of wind capacity, as well as a further 338 MW awaiting planning permission, including 330 MW of wind capacity. This development drive involved investment during the first half of approximately 134 million euros.

The Group also invested approximately 1.2 million euros in its project for generating electricity from wave power, using Pelamis technology, as well as continuing to broaden its investment plans to include new geographical areas, especially France.

This investment activity, combined with weak generation of cash flow, resulting from the constraints described above, led to an increase in total net debt, which stood at approximately 445 million euros at the end of the first half, despite the partial repayment (5 million euros) during the period of shareholder loans previously granted by Semapa.

3.3. Paper and Paper Pulp

3.3.1. Operating Overview

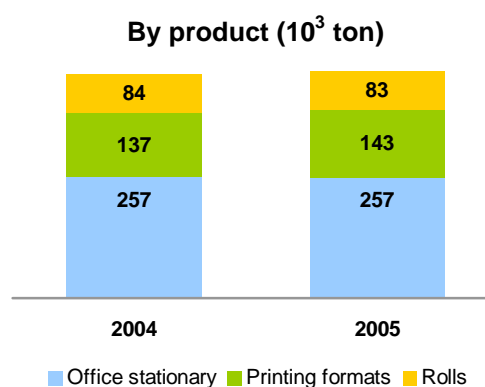
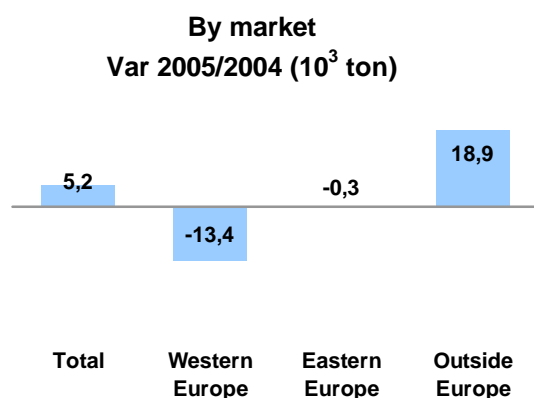
Operating Indicators

1st Half

	Unit	2005	IFRS 2004	2005/2004	POC 2004
Output					
Pulp	1 000t	623,6	615,3	1,3%	
Paper	1 000t	490,2	487,3	0,6%	
Sales					
Pulp	1 000t	294,3	342,6	-14,1%	
Paper	1 000t	482,7	477,6	1%	
Sale prices (2004=100)					
Pulp		104,3	100	4,3%	
Paper		97	100	-3,0%	
Total sales	M€	509,5	505,6	0,8%	501,7
Operating results	M€	65,5	47,3	38,4%	38,5
Financial costs (net)	M€	-23,5	-10,3		-10,2
Net profits	M€	27,5	25,2	8,9%	19,2
Cash flow	M€	90,1	82,8	8,8%	87,8
EBITDA	M€	128,1	104,9	22,1%	107,2
EBITDA/Sales (in %)	%	25%	21%		21%
Net debt	M€	822,4	953,7	-13,8%	955,0
Investment	M€	28,4	26,8	6,0%	26,8
Financial autonomy					
(shareholders' funds + minority interests)/ net assets		47%	44%		45%
Debt ratio		0,82	0,95		0,89
Net debt/ (shareholders' funds + minority interests)					

3.3.2. Sales

Paper



The Portucel/Soporcel Group recorded in 2005 its best ever first half in terms of consolidated sales: 482.7 thousand tons, approximately 5 thousand tons up on sales in the same period in the previous year (+ 1.1%).

The prices of papers marketed by the Group remained at levels lower than the previous year, in line with market conditions, with the Group's average sale price down by approximately 3%, a smaller reduction than that recorded (5%) in the market price index over the same period.

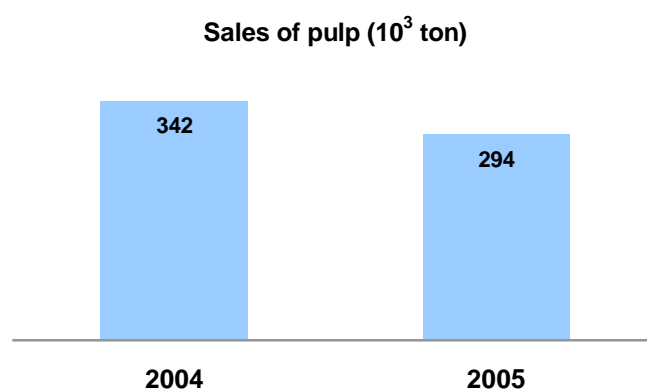
Major developments in the first half:

- continuation of the gradual improvement in the product mix, with formats rising a further percentage point, to 83%, as a proportion of paper sold. This was due primarily to growth of 4% in sales of printing formats;
- sales of premium products were up by 3% over the same period in 2004, representing a greater proportion of total sales and breaking through the 50% barrier;
- the Group's strategic markets represent 96% of sales;
- growth of 12% in sales of own brands, rising to a total of 44% of printing format sales (up four percentage points over the same period in 2004);
- in particular, Navigator and Soporset grew by 20%.

A recently published independent survey (*EMGE Mill & Mill Brand Positioning & Image Survey*) of paper distributors in Europe rates Navigator in first place for spontaneous notoriety and top of mind, whilst the Group's brands also ranked very highly for brand performance.

The same study confirms that the Portucel/Soporcel Group has gained a leading position with distributors, and now ranks as the foremost supplier of office stationary at pan-European level.

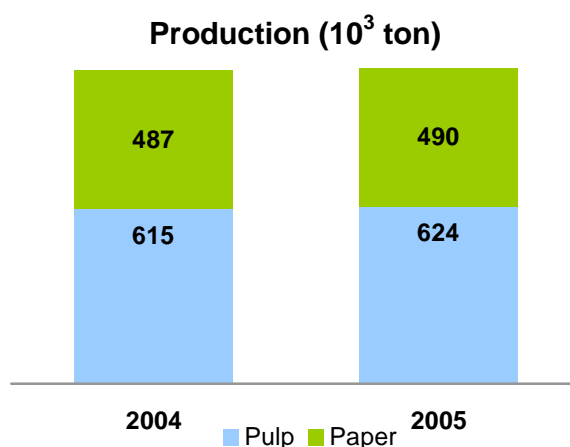
Pulp



The Group sold 294.3 thousand tons of pulp during the period. This figure is down by approximately 48 thousand tons from that for the first half of 2004, when the Group started the year with high levels of stock for market reasons.

The average sale price was 4% up on that for the first half of 2004, rising slightly above the PIX benchmark.

3.3.3. Industrial Operations



Pulp and paper output at the Portucel/Soporcel Group plants stood at 624 and 490 thousand tons in the first half of 2005, up on the same period in the previous year by 9 and 3 thousand tons respectively.

Pulp output at the Figueira da Foz plant increased by approximately 14 thousand tons, thanks to the new waste heat boiler coming on line. The Setúbal plant also recorded an increase of 8 thousand tons in paper output.

The Group's plants have systematically pursued cost cutting initiatives throughout the value chain, with significant results.

3.3.4. Investment Activity

In the field of industrial investment, the Group has kept to an extremely tough plan for continuous improvement in the environmental system at its plants; as a result, all the plants comply with the environmental parameters imposed by law.

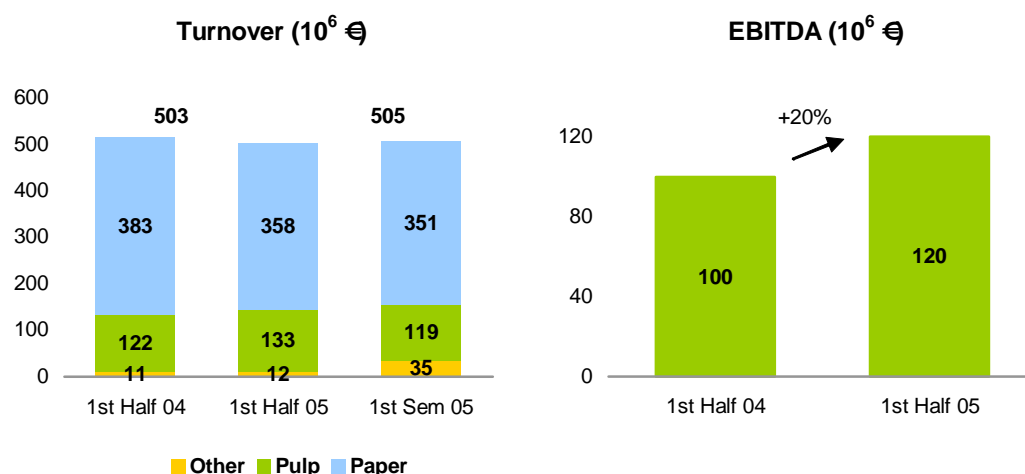
The Group invested a total of € 30.7 million during the first half, and the project for the new waste gas boiler in Cacia accounted for approximately 60% of this. The new boiler, which is being introduced for environmental and safety reasons, will permit significant improvements in the plant's performance through increased reliability.

Also in field of environmental performance, the Group invested in a new electrostatic precipitator for the waste heat boiler at the Setúbal plant.

3.3.5. Forestry Activity and Timber Supply

Total purchases of timber were down by 6% on the first half of 2004, at 1,957 thousand m³. Timber purchases on the market were down by 8%, offset by an increase of 21% in the Group's own timber; no imported timber was used.

3.3.6. Economic and Financial Results



Net profits stood at 27.1 million euros, up by 12% on the first half result for 2004.

Group turnover totalled 505.5 million euros in the first half of the year, slightly up (0.5%) on the same period in the previous year. Paper sales totalled 351 million euros, representing 69.4% of total sales, with pulp sales accounting for 23.6%. The remaining 7% relates primarily to power generation and sales.

There was a sharp improvement in the Group's operational performance, reflected especially in a 20% increase in EBITDA, to 120.4 million euros, and growth in the EBITDA margin of 4 pp, from 20% to 24%. This improvement in operational indicators was bolstered by ongoing efforts to enhance efficiency and cut costs.

The Group recorded negative financial results of 16.4 million euros, worsening in the order of 9.2 million euros in comparison with those for the first half of 2004, explained by the fact that the Group's financial results in 2004 had included a one-off financial profit of 5.7 million euros and by the costs of operations for coverage of exchange rate risk and the price variation risk for paper pulp. These operations were considered necessary in view of the great instability currently prevailing in the markets.

The Group continues to display significant capacity to generate funds, reflected in an operating cash flow of 89.7 million euros, up 9.7% on the first half of 2004, allowing it to pay dividends of 28.5 million euros and to invest 28.4 million euros. At the end of June, the Group recorded net borrowing of 822.4 million euros, down by 48.5 million from the start of the year. As a result, the net debt ratio stood at 0.82 at the end of the first half, substantially better than in June 2004 (0.95).

Two bond issues were effected during the first half of 2005, totalling 500 million euros, in order to replace the existing borrowing, as part of a plan to restructure debt, designed to significantly increase maturity, bringing borrowing into line with the characteristics of the Group's business.

On the equity markets, Portucel shares ended the first half with an accrued devaluation of 1.4%, at 1.41 euros. The PSI 20 index recorded a fall of 1.2% over the same period.

4. Human Resources

The total workforce of SEMAPA and the companies included in the consolidated accounts rose from 1,946 in June 2004 to 4,173 in December 2004 and 4,385 in June 2005.

5. Financial

5.1. Financing

In keeping with the terms of issue, 20% of the nominal value (4.5 million euros) of the bonds issued in the Semapa 98 issue was repaid in March.

In June, Semapa SGPS, SA took out a medium and long term loan from Caixa Galicia, and the company's subsidiaries made an early repayment, of the same amount, on the loan from the banking syndicate comprising the BES Group and CGD, contracted as partial financing for the acquisition of Portucel.

As already reported, the Portucel/Soporcel Group is currently restructuring its financial debt, with a view to significantly extending maturity, bringing the Group's borrowing closer into line with the nature of its business and assets. As part of this process, the Portucel/Soporcel Group effected two bond issued during the first half, with a total value of 500 million euros. The Group's net debt as at 30 June 2005 stood at 822 million, down from the total recorded at 31 December 2004 (871 million euros).

In the POC accounts for 2004, the method whereby Semapa consolidated its Financial Statements with Enersis was changed from the equity method to full consolidation.

Previously, the financial investment in the Enersis Group was consolidated using the equity methods in view of i) the highly distinct nature of business in this area, ii) the fact that the financing for this business was structured on a non-recourse project finance basis, and iii) the fact that the power plants were operated under the special licensing system.

With the change in the consolidation method, this Group's borrowing is now considered in consolidated terms.

As already reported, the Enersis Group invested an approximate total of 134 million euros during the first half (almost all through non-recourse project finance), which was largely responsible for the increase in its net debt, up from 336 million euros at the end of December 2004 to 445 million euros at the end of the first half of 2005.

The Secil Group's net debt was down by approximately 13 million euros in comparison with the end of the previous financial year, standing at approximately 189 million euros at the end of June 2005.

At the end of June 2005, the Semapa Group recorded net debt of 2,147 million euros. This represents an increase in comparison with the end of December 2004 (approximately 2,105 million euros), explained by the movements described above.

Bank borrowing taken out by the entire Semapa Group is expressed in euros, except for loans taken out by Secil Group companies in Tunisia, which are expressed in local currency.

The economic climate in the Euro Zone remained practically unchanged throughout the 1st half of 2005, with a moderate level of economic growth, inflationary pressure under control and the ECB interest rates holding firm. Accordingly, both the Holding Company (SEMAPA, SGPS, and its instrumental sub-holdings, Semapa Investments BV and Semapa Inversiones SL) and the Secil Group opted to keep all their borrowing on a floating rate basis, with the consequent benefit deriving from the relatively low levels – around 2% - of the Euribor index.

In May, the Holding Company received from Portucel (through its subsidiaries Seinpart – Participações, SGPS, SA and Semapa Investments BV) dividends of 19.1 million euros, relating to profits from 2004.

The Enersis Group repaid 5 million euros in shareholder loans from Semapa.

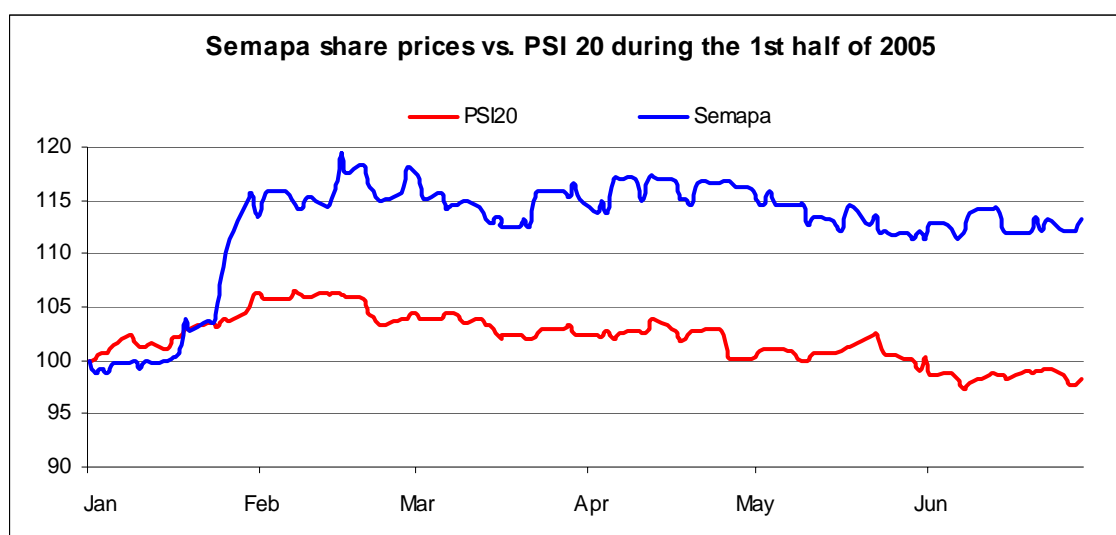
5.2. Share prices

Over the course of the first half of 2005, Semapa shares increased in value by a total of approximately 13.2%, and listed prices varied between a low of EUR 4.05 and a high of EUR 4.88. Average daily trading during the period stood at 32,546 shares.

At the market session of 15 March 2004 immediately after disclosure of the 2004 results, the share price held steady. The attribution of a dividend of EURO 0.11 per share in circulation also failed to have any relevant impact on price formation.

The following graph shows the relative performance of Semapa shares:

Semapa share prices vs. PSI 20 during the 1st half of 2005



During the first six months of 2005, the market performance of Semapa shares was fairly positive, both in absolute terms, given that listed prices rose by 13.2%, and in comparison with the Portuguese stock market, insofar as the PSI 20 index was down by 1.2% over the period.

5.3. Dividends

On 28 April 2005, Semapa paid dividends for 2004 totalling EUR 13,016,569, corresponding to a dividend of EUR 0.11 per share in circulation. This figure was 10% up on the dividend paid in the previous year.

On 5 May 2005, Portucel distributed dividends for 2004 of EUR 0.0371 per share, corresponding to a total of EUR 28,474,250, up 18% on the dividend paid in 2004.

5.4. Net profits for the period

The consolidated Net Profit for the period was EUR 20,930,045.

Lisbon, 12 September 2005

THE BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
Chairman

Maria Maude Mendonça de Queiroz Pereira Lagos
Director

Carlos Eduardo Coelho Alves
Director

José Alfredo de Almeida Honório
Director

Frederico José da Cunha de Mendonça e Meneses
Director

Gonçalo Allen Serras Pereira
Director

Francisco José de Melo e Castro Guedes
Director

Luís Manuel Pego Todo Bom
Director

**Disclosures required by sub-paras. b) and d) of para. 1 of article 9
of Securities Market Commission Regulations no. 04/2004
(1st Half 2005)**

1. Securities issued by the company, controlled or controlling companies or other Group companies, held by company officers: José Alfredo de Almeida Honório - 20.000 shares in Semapa.
2. No securities issued by the company, controlled or controlling companies or Group companies were acquired, encumbered or transferred by company officers during the period.
3. Qualifying holdings calculated under the terms of Article 20 of the Securities Code:

Holders	No. shares	% shares	% of 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%
Total:	63.119.935	53,34%	54,60%
B - Banco BPI, S.A.	-	-	-
Banco Português de Investimento, S.A.	42.490	0,04%	0,04%
Funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	4.195.830	3,55%	3,63%
Funds managed by BPI Fundos - Gestão de Fundos de Investimento Mobiliário, S.A.	1.404.121	1,19%	1,21%
BPI Vida - Companhia de Seguros de Vida, S.A.	33.546	0,03%	0,03%
Institutional clients whose portfolio is managed on a discretionary basis	70.016	0,06%	0,06%
Private clients whose portfolio is managed on a discretionary basis	71.458	0,06%	0,06%
Total:	5.817.461	4,92%	5,03%
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%

Holders	No. shares	% shares	% of non-suspended voting rights
E - Banco Espírito Santo, S.A.	-	-	-
BES Pension Funds managed by ESAF - Espírito Santo Fundo de Pensões, S.A.	4.982.310	4,21%	4,31%
Other Funds managed by ESAF - Espírito Santo Fundo de Pensões, S.A.	1.279.005	1,08%	1,11%
Funds managed by ESAF - Espírito Santo Fundos de Investimento Imobiliário, S.A.	748.191	0,63%	0,65%
Clients under the management of ESAF - Espírito Santo Gestão de Patrimónios, S.A.	2.500	0,00%	0,00%
Total:	7.012.006	5,93%	6,07%
F - Espírito Santo International	-	-	-
Companhia de Seguros Tranquilidade Vida, S.A.	2.529.248	2,14%	2,19%

Seminv Investimentos, SGPS, S.A. holds 2,727,975 shares in Semapa, corresponding to 2.305% of the share capital, subject to the rules on own shares.



CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

JUNE 30, 2005

CONSOLIDATED INCOME STATEMENT AS OF JUNE 30, 2005 AND 2004

Amounts in €	Note	IFRS		Portuguese Gaap
		30-06-2005	30-06-2004	30-06-2004
Revenues	4	751,421,467	241,055,170	220,162,801
Other operating income	5	42,790,803	172,922,961	2,750,356
Costs and losses	6	(581,714,742)	(201,078,672)	(163,756,849)
Depreciation, amortization and impairment losses	8	(87,576,529)	(18,846,765)	(36,458,087)
Operating profit		124,920,999	194,052,694	22,698,221
Share of results of associates	9	249,581	4,367,876	2,262,604
Financial costs - net	10	(40,175,298)	(11,957,409)	(10,357,829)
Profit before income tax		84,995,282	186,463,161	14,602,996
Extraordinary results		-	-	185,407,958
Income tax expense	11	(30,959,762)	(54,083,880)	(44,002,410)
Net profit for the period		54,035,520	132,379,281	156,008,544
Minority interests	13	(33,105,475)	3,989,054	(1,355,777)
Net profit for the period attributable to equity holders		20,930,045	136,368,335	154,652,767
Earnings per share				
Basic earnings per share (euros)	12	0.181	1.180	1.338
Diluted earnings per share (euros)	12	0.181	1.180	1.338

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2005 AND DECEMBER 31, 2004

Amounts in €	Note	IFRS		Portuguese Gaap
		30-06-2005	31-12-2004	31-12-2004
Assets				
Non-current assets				
Goodwill	15	340,350,246	334,744,692	642,123,594
Other intangible assets	16	183,207,301	169,181,580	63,112,406
Property, plant and equipment	17	2,388,891,080	2,283,749,629	1,588,106,634
Investment properties	18	387,901	395,899	395,899
Biological assets	19	132,915,241	134,025,278	149,258,771
Investments in associates and joint ventures	20	46,897,243	44,315,526	100,035,058
Available-for-sale financial assets	21	5,595,044	24,211,343	-
Deferred tax assets	28	112,014,008	107,228,084	94,025,981
Other non-current assets	22	3,518,896	1,213,376	24,259,912
		3,213,776,960	3,099,065,407	2,661,318,255
Current assets				
Inventories	23	179,836,325	187,978,180	187,978,180
Receivables and other current assets	24	358,676,061	322,463,269	305,313,257
State and other public entities	25	55,009,121	93,423,121	64,155,058
Cash and cash equivalents	31	53,808,820	134,185,308	130,273,852
		647,330,327	738,049,878	687,720,347
Total assets		3,861,107,287	3,837,115,285	3,349,038,602
Equity and liabilities				
Capital and reserves				
Share capital	26	118,332,445	118,332,445	118,332,445
Tresury shares		(10,399,412)	(10,399,412)	(10,399,412)
Share premiums		3,923,459	3,923,459	3,923,459
Fair value reserves & other reserves	27	271,977,901	118,326,158	95,627,923
Retained earnings		6,917,108	155,960,784	176,940,283
Shareholder's equity		390,751,501	386,143,434	384,424,698
Minority interests	13	523,798,926	497,906,933	507,596,390
Total equity		914,550,427	884,050,367	892,021,088
Non-current liabilities				
Deferred tax liabilities	28	294,213,525	287,993,188	155,446,545
Retirement benefit obligations	29	78,411,851	68,675,324	17,754,927
Provisions	30	6,514,495	4,654,909	43,607,902
Interest-bearing liabilities	31	1,777,023,435	1,860,736,259	1,607,481,026
Other liabilities		5,493,915	5,493,915	1,259,891
		2,161,657,221	2,227,553,595	1,825,550,291
Current liabilities				
Interest-bearing liabilities	31	423,576,329	378,917,564	313,445,605
Payables and current liabilities	32	289,112,118	304,991,983	304,623,210
State and other public entities	25	72,211,192	41,601,776	13,398,408
		784,899,639	725,511,323	631,467,223
Total liabilities		2,946,556,860	2,953,064,918	2,457,017,514
Total equity and liabilities		3,861,107,287	3,837,115,285	3,349,038,602

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FROM JANUARY 1, 2004 TO JUNE 30, 2005

	Share capital	Treasury shares	Share premiums	Fair value and other reserves	Currency translation reserves	Retained earnings	Retained earnings period	Total	Minority interests	Total
Shareholders' equity per Portuguese Gaap, December 31, 2003	118.332.445	(10.399.412)	3.923.459	97.629.923	(11.707.344)	39.846.435	-	237.625.506	7.397.926	245.023.432
Adjustments on transition	-	-	-	-	-	-	-	-	-	-
Write-off of intangible assets that do not meet IFRS definition	-	-	-	-	-	(809.731)	-	(809.731)	(42.429)	(852.160)
Write-off of deferred charges that do not meet IFRS definition	-	-	-	-	-	(1.532.109)	-	(1.532.109)	(22.371)	(1.554.480)
Recognition of "Negative goodwill"	-	-	-	-	-	517.195	-	517.195	-	517.195
Fair value of available-for-sale financial assets	-	-	-	-	-	21.797.108	-	21.797.108	-	21.797.108
Currency translation:	-	-	-	-	-	-	-	-	-	-
- goodwill	-	-	-	-	(13.244.467)	950.372	-	(12.294.095)	-	(12.294.095)
- "fair value" adjustments	-	-	-	-	(18.254.118)	845.769	-	(17.408.349)	1.113.413	(16.294.936)
Impairment losses	-	-	-	-	-	(17.137.627)	-	(17.137.627)	-	(17.137.627)
Inclusion of Tecnosec, S.A.R.L. in the consolidation perimeter	-	-	-	-	(238.442)	(2.428.042)	-	(2.666.484)	(1.064.129)	(3.730.613)
Inclusion of Enersis II in the consolidation perimeter	-	-	-	-	-	2.700.636	-	2.700.636	5.597.130	8.297.766
Change in tangible assets amortisation criteria	-	-	-	-	-	9.507.949	-	9.507.949	116.944	9.624.893
Transfer of accumulated currency translation reserves	-	-	-	-	-	-	-	-	-	-
to retained earnings	-	-	-	-	43.444.371	(43.444.371)	-	-	-	-
Gratifications over 2003 profit	-	-	-	-	-	(2.000.000)	-	(2.000.000)	-	(2.000.000)
Other adjustments	-	-	-	-	-	222.018	-	222.018	(15.920)	206.098
Shareholders' equity per IFRS on January 1, 2004	118.332.445	(10.399.412)	3.923.459	97.629.923	-	9.035.602	-	218.522.017	13.080.564	231.602.581
Currency translation differences:	-	-	-	-	-	-	-	-	-	-
- Subsidiaries	-	-	-	-	(193.985)	-	-	(193.985)	(193.985)	(387.950)
- Associates	-	-	-	-	272.801	-	-	272.801	-	272.801
Sale of 49% of Secil subsidiary	-	-	-	1.282.491	-	(1.282.491)	-	-	163.316.051	163.316.051
Transfer of realised revaluation reserve	-	-	-	(84.522)	-	84.522	-	-	-	-
Application of net profit for 2003:	-	-	-	-	-	-	-	-	-	-
- Transfer to reserves	-	-	-	26.239.531	-	(26.239.531)	-	-	-	-
- Dividends paid	-	-	-	-	-	(11.833.245)	-	(11.833.245)	-	(11.833.245)
Dividends distributed to subsidiary Seminiv, SGPS, SA	-	-	-	-	-	272.798	-	272.798	-	272.798
Other movements	-	-	-	-	-	595.082	-	595.082	-	595.082
Net profit for the period	-	-	-	-	-	-	136.368.335	136.368.335	(3.989.054)	132.379.281
Balance on June 30, 2004	118.332.445	(10.399.412)	3.923.459	125.067.423	78.816	(29.367.263)	136.368.335	344.003.803	172.213.696	516.217.499
Currency translation differences:	-	-	-	-	-	-	-	-	-	-
- Subsidiaries	-	-	-	-	(5.144.976)	-	-	(5.144.976)	(249.331)	(5.394.307)
- Associates	-	-	-	-	(733.396)	-	-	(733.396)	-	(733.396)
Change in consolidation perimeter due to Portucel acquisition	-	-	-	-	-	-	-	-	306.488.206	306.488.206
Transfer of realised revaluation reserve	-	-	-	(84.523)	-	84.523	-	-	-	-
Fair value of financial instruments	-	-	-	(857.185)	-	-	-	(857.185)	-	(857.185)
Other movements	-	-	-	-	-	(282.050)	-	(282.050)	-	(282.050)
Net profit for the period	-	-	-	-	-	-	49.157.239	49.157.239	19.454.362	68.611.601
Balance on December 31, 2004	118.332.445	(10.399.412)	3.923.459	124.125.715	(5.799.556)	(29.564.790)	185.525.574	386.143.434	497.906.933	884.050.367
Currency translation differences:	-	-	-	-	-	-	-	-	-	-
- Subsidiaries	-	-	-	-	2.139.074	-	-	2.139.074	1.940.904	4.079.978
- Associates	-	-	-	-	1.259.557	-	-	1.259.557	1.210.163	2.469.720
Transfer of retained earnings to currency translation reserves	-	-	-	-	88.157	(88.157)	-	-	-	-
Transfer of realised revaluation reserve	-	-	-	(85.368)	-	85.368	-	-	-	-
Application of net profit for 2004:	-	-	-	-	-	-	-	-	-	-
- Transfer to reserves	-	-	-	156.957.153	-	15.551.852	(172.509.005)	-	-	-
- Dividends paid	-	-	-	-	-	-	(13.016.569)	-	-	(13.016.569)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	(9.368.405)	(9.368.405)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	1.957.296	1.957.296
Fair value of financial instruments	-	-	-	(6.998.143)	-	-	-	(6.998.143)	(2.787.735)	(9.785.878)
Other movements	-	-	-	291.312	-	2.790	-	294.102	(165.705)	128.397
Net profit for the period	-	-	-	-	-	-	20.930.045	20.930.045	33.105.475	54.035.520
Balance on June 30, 2005	118.332.445	(10.399.412)	3.923.459	274.290.669	(2.312.768)	(14.012.937)	20.930.045	390.751.501	523.798.926	914.550.426

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30, 2005 AND 2004

Amounts in €	Note	30-06-2005	30-06-2004
OPERATING ACTIVITIES			
Received from customers		854,241,524	266,950,445
Payments to suppliers		(574,976,168)	(146,668,273)
Payments to employees		(83,581,269)	(29,262,243)
Cash flow generated from operations		195,684,087	91,019,929
(Payments)/receipts from income tax		15,022,305	(2,017,508)
Other payments/receipts from operating activities		29,437,494	(37,310,029)
Cash flows from operating activities (1)		240,143,886	51,692,392
INVESTMENT ACTIVITIES			
Receipts relating to:			
Financial investments		29,004,533	334,156,510
Property, plant and equipment		2,098,111	5,843,375
Subsidies to investment		1,910,377	2,524,542
Interest and similar income		2,222,444	444,601
Dividends		4,906,002	1,413,511
		40,141,467	344,382,539
Payments relating to:			
Financial investments		(29,964,127)	(131,796,066)
Property, plant and equipment		(217,307,405)	(74,023,173)
		(247,271,532)	(205,819,239)
Cash flows from investment activities (2)		(207,130,065)	138,563,300
FINANCING ACTIVITIES			
Receipts relating to:			
Borrowings		723,004,800	587,581,466
Subsidies and donations		-	20,448
Capital increases and supplementary capital contributions		373,415	-
		723,378,215	587,601,914
Payments relative to:			
Borrowings		(762,068,932)	(783,012,764)
Leasing contracts		(1,653,624)	(24,788)
Interest and similar expense		(50,737,162)	(27,673,021)
Dividends		(22,394,407)	(13,981,937)
		(836,854,125)	(824,692,510)
Cash flows from financing activities (3)		(113,475,910)	(237,090,596)
CHANGES IN CASH AND CASH EQUIVALENTS (1) + (2) +(3)		(80,462,089)	(46,834,904)
EFFECT OF EXCHANGE DIFFERENCES		85,601	(564)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		134,185,308	100,567,005
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	53,808,820	53,731,537

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED JUNE 30, 2005

(Amounts expressed in euros unless otherwise indicated)

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

Head office: Av. Fontes Pereira de Melo, 14, Lx

Share Capital: Euro 118,332,445

N.I.P.C.: 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: cements and related products, cellulose pulp and paper and finally the generation of electric energy from renewable sources developed respectively under the edge of Secil - Companhia Geral de Cal e Cimento, S.A., Portucel - Companhia Produtora de Pasta e Papel, S.A. and Enersis II - Sociedade Gestora de Participações Sociais, S.A., and respective subsidiaries.

During 2004 and within the second phase of reprivatization of the share capital of Portucel, the Group acquired 67.1% of Portucel's capital. Since effective economic control only occurred in October 2004, the consolidated profit of Portucel subgroup, between that date and year-end, were included in the Group consolidated profit (referring to 2004 year) by the full consolidation method. The period comprised between June 1 and September 30, 2004 is presented in the consolidated income statement by the equity method, having the Group appropriate 30% of negative profit of Portucel in the referred period, amounting to €2,619,630.

In the analysis of interim financial statements due consideration should be given to the fact that comparative information presented in the balance sheet as at December 31, 2004 includes all assets and liabilities from that subgroup, while the income statement, whose comparative period is the prior year homologous period (June 30, 2004), only shows one month of negative profit in the caption share of results of associates.

These consolidated financial statements were approved by the Board of Directors as at September 12, 2005.

1 Summary of main accounting policies

The main accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

The International Financial Reporting Standards (IFRS) have been first adopted in 2005, so that the date of transition of Portuguese accounting principles to that standard was January 1, 2004, as established by IFRS 1 - First-time Adoption of the International Financial Reporting Standards.

The Group's consolidated financial statements for 2004 were prepared in accordance with accounting principles generally accepted in Portugal, which differ from the IFRS in certain areas. When preparing the attached financial statements, the Group made the necessary adjustments to the consolidated financial statements prepared in accordance with accounting principles generally accepted in Portugal, for the adoption of the IFRS.

The comparative figures shown for 2004 were restated in order to reflect those adjustments. The effects on the date of transition to IFRS (January 1, 2004) were shown under shareholders' equity and are itemized in the consolidated statement of changes in shareholders' equity and in Note 45, in which the adjustments to the latest annual financial statements shown are also explained (December 31, 2004) and in the homologous interim period.

The attached consolidated financial statements were prepared on the assumption of continuity of operations, from the accounting books and records of the companies included in the consolidation (Note 43), and based on historic cost, except for financial instruments and biological assets that are shown at fair value (Notes 33 and 19).

The International Financial Reporting Standards (IFRS) and the interpretations (IFRIC) which will be applicable until December 31, 2005, including those standards the adoption of which is optional, may not be fully known on the date of preparation of these interim financial statements.

The preparation of interim financial statements in accordance with IAS 34 requires the use of estimates and relevant judgments when implementing the Group's

accounting policies. The principal assertions involving a higher degree of judgment or complexity, or the most significant estimates and assumptions for the preparation of the mentioned financial statements are disclosed in Note 3.

1.2 *Changes in accounting policies*

During the period there were no changes in accounting policies or adjustments for material errors in prior periods apart from the adoption of the new accounting standards (IFRS), as shown in detail in Note 45.

1.3 *Basis of consolidation*

1.3.1 *Subsidiaries*

Subsidiaries are all entities over which the Group has the power of decision on all financial and operating policies, generally accompanying a shareholding of more than 50% of voting rights. The existence and the effect of potential voting rights, whether exercisable or convertible are taken into consideration when it is determined whether the Group exercises control over another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date on which control ceases.

On the consolidated balance sheet, the shareholders' equity and net earnings of these companies that are attributable to the holdings of third parties are shown in shareholders' equity and consolidated income statement under the minority interest headings. Companies included in the consolidated financial statements are disclosed in Note 43.

The purchase method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchanges, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill, itemized in Note 15.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired (negative goodwill), the difference is recognised directly in the income statement in the caption "Other operating income".

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated

unless the transaction provides evidence of an impairment of the asset transferred.

Certain financial investments in subsidiaries because they are considered immaterial are recorded by the equity method in caption "Investments in associated companies" and are disclosed in Note 44.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

1.3.2 *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method.

According to the equity method, financial holdings are recognised at acquisition cost, adjusted by the amount corresponding to the Group's share of changes in shareholders' equity (including net profit) of the associates, as an offset to the profits or losses of the period, and dividends received.

The differences between the acquisition cost and fair value of the assets and liabilities attributable to the associate on acquisition date, if positive are recognized as goodwill and are retained under the Investments in associates heading. If goodwill is negative, it is recorded as income for the period under the Share of results of associates heading.

Investments in associated companies are subject to valuation when there are indications that the asset could be impaired; the impairment losses then shown to exist are recorded as costs.

When impairment losses recognized in prior periods cease to exist, they are subject to reversal.

When the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains in transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in associates are disclosed in Note 20.

1.4 *Segmental reporting*

A *business segment* is a group of assets and operations of the Group that are subject to risks and returns that differ from those of other business segments.

Three business segments have been identified: pulp and paper, cement and derivatives and energy.

Pulp and Paper

Portucel – Empresa Produtora de Pasta e Papel, S.A. is the subsidiary acquired in 2004, that leads the Enterprise Group dedicated to the production and sale, in Portugal as well as in Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria, among other of small relevance, of cellulose pulp and paper and its related products purchase of wood, forest and agricultural production, cutting timber and sale of pulp and paper, activities developed in Portugal mainly by itself and its subsidiaries Soporcel – Sociedade Portuguesa de papel, S.A. and Portucel Florestal, S.A., among others.

Cement and derivatives

Secil - Companhia Geral de Cal e Cimento, S.A. is the subsidiary that leads the Enterprise Group of cements and related products which operates in Portugal, Tunisia, Spain, Angola, Netherlands, Luxemburg, France, Lebanon and Cape Verde, with cement production, taking place at the Maceira, Pataias, Gabés (Tunisia) and Lobito (Angola) plants and the production and sale of premixed concrete and clay and the operations of quarries facilities via its subsidiaries, which fall under the sub-holding Secil Betões e Inerentes, SGPS S.A..

Energy

Energis II - Sociedade Gestora de Participações Sociais, S.A. operates mini hydro power stations in Portugal and Spain and operates wind farms in Portugal, Spain and France, producing electric power.

The segment information is disclosed in Note 4.

1.5 Foreign currency translation

1.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is the Group's functional and presentation currency.

1.5.2 Balances and transactions expressed in foreign currencies

All Group assets and liabilities expressed in foreign currencies have been translated to euros at the rates of exchange prevailing on balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchanges rates of monetary assets and liabilities denominated in foreign currencies are

recognised in the consolidated income statement for the period.

1.5.3 Group companies

The results and financial position of all Group entities that have a functional currency different from the Group presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(ii) Income and expenses for each income statement are translated at the average exchange rate (unless this average exchange rate is not a reasonable approximation of the cumulative effect of rates prevailing on transaction dates, in which case the income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised as a separate component equity, under the currency translation reserves heading.

1.6 Intangible assets

Intangible assets are recognised at acquisition cost, less amortization by the straight line method over a period varying between 3 and 5 years and impairment losses.

Trademarks and patents that have an indefinite useful life are not subject to amortization but are tested annually for impairment.

1.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired subsidiary/associate at the date of acquisition.

Goodwill is not amortized and is tested annually for impairment. Impairment losses relative to goodwill cannot be reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

1.8 Property, plant and equipment

Property, plant and equipment acquired up to January 1, 2004 (date of transition to IFRS) are recorded at cost, or restated acquisition cost in accordance with accounting principles generally accepted in Portugal up to that date, less depreciation and accumulated impairment losses. In respect of subsidiaries CMP, Société des Ciments de Gabés (SCG), Portucel and Soporcel, the tangible assets cost at acquisition of these subsidiaries resulted from an independent economic evaluation.

Property, plant and equipment acquired after transition date are shown at cost, less depreciation and

impairment losses. Acquisition cost includes all expenditures directly attributable to the acquisition of the assets.

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits will flow to the Group and the respective cost can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on acquisition cost, using essentially the straight line method from the date of the assets' entry into service, at rates that best reflect their estimated useful life, as follows:

	Average years of useful life
Land	14
Buildings and other constructions	12 – 30
Equipment:	
Machinery and equipment	6 – 25
Transportation equipment	5 - 9
Tools and utensils	2 - 8
Office equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriated, at each balance sheet date.

If the assets' carrying amount exceeds the recoverable value of the asset, is written down to the estimated recoverable value through impairment losses.

Gains or losses arising from write-downs or disposals are determined by the difference between the proceeds of disposals and the asset's book value and are recognized in the income statement as other operating income or costs.

1.9 Investment properties

Investment properties acquired up to January 1, 2004 (date of transition to IFRS) are recorded at cost, or restated acquisition cost in accordance with accounting principles generally accepted in Portugal up to that date, less depreciation and accumulated impairment losses.

1.10 Impairment of non-current assets

Non-current assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing

impairment, assets are grouped at the lowest levels for which there are separately identified cash flows (cash generating units), when it is not possible to do so for each asset on an individual basis.

Impairment losses recognized in prior periods are reversed when it is determined that the recognised impairment losses no longer exist or that they have diminished (excepting goodwill impairment – see Note 1.7). This analysis is made whenever there are indications that the impairment loss formerly recognised has been reversed. The reversal of impairment losses is recognised in the income statement under the Other operating income heading, unless the asset has been revalued, in which situation the reversal will represent an increase of the revaluation amount. However, an impairment loss is reversed up to the limit of the amount that would have been recognized (net of amortization or depreciation) if that impairment had not been recognized in prior periods.

1.11 Biological assets

Biological assets are measured at fair value, less estimated selling costs at the time of harvesting.

The Group biological assets comprise the forests held for the production of timber.

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model which was developed in house, and which took into account assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price deducted by costs relating to felling and transportation, and also considered plantation costs, maintenance costs and a discount rate. A market discount rate was used being determined on the basis of the Group's expected rate of return on its forests.

The forests fair value is recognised in cost of sales when felling occurs.

Fair value adjustments resulting in changes in estimates of growth, logging period, price, cost and other assumptions are recognized as operating income/ (costs).

At the time of logging, wood is recorded at fair value less estimated costs at point of sale.

1.12 Financial investments

The Group classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

All acquisitions and disposals of these investments are recognised on the date of signature of the respective

contracts of purchase and sale, regardless of the date of settlement.

Investments are first recognised at their acquisition cost; the fair value is equal to the price paid, including transaction costs. Thereafter, measurement will depend on the category in which the investment is placed, as follows:

Loans and receivables

Loans granted and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturity greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans granted and receivables are included in Receivables and other current assets in the balance sheet.

Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified under this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. These assets are measured at fair value through the income statement.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Investments in this category are recorded at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other categories. They are included in non-current assets, unless management intend to dispose of the investment within 12 months of the balance sheet date (Note 21).

These financial investments are recognised at market value, as quoted on balance sheet date. If the market of a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash-flows analysis and option pricing

models refined to reflect issuer's specific circumstances.

Potential gains and losses thus resulting are recorded directly in fair value reserves until the financial investment is sold, received, or disposed of in any way, at which time the accumulated gain or loss formerly reflected in shareholders' equity is taken to the income statement for the period (Note 27).

If there is no market value or if it is not possible to determine one, the investments in question are held at acquisition cost. They are provisioned against loss of value when justified.

The Group assesses at each balance sheet date whether there is objective evidence that the financial asset or group of financial assets is impaired. If a prolonged decline in fair value of the available-for-sale financial assets takes place, the cumulative loss – measured as the difference between acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

A recognised impairment loss on available-for-sale financial assets is reversed if the loss was caused by specific external events of an exceptional nature that are not expected to recur but which subsequent external events have reversed; under these circumstances, reversal does not affect the income statement, the asset's subsequent positive fluctuation thus being taken to the fair value reserves.

1.13 Derivative financial instruments

The Group uses derivative financial instruments with the aim of managing the financial risks to which it is exposed.

Whenever expectations of changes in interest or exchange rates so justify, the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), caps and floors, forwards, etc.

In the selection of derivative financial instruments, it is their economic aspects that are the main focus of assessment.

Transactions that qualify as cash-flow hedges are recognised in the balance sheet at fair value. To the extent that they are considered efficacious hedges, changes in the fair value of IRS are initially recorded as an offset to shareholders' equity and subsequently reclassified under the financial costs heading.

Accordingly, in net terms, costs associated with hedged financings are accrued at the inherent hedging transaction rate contracted. Gains or losses arising from the premature rescission of this type of instrument are taken to the income statement at the time they arise.

Although the derivatives contracted by the Group represent effective instruments for the coverage of

business risks, not all of them qualify as hedging instruments in accounting terms to satisfy the rules and requirements of IAS 39. Instruments that do not qualify as hedging instruments in accounting terms are stated on the balance sheet at fair value and changes in same are recognized in financial costs. (Note 27)

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions. The fair value of the derivatives financial instruments is included essentially in Receivables and other current assets and Payables and other current liabilities.

1.14 Income tax

Income tax includes current and deferred taxes. Current income tax is determined on the basis of net profit, adjusted in accordance with tax law prevailing on balance sheet date; for interim periods the expected annual effective tax rate is used.

Deferred tax is calculated on the basis of the liability shown on the balance sheet, on temporary differences between the book value of assets and liabilities and the respective tax base. To determine the deferred tax, the tax rate used is that expected to prevail in the period during which the temporary differences will reversed.

Deferred taxes are recognised as assets whenever there is a reasonable assurance that earnings will be generated in the future, against which they can be used. Deferred tax assets are reviewed periodically and revised downwards whenever it no longer appears probable that they can be used.

Deferred taxes are recorded as a cost or gain for the period, except if they arise from amounts recorded directly in the shareholders' equity, in which case the deferred tax is also recorded under the same heading.

1.15 Inventories

Inventories are valued according to the following criteria:

i) Goods and raw materials

Goods and raw materials are valued at the lower of acquisition cost and net realizable value. Acquisition cost includes expenses incurred up to arrival of goods at the warehouse, using the weighted average cost as the method of costing.

ii) Finished and intermediate products and work in progress

Finished and intermediate products and work in progress are valued at the lower of production cost (which includes the cost of raw materials, labour and general factory costs, based on the normal production level) and the net realizable value.

The net realizable value represents the estimated selling price less estimated finishing and marketing costs. Differences between cost and net realizable value, if the latter is lower, are recorded as cost of sales.

1.16 Receivables and other current assets

Receivables and other current assets are booked at nominal value less impairment losses necessary to place them at their expected net realizable value. (Note 24)

Impairment losses are recorded when there is objective evidence that the Group will not receive all amounts owed in accordance with the original conditions of the respective credit sale.

1.17 Cash and cash equivalents

The cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term investments with original maturities of 3 months or less, which can be mobilized immediately without any significant risk of fluctuations in value. For the purposes of the cash flow statement, this heading also includes bank overdrafts, which are shown within Interest-bearing liabilities in current liabilities on the balance sheet.

1.18 Share capital and treasury shares

Ordinary shares are classified as equity. (Note 26)

Incremental costs directly attributed to the issue of new shares or other equity instruments are shown in equity as a deduction, net of tax, from the value received as a result of the issuance.

Costs directly imputable to the issuance of new shares or options, for the acquisition of a business are included in the acquisition costs, as a part of the value of the acquisition.

When a Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of.

When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders under reserves.

1.19 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value, net of transaction costs incurred. Interest-bearing liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction

costs) and the redemption value is recognized in the income statement over the period of the debt, using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. (Note 31)

1.20 Borrowing costs

Borrowing costs are generally recognized as financial costs, in accordance with the accrual principle. (Note 10)

Borrowing costs directly related to the acquisition, construction, or fixed assets production, are capitalized, to form part of the asset's cost.

Capitalization of these charges begins once preparations are started for the construction or development of the asset and is suspended after its utilization begins or when the respective project is suspended.

Any financial income generated by loans that are directly associated with a specific investment is subtracted from financial charges eligible for capitalization.

1.21 Provisions

Provisions are recognised whenever the Group has a present legal or constructive obligation, as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognised. Provisions are reviewed on balance sheet date and are adjusted to reflect the best estimate at that date. (Note 30)

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimizing energy consumption, atmospheric emissions, the production of residues and noise, those established for the execution of plans for environmental rehabilitation are capitalized when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to prolong life expectancy, increase capacity or improve the safety or efficiency of other assets in Group ownership. (Note 30)

Furthermore, the lands used in the exploitation of quarries must be restored to their original state in environmental terms, being the Group's practice to restore spaces freed up by quarries on a continuing and progressive basis, recognizing in the income statement

during that same period the expenditures made. With quarries that can only be restored when exploitation ceases, the Group has requested independent and specialized entities to evaluate those liabilities, as well as the estimated period of exploitation, having recognized for this purpose a provision under the Provision heading (Note 30).

1.22 Pensions and other employee benefits

1.22.1 Pension obligations – defined benefit plans

Some Group subsidiaries have undertaken the responsibility to make payments to their employees under the heading of retirement pension supplements covering oldness, disability, early retirement and survivors' benefits, setting up defined benefit pension plans.

As mentioned in Note 29, the Group has set up autonomous pension funds as a way to finance in part its liabilities for those payments.

In accordance with IAS 19, companies with pension plans recognise the costs of providing these benefits *pari passu* with the services provided by the beneficiaries in their employment.

In this way, the total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialist and independent entity in accordance with the projected unit credit method.

Past service liabilities resulting from the implementation of a new defined benefit plan, or increases in benefits attributed under an existent defined benefit plan are recognised immediately in situations where the benefits are to be paid or are vested.

The liability thus determined is stated on the balance sheet, less the market value of the funds set up and past service costs not yet recognized, under the Retirement benefits obligations heading in non-current liabilities, when insufficient, and in non-current assets in situations of over-funding.

Actuarial gains and losses arising from the differences between the assumptions used for the purpose of determining liabilities and those which effectively occurred (as well as of changes made to those actuarial assumptions and the difference between the expected return on the assets of the funds and their actual yield) are recognized in the income statement when incurred.

1.22.2 Other post-employment benefits

In addition, the Group provides the following post-employment benefits:

Benefits on retirement and death

CMP – Cimentos Maceira e Pataias, S.A., a subsidiary assumed the liability to pay its employees (i) an oldness retirement or disability benefit, which represents three months of the last wage received and (ii) an allowance

in the event of the active worker's death, equal to one month of the last wage received.

Long service award

Two subsidiaries, namely Secil – Companhia Geral de Cal e Cimento, S.A. and CMP – Cimentos Maceira e Pataias, S.A. made the following commitments to their workers to pay bonuses: at Secil to those attaining 25, 35 and 40 years of seniority; at CMP, to those attaining 20 and 35 years of seniority, calculated according to their base monthly remuneration, multiplied by 3.

Healthcare benefits

Secil – Companhia Geral de Cal e Cimento, S.A. and CMP – Cimentos Maceira e Pataias, S.A., provide their employees with an healthcare benefit plan of a supplementary nature Health and Social Security system, which covers family members, retirees and widows. Under this scheme, the costs of certain health care are shared: (i), at Secil, through health insurance contracted by the company and (ii), at CMP, through "Cimentos – Federação das Caixas de Previdência", for covered workers, as well as, subject to the prior approval of the company's medical services, for the remaining workers.

Bonuses

Some Group companies contemplate in their by-laws the distribution to their workers of a portion of the net profit available for distribution. In this way, the Group recognizes the amount of those which are over and above those provided by the State's responsibilities as a liability by offset to the income statement for the respective year, when there is a contractual or constructive obligation based on past practice.

1.22.3 Holidays and holiday allowances

In accordance with prevailing legislation, workers are entitled to 25 days holiday each year, as well as one month of holiday allowances, the right to which is acquired in the year preceding payment. Hence, these liabilities are recorded in the period during which workers acquire the respective entitlement, irrespective of the date of payment, and the balance to be paid as of balance sheet date is shown under the Payables and other current liabilities heading.

1.23 Payables and other current liabilities

The balances of Payables and other current liabilities are stated at their nominal value. (Note 32)

1.24 Government grants

Grants from the Government are recognised when it becomes certain that the grant will be received and the Group will comply with the respective conditions and that same are received.

Grants received for the purpose of compensating the Group for costs incurred, are recorded systematically

on the income statement during the periods in which the costs that those grants are intended to cover are recognised.

Grants related to biological assets carried at fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the award of the grant are met.

Government grants that the Group receives to compensate it for capital expenditures are shown under the Payables and other current liabilities heading and are recognised in the income statement throughout the estimated useful life of the related subsidized asset.

1.25 Leases

Property, plant and equipment acquired under financial leases, as well as the respective liabilities are booked by the financial method. Under this method, the asset is recorded under the Property, plant and equipment heading, the respective liability is recorded in liabilities under the Interest-bearing liabilities heading; the interest component of lease payments and depreciation of the asset calculated as described in Note 1.8. are recognised as costs of the respective period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, the Group being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on the straight-line basis over the period of the lease.

1.26 Dividends distribution

Dividend distribution to Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, up to the time of payment.

1.27 Revenue recognition and the accrual basis

Income from sales is recognised in the consolidated income statement when the risks and benefits inherent to the ownership of the respective assets are transferred to the purchaser and the income can be reasonably quantified. Sales are recognized net of taxes, discounts and other costs inherent to completion, at the fair value of the sum received or receivable.

Income from services rendered is recognised in the consolidated income statement by reference to the phase of fulfilment of service contracts at balance sheet date.

Dividend income is recognised when the owners or shareholders entitlement to receive payment is established.

Interest receivable is recognised according to the accrual principle, taking into account the amount owed and the effective interest rate during the period to maturity.

Group companies record their costs and income according to the accrual principle, so that costs and income are recognised as they are generated, irrespective of the time at which they are paid or received. The differences between amounts received and paid and the respective costs and income are stated under the Receivables and other current assets and Payables and other current liabilities headings (Notes 24 and 32 respectively).

1.28 *Contingent assets and contingent liabilities*

Contingent liabilities relative to which an outflow of funds to the detriment of future economic benefits is improbable are not recognised in the consolidated financial statements; they are disclosed in the notes to the financial statements unless the possibility of an actual outflow of funds is a remote one, in which case they are not disclosed. Provisions against contingent liabilities that satisfy the conditions foreseen in Note 1.20 are recognised.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements when a future economic benefit is probable.

1.29 *CO2 emission licences*

Group's emissions of CO2 and the CO2 emission licenses allocated free of charge to the Group under the National Plan for the Allocation of CO2 Emission Licenses, free of charge, do not originate any accounting record, as long as there is no prediction of the probable existence of costs to be incurred by the Group with the acquisition of emission licenses in the market, which would then require a provision.

1.30 *Subsequent events*

Events subsequent to balance sheet date that provide additional information of conditions existing at balance sheet date are reflected in the consolidated financial statements.

Events subsequent to balance sheet date that provide information on conditions that arose after balance sheet date are disclosed in the notes to the consolidated financial statement, if material.

1.31 *Interim measurements*

1.31.1 *Income tax*

Income tax is recognised in the interim financial statements, on the basis of the annual effective rate expected for the annual financial statements.

1.31.2 *Changes in accounting policies between interim periods*

In order to ensure comparability between interim periods and coherence in accounting policies in the same year, changes in accounting policies made in the second semester call for the restatement of previously published interim financial statements.

1.32 *New IFRS and IFRIC with no mandatory adoption as at June 30, 2005*

On 2004 and on the first half of 2005, IASB has approved IFRS 6 and some changes in the IAS 19 and IAS 39, and IFRIC has approved the IFRIC 4 and 5, which adoption is not yet mandatory as at June 30 2005. Implementation of these standards does not have a relevant effect in these financial statements.

2 *Financial risk management*

2.1 *Financial risk factors*

The Group's activities are exposed to a variety of financial risk factors: foreign exchange risk, price risk, interest rate risk, credit risk and liquidity risk. The Group maintains a program for the management of risk which centres its attention on the financial markets and seeks to minimize the potential adverse effects on its financial performance.

Risk management falls within the domain of the *holding* and main subsidiaries finance departments in accordance with policies approved by the board of directors. The financial department assesses and covers financial risks in close collaboration with the Group's operating units. The board of directors provides principles of risk management as a whole and policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivate financial instruments and the investment of excess liquidity.

2.1.1 *Foreign exchange risk*

Fluctuations in the euro exchange rate against other currencies can affect the company's revenues in a number of ways. On the one hand, it is customary to set the price of pulp on the world market in US dollars as well as the cement sales in Angola, so that the trend of the euro against the dollar can have an impact on the Company's future sales even though sales are priced in euros or another currency. On the other hand, a significant portion of paper sales, as well as cement, is priced in currencies other than the euro, again with special emphasis on the US dollar and the Tunisian dinar. The euro's trend vis a vis these currencies can also have an impact on the company's future sales.

Furthermore, once a sale is made in a currency other than the euro, the company assumes an exchange risk up to the time it receives the proceeds of that sale. Hence the company's assets will always have a significant component of receivables subject to foreign exchange risk.

The Group holds investments in external operations which are material and for which net assets are exposed to foreign exchange risk, namely in Tunisia, Angola, Lebanon and Cape Verde.

The Group manages foreign exchange risks through the use of derivative financial instruments, in accordance with a policy that is subject to periodic review, the prime purpose of which is to limit the exchange risk associated with future sales and the exchange risk associated with accounts receivable priced in currencies other than the euro.

2.1.2 Price risk

The Group is exposed to risks related to the world market fluctuations in pulp and paper prices, as well as fuel used in cement activity (pet coke). Management of price risk started in 2005 using derivative financial instruments, namely, with forward contracts entered to limit the risk associated with the pulp prices fluctuation.

2.1.3 Interest rate risk

The cost of nearly all of the Group's financial debt is indexed to short-term reference rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the company's earnings.

Interest rate risks are managed through derivative financial instruments, namely interest-rate swaps, the purpose of which is to set the interest rate on the Group's borrowings within certain parameters.

2.1.4 Credit risk

Because the Group is exposed to risk in the credit it grants to its customers it has adopted a policy of maximizing its risk coverage by means of credit insurance. Sales not covered by credit insurance are subject to rules that ensure that sales are made to customers with a satisfactory credit history and which limit exposure to predefined maximum amounts that must be approved for each customer.

2.1.5 Liquidity risk

The Group manages liquidity risk in two ways: firstly by ensuring that its financial debt has a substantial medium and long-term component, with maturities appropriate to the characteristics of the industry of which it forms a part. Accordingly, a package of financings was completed in the 2005 first half, which significantly extended the company's debt maturities. In addition, it obtained from financial institutions credit facilities that are available at all times and in such amounts as to ensure that it has sufficient liquidity.

3 Important accounting estimates and judgements

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates with a bearing on revenues, costs, assets, liabilities and disclosures on balance sheet date. These estimates are determined by the judgment of the Group's management, based (i) on the best information and knowledge of present events and in some cases, on the reports of independent experts and (ii) on the actions that the Company believes it is able to carry out in the future. However, actual translation results may differ from estimates.

The estimates and assumptions that present a significant risk that a material adjustment to the book value of the assets and liabilities will be needed in the next period are shown below:

3.1 Estimate of goodwill impairment

Each year, the Group tests whether there is impairment of goodwill, in accordance with the accounting policy described in Note 1.7. Recoverable amounts from the cash generating units are determined on the basis of calculation of values in use. These calculations require the use of estimates.

3.2 Income tax

The Group recognises liabilities for additional tax assessments that may arise from reviews by the tax authorities. When the final result of these reviews differs from the amounts initially recorded, the differences will have an impact on income tax and on the provisions for deferred taxes during the period in which such differences are detected.

3.3 Actuarial assumptions

Liabilities for post-employment defined benefits are calculated on the basis of certain actuarial assumptions. Changes in these assumptions may have a significant impact on those liabilities.

4 Segmental report

Segmental data are shown as they relate to the identified business segments, namely Pulp and Paper, Cement and Derivatives and Energy. The revenues, assets and liabilities of each segment correspond to those directly attributed to them, as well as to those that can be attributed to them on a reasonable basis. Minority interests correspond to those recognised in the income statement of each subgroup.

Financial data by business segment for the period ending on June 30, 2005 can be analyzed as follows:

Amounts in €	Cement and derivatives	Pulp and Paper	Energy	Holding	Consolidated
REVENUES					
External sales and services rendered	227,065,810	505,512,015	18,843,642	-	751,421,467
Intersegmental sales and services rendered	-	-	-	-	-
Total revenues	227,065,810	505,512,015	18,843,642	-	751,421,467
External operational results	64,088,316	62,223,649	8,691,477	(10,082,443)	124,920,999
Intersegmental operational results	-	-	-	-	-
Total operational results	64,088,316	62,223,649	8,691,477	(10,082,443)	124,920,999
External financing results	(3,500,318)	(16,357,479)	(4,958,506)	(15,145,306)	(39,961,609)
Intersegmental financing results	-	-	-	-	-
Total financing results	(3,500,318)	(16,357,479)	(4,958,506)	(15,145,306)	(39,961,609)
Profit/(loss) from associates	379,513	(124,182)	(5,750)	-	249,581
Income tax	(13,649,769)	(15,518,543)	(1,925,370)	(79,769)	(31,173,451)
Ordinary activities result	47,317,742	30,223,445	1,801,851	(25,307,518)	54,035,520
Minoritary interests	(490,296)	70,440	90,049	(32,775,668)	(33,105,475)
Net profit for the period	46,827,446	30,293,885	1,891,900	(58,083,186)	20,930,045
OTHER INFORMATIONS					
Segment assets	830,330,732	2,254,661,919	540,316,011	235,798,625	3,861,107,287
Intersegmental assets	-	-	-	-	-
Total assets	830,330,732	2,254,661,919	540,316,011	235,798,625	3,861,107,287
Financial assets	43,184,849	357,526	98,770	2,451	43,643,596
Segment liabilities	435,124,876	1,281,822,189	508,659,078	720,950,717	2,946,556,860
Intersegmental liabilities	-	-	-	-	-
Total liabilities	435,124,876	1,281,822,189	508,659,078	720,950,717	2,946,556,860
EBITDA	84,362,424	120,424,977	17,767,311	(10,057,184)	212,497,528
NET DEBT	189,109,370	822,404,324	445,378,952	689,898,298	2,146,790,944
CAPEX	35,470,172	30,721,585	133,561,229	-	199,752,986

Financial data by business segment for the period ending on June 30, 2004, taking into account that Portucel subgroup was not fully consolidated at this date can be analyzed as follows:

Amounts in €	Cement and derivatives	Energy	Holding	Consolidated
REVENUES				
External sales and services rendered	223,627,188	17,427,982	-	241,055,170
Intersegmental sales and services rendered	-	-	-	-
Total revenues	223,627,188	17,427,982	-	241,055,170
External operational results	58,055,189	7,240,403	128,757,102	194,052,694
Intersegmental operational results	-	-	-	-
Total operational results	58,055,189	7,240,403	128,757,102	194,052,694
External financing results	(3,769,423)	(2,758,348)	(5,432,222)	(11,959,993)
Intersegmental financing results	-	-	-	-
Total financing results	(3,769,423)	(2,758,348)	(5,432,222)	(11,959,993)
Profit/(loss) from associates	1,739,328	(20,086)	2,648,634	4,367,876
Income tax	(31,996,533)	(2,247,933)	(19,836,830)	(54,081,296)
Ordinary activities result	24,028,561	2,214,036	106,136,684	132,379,281
Minoritary interests	(294,778)	207,536	4,076,296	3,989,054
Net profit for the period	23,733,783	2,421,572	110,212,980	136,368,335
OTHER INFORMATIONS				
Segment assets	795,603,403	310,101,443	461,012,586	1,566,717,432
Intersegmental assets	-	-	-	-
Total assets	795,603,403	310,101,443	461,012,586	1,566,717,432
Financial assets	38,282,425	170,496	286,656,746	325,109,667
Segment liabilities	463,015,302	277,591,006	309,893,625	1,050,499,933
Intersegmental liabilities	-	-	-	-
Total liabilities	463,015,302	277,591,006	309,893,625	1,050,499,933
EBITDA	71,422,944	12,697,799	128,778,716	212,899,459
NET DEBT	244,631,323	203,253,160	201,422,912	649,307,395
CAPEX	21,238,258	41,273,959	-	62,512,217

Geographical segment

Amounts in €	Cement and Derivatives		Pulp and paper		Energy	
	06/2005	06/2004	06/2005	06/2004	06/2005	06/2004
Sales and services rendered						
Portugal	179,847,057	174,958,223	31,642,661	-	18,843,642	17,427,982
Germany	-	-	73,345,261	-	-	-
Spain	-	-	64,079,179	-	-	-
France	-	-	60,073,559	-	-	-
Tunisia	25,994,367	25,380,225	-	-	-	-
Others	21,224,386	23,288,740	276,371,355	-	-	-
	227,065,810	223,627,188	505,512,015	-	18,843,642	17,427,982

5 Other operating income

On June 30, 2005 and 2004, the other operating income was as follows:

Amounts in €	30-06-2005	30-06-2004
Reduction on provisions and depreciations	4,463,740	980,280
Present value of nationalization indemnity	16,487,257	-
Lease equipment	1,343,191	-
Gains on inventories	1,003,642	-
Gains on disposal of non-current assets	863,837	166,473,604
Other operating income	18,629,136	5,469,077
	42,790,803	172,922,961

The amount of €16,487,257, reflects the fair value of the indemnity agreed with Angola's Government, concerning the assets of the subsidiary Secil nationalized at independence date, whose amount was null as at December 31, 2004 (see note 21). A discounted cash flow method was used in the determination of that fair value, considering an adequate country risk rate.

Other operating income includes an amount of €6,500,000 in respect of services rendered by Enersis related to a 24 MW wind project ceded to third parties.

The caption gains on disposals of non-current assets includes, at June 30, 2004, gains on the disposal of financial investments, of which €155,131,949 relate to the sale by Semapa, SGPS, S.A., of 45.125% of the share capital of Secil (49% of the voting rights).

6 Costs and losses

On June 30, 2005 and 2004, costs and losses were made up as follows:

Amounts in €	30-06-2005	30-06-2004
Variation in production	18,311,592	1,179,126
Work for the company	(1,535,599)	(1,705,295)
	16,775,993	(526,169)
Cost of sales and services rendered		
Cost of inventories sold and consumed	223,324,456	56,148,239
Services rendered	210,715,921	66,989,760
	434,040,377	123,137,999
Payroll costs		
Remunerations		
Board of Directors	9,328,695	14,559,958
Other remunerations	58,084,333	21,512,501
	67,413,028	36,072,459
Social charges		
Pension costs - defined benefits plans	10,608,196	2,168,224
Other payroll costs	20,779,704	11,545,976
	31,387,900	13,714,200
Other operating costs		
Quotations	707,825	-
Donations	317,537	250,946
Development and research	1,748,809	-
Losses on inventories	1,142,370	3,742
Provision for other risks and charges	2,715,247	1,343,926
Indirect taxes	2,921,653	935,188
Financial derivative instruments	-	17,836,700
Foreign exchange	1,946,194	-
Others	20,597,809	8,309,680
	32,097,444	28,680,182
Total costs and losses	581,714,742	201,078,672

As at June 30, 2005 the "Pension costs" heading includes an amount of €7,371,352 referring to the amortization of Semapa Board of Directors past service cost (see Note 29).

The amount of €17,836,700, in caption derivatives financial instruments as at June 30, 2004, relates to the fair value of the "put" option owned by two credit institutions over Semapa in respect of Portucel shares, subsequently acquired.

7 Remuneration of members of the corporate bodies

On June 30, 2005 and 2004, the remunerations to the members of the corporate bodies were made up as follows:

Amounts in €	30-06-2005	30-06-2004
Board of Directors		
Semapa	2,148,202	9,315,185
Members of Semapa board in other companies	3,674,063	-
Corporate bodies from other group companies	3,246,941	5,028,289
Statutory auditor	259,489	208,996
	9,328,695	14,559,958

8 Depreciation, amortization and impairment losses

On June 30, 2005 and 2004, the depreciation, amortization and impairment losses were as following:

Amount in €	30-06-2005	30-06-2004
Property, plant and equipment depreciation		
Land	1,411,044	1,262,688
Buildings and other constructions	16,116,402	4,641,265
Machinery and equipment	62,055,189	10,069,208
Other tangible assets	7,926,188	2,827,640
	87,508,823	18,800,801
Intangible assets depreciation		
Industrial property and other rights	67,706	44,860
Other capitalized costs	-	1,104
	67,706	45,964
	87,576,529	18,846,765

9 Share of results of associates

Amounts in €	30-06-2005	30-06-2004
Portucel International Trading, SA	(124,182)	-
Alto Marão, Energia Eólica, Unipessoal, Lda.	-	(4,199)
Domus Eólia - Prod. Energias Renováveis, Lda. (a)	-	(1,131)
Hidroeléctrica de Dornelas, Lda. (a)	-	(1,756)
Hidroeléctrica das Trutas, Lda.	(169)	(434)
Hidroôlo - Hidroeléctrica do Ôlo Lda.	-	(186)
Parque Eólico de Chiqueiro, Lda.	(143)	(1,628)
Parque Eólico de Zibreiro, Lda.	(1,066)	(378)
Parque Eólico do Infante, Lda.	-	(523)
Parque Eólico de Marco Negro, Lda.	-	(617)
Parque Eólico da Penha da Gardunha, Lda.	(264)	(1,628)
Enerfuel - Produção de Biocombustíveis, Lda.	-	(136)
Hidroeléctrica de Janeiro de Baixo, Lda.	(1,584)	(547)
Aproveitamento Hídrico Val Rovinhosa, Lda.	(165)	(1,628)
Enerultra - Produção de Energia Eléctrica, Lda.	-	(2,743)
Freita Eólica - Energia Eólica, Lda.	-	(1,821)
Hidroeléctrica da Mesa do Galo, Lda.	-	(568)
Parque Eólico Serra da Opa, Lda.	(539)	-
Parque Eólico de Arganil, Lda.	(85)	-
Parque Eólico de Gois, Lda.	(84)	-
Ventos da Serra, Produção de Energia, Lda.	(883)	-
Parc Eolien du Sanbois, SAS	(735)	-
Parque Eólico Serra da Opa, Lda.	(33)	(163)
Ciment de Sibline S.A.L.	(534,934)	48,476
Chryso - Aditivos de Portugal, S.A.	(8,901)	4,511
Setefrete, SGPS, S.A.	(243,154)	188,108
Betão Liz, S.A.	574,150	485,351
Cimentação - Cimentos dos Açores, Lda.	178,545	451,712
Secil Unicon - S.G.P.S., Lda.	62,524	(14,164)
Ecoresíduos, Lda.	99,155	123,065
ICV - Inertes de Cabo Verde, Lda.	13,617	48,232
Cimentos Madeira, Lda.	24,822	354,356
Becim - Mediadora de Seguros, Lda (a)	-	63,106
Other	213,689	15,579
Portucel, EPPP, SA	-	2,619,630
	249,581	4,367,876

(a) sold in 2004

10 Financial costs - net

On June 30, 2005 and 2004, financial costs - net were made up as follows:

Amounts in €	30-06-2005	30-06-2004
Interest paid on loans from shareholders	(638,769)	(521,841)
Interest earned on loans to shareholders	-	446,540
Interest paid on other loans	(37,190,790)	(12,305,474)
Interest earned on loans to associated companies	3,123	9,805
Other interest earned	2,268,479	647,481
Income from marketable securities	414,553	(251,716)
Gains on investments in other companies	122,255	-
Discounts granted for prompt payment	3,386	378
Other financial expenses	(5,683,408)	(1,243,362)
Other financial income	525,873	1,260,781
	(40,175,298)	(11,957,409)

The caption other financial expenses includes, as at June 30, 2005 an amount of €4,750,586 in respect of fees and losses with derivative financial instruments recorded during the period.

11 Income tax

Portucel, Secil and Enersis Groups are subject to special tax regime applicable to Groups of companies made up of those held as to 90% or more and which meet the conditions foreseen in article 63 and seq of the Portuguese Corporate Tax Code (Código do Imposto sobre o Rendimento de Pessoas Colectivas). Companies included in the group of companies subject to this regime, determine and record income tax as though they were taxed on an individual basis. If gains

are determined on the application of this regime, they are recorded as a deduction to the income tax of the holding.

In accordance with prevailing legislation, the gains and losses from Group companies and associates that arise from the application of the equity method are deducted or added, respectively, from or to the profit for the period when determining the taxable income for the year. Dividends are considered when determining the taxable income in the year in which they are received, if holdings are less than 10% or if the assets are held for less than one year, unless the acquisition cost exceeds €20,000,000.

Annual income tax returns are subject to review and potential adjustment by the tax authorities for a period up to 4 years. However, if tax losses are reported, these may be subject to review by the tax authorities for a period up to 6 years. The Board of Directors believes that any adjustments to those returns that result from reviews/inspections by the tax authorities will not have a material effect on the interim consolidated financial statements on June 30, 2005. At this date, fiscal years until 2002 were already reviewed by tax authorities, although waiting eventual notifications.

On June 30 2005 and 2004, the taxes heading showed the following breakdown:

Amounts in €	30-06-2005	30-06-2004
Current tax	28,350,667	50,696,129
Deferred tax	2,609,095	3,387,751
	30,959,762	54,083,880

12 Earnings per share

Amounts in €	30-06-2005	30-06-2004
Profit attributable to equity holders of the company	20,930,045	136,368,335
Weighted average number of ordinary shares in issue	115,604,470	115,604,470
Basic earnings per share	0.181	1.180

Since there are no outstanding financial instruments convertibles into Group shares, its earnings are undiluted.

The weighted average number of shares is deducted of 2,727,975 treasury shares owned by Seminv, S.A..

13 Minority interests

On June 30, 2005 and December 31, 2004, minority interests were as follows:

Amounts in €	Equity	
	30-06-2005	31-12-2004
Portucel - Empresa de Pasta e Papel, SA	320,058,147	322,052,456
Secil - Companhia Geral de Cal e Cimento, SA	189,509,506	163,298,706
Energis II, SGPS, SA	2,575,017	2,905,497
Enerflora - Produção de Energia Eléctrica, Lda.	82,788	90,255
Enerpro - Projectos de Energias Renováveis, Lda.	(659,652)	(451,289)
Entreventos - Energias Renováveis, S.A.	180,482	81,395
Hidrotuela - Hidroeléctrica do Tuela, S.A.	272,876	385,599
Fespect - Serviços de Consultoria, S.A.	1,557,572	1,118,162
Monte Agraço - Energias Alternativas, Lda.	(37,514)	(8,598)
PESL - Parque Eólico da Serra do Larouco, S.A.	4,270	19,895
Hidroeléctrica de Pinhel, Lda.	458,183	482,936
Hidroeléctrica do Rabaçal-Ponte, Lda.	433,605	465,019
Ribeira da Teja - Produção de Energia Eléctrica, Lda.	274,536	322,225
Telener Serviços de Telecomunicações, Lda.	28,163	15,983
Hidroôlo - Hidroeléctrica do Olo, Lda.	36,426	35,703
CEO - Comp. Energias Oceânicas, Lda	427,837	-
Portucel Internacional Trading	134,435	204,875
Grupo Secil Betões e Inertes	3,258,282	3,003,876
Société des Ciments de Gabès	1,412,205	411,452
Secil Martingança	3,446,806	2,869,642
Others	344,955	603,143
	523,798,926	497,906,933

14 Application of preceding year's net profit

Amounts in €	31-12-2004
Dividends distribution	11,833,245
Legal reserves	9,103,686
Other reserves	158,136,792
Retained earnings	6,451,851
	185,525,574

The resolution for the application of 2004 earnings, passed at Semapa's General Meeting on March 30, 2005, was based on the net profit for the period as defined by the accounting principles generally accepted in Portugal. The difference in net profit between the two standards, totalling €3,451,851, was transferred to retained earnings, augmented of €3,000,000 as per the referred resolution.

15 Goodwill

Over the six-month period ending on June 30, 2005 and the whole of 2004 year, changes under the "Goodwill" heading were as follows:

Amounts in €	30-06-2005	31-12-2004
Acquisition cost		
Acquisition cost at the beginning of the period	475,796,928	351,174,310
Acquisitions	4,940,978	135,706,876
Disposals	(119,696)	(6,484,697)
Exchange fluctuations	1,331,182	(4,599,562)
Closing Balance	481,949,392	475,796,928
Accumulated amortizations and impairment losses		
Opening Balance	(141,052,236)	(144,363,842)
Amortizations and impairment losses	-	(2,433,271)
Disposals	-	3,735,496
Exchange fluctuations	(546,910)	2,009,381
Closing Balance	(141,599,146)	(141,052,236)
Book value - opening balance	334,744,692	206,810,468
Book value - closing balance	340,350,246	334,744,692

"Goodwill" was amortized up to January 1, 2004 (transition date).

On June 30, 2005 and December 31, 2004 "Goodwill" was made up as follows:

Entity	Year of acquisition	30-06-2005	31-12-2004
Acquisitions made by sub-group Semapa			
Secil - Companhia Geral de Cal e Cimento, SA	1997	6,766,530	6,766,530
Cimentospar, SGPS, SA	2003	81,296,931	81,296,931
Portucel - Empresa Produtora de Pasta e Papel,	2004	135,565,059	135,565,059
Fespect - Serviços de Consultoria, S.A.	2004	141,817	141,817
Acquisitions made by sub-group Secil			
CMP - Cimentos Maceira e Pataias, S.A.	1994	48,836,279	48,836,279
Société des Ciments de Gabès	2000	38,626,297	37,910,584
Asfalbetão - Sociedade Industrial, Lda.	2000	4,928,156	4,928,156
Lisconcreto-Betão Pronto, SA	2000	869,278	869,278
Almeida & Carvalhais, Lda.	2001	4,114,011	4,114,011
Sud-Béton-Société de Fabrication de Béton du Si	2001	2,307,082	2,307,082
Betostrong-Indústria de Betão, Lda	2002	1,180,055	1,180,055
Betalves - Betão Preparado, S.A.	2002	524,431	524,431
Macrobetão - Comércio e Distribuição de Betão, i	2002	619,675	619,675
Camillo & Lopez, Lda.	2003	1,041,528	1,041,528
Britobetão	2005	51,136	51,136
Tecnosecil, S.A.R.L.	2005	1,745,801	-
Macmetal - Indústrias Metal-Mecânicas da Mac	2005	89,353	-
IRP - Indústria de Reboco de Portugal, S.A.	2005	3,054,688	-
Acquisitions made by sub-group Energis			
ECH - Exploração de Centrais Hidroeléctricas, S.	1999	706,971	706,971
Hidrotuela - Hidroeléctrica do Tuela, S.A.	1999	997,432	997,432
Hidrocorgo - Hidroeléctrica do Corgo, S.A.	1999	1,274,585	1,274,585
Hidrocorgo - Hidroeléctrica do Corgo, S.A.	2000	319,853	319,853
Hidrotuela - Hidroeléctrica do Tuela, S.A.	2000	1,318,347	1,318,347
Hidrotuela - Hidroeléctrica do Tuela, S.A.	2001	511,457	511,457
Hidrocorgo - Hidroeléctrica do Corgo, S.A.	2001	549,315	549,315
PESL - Parque Eólico da Serra do Larouco, S.A.	2002	358,079	358,079
Hidroeléctrica de Penacova, Lda.	2002	254,530	254,530
Hidroeléctrica de Pinhel, Lda.	2002	624,472	624,472
Hidroeléctrica de Fagilde, Lda.	2002	246,604	246,604
Ribeira da Teja - Produção Energia Eléctrica, Lda	2002	398,511	398,511
Freita Eólica - Energia Eólica, Lda.	2002	2,259	2,259
HE70 - Energias Renováveis Reunidas, SGPS, S	2003	35,067	35,067
Hidroeléctrica da Barroca, Lda	2003	37,452	37,452
Oceanergia - Proj. Prod. Energia Ondas, Lda.	2003	361,478	361,478
Alto Marão - Energia Eólica, Unipessoal, Lda.	2003	595,727	595,728
		340,350,245	334,744,691

During 2004, and as part of the second phase of reprivatization of the share capital of Portucel – Empresa Produtora de Pasta e Papel, S.A. ("Portucel"), as per resolution of Ministers council nº 62-A/2004, of May 18 and subsequent Public Acquisition Offering and further acquisitions in the market, Semapa Group acquired 67.1% of that subsidiary's share capital.

The global acquisition cost amounts to €789,031,373 having a "Goodwill" of €135,565,059 been calculated as follows:

Amounts in €	Seinpart SGPS	Semapa BV	
Acquisition reference date	31-05-2004	30-09-2004	31-10-2004
Acquisition cost	339,864,387	368,035,802	81,131,184
% acquired	30.00%	30.37%	6.73%
Portucel Net Equity	1,003,281,597	1,015,488,680	1,016,718,939
<i>Adjustments - net of deferred taxes</i>			
Harmonization of amortization criteria	241,984	1,430,810	1,612,563
Derecognition of Soporcel goodwill	(376,756,384)	(376,756,384)	(376,756,384)
Fair value of tangible assets acquired	229,782,223	229,782,223	229,782,223
Fair value of trademarks acquired	109,828,800	109,828,800	109,828,800
Adjusted Portucel Net Equity	966,378,220	979,774,129	981,186,141
% acquired over adjusted Net Equity	289,913,466	297,518,926	66,033,922
Goodwill on acquisition	49,950,921	70,516,876	15,097,262

The net assets acquired, by reference to September 30, 2004 (date of Semapa Group effective control and the date of the change in the consolidation perimeter) are made up as follows:

Amounts in €	Fair value	Net book value in acquired Company
Cash and cash equivalents	64,441,147	64,441,147
Tangible fixed assets	1,543,409,592	1,225,037,785
Trademarks (included in intangible assets) (Note 16)	151,488,000	-
Other intangible assets	2,146,288	378,902,672
Investments in associates	47,177,091	47,177,091
Deferred tax assets	77,133,966	77,133,966
Inventories	291,907,080	291,907,080
Receivable balances	244,829,169	244,829,169
Payable balances	(201,606,102)	(201,419,322)
Retirement benefits	(41,952,181)	(41,952,181)
Interest-bearing debt	(985,067,421)	(985,067,421)
Provisions	(993,727)	(993,727)
Deferred tax liabilities	(213,138,774)	(84,320,800)
Net assets	979,774,129	1,015,675,460
Acquisition cost	368,035,802	
Cash and cash equivalents in subsidiary acquired	64,441,147	
Cash outflow on acquisition	303,594,655	-

16 Other intangible assets

Over the six-month period ending on June 30, 2005 and the whole of fiscal 2004, changes under the other intangible assets heading were as follows:

Amounts in €	30-06-2005	31-12-2004
Research and development expenses		
Acquisition cost		
Opening balance	5,428,336	-
Changes in the perimeter	-	5,428,336
Acquisitions	-	-
Disposals	-	-
Adjustments	(1,137,177)	-
Closing Balance	4,291,159	5,428,336
Accumulated amortizations and impairment losses		
Opening balance	4,988,078	-
Changes in the perimeter	-	4,591,885
Amortisation and impairment losses	-	590,510
Disposals	-	-
Adjustments	(696,919)	(194,316)
Closing Balance	4,291,159	4,988,078
Book value - opening balance	440,258	-
Book value - closing balance	-	440,258

Amounts in €	30-06-2005	31-12-2004
Industrial property and other rights		
Acquisition cost	3,210,825	596,066
Opening balance	-	2,436,554
Changes in the perimeter	7,347	(5,205)
Acquisitions	7,656	-
Disposals	-	-
Adjustments	(52,464)	183,410
Closing Balance	3,173,364	3,210,825
Accumulated amortizations and impairment losses		
Opening balance	2,614,881	496,709
Changes in the perimeter	-	2,131,607
Exchange adjustment	911	-
Amortisation and impairment losses	67,707	82,578
Disposals	-	-
Adjustments	(36,143)	(96,013)
Closing Balance	2,647,356	2,614,881
Book value - opening balance	595,944	99,357
Book value - closing balance	526,008	595,944

Amounts in €	30-06-2005	31-12-2004
Trademarks		
Acquisition cost		
Opening balance	151,488,000	-
Changes in the perimeter	-	151,488,000
Acquisitions	-	-
Disposals	-	-
Adjustments	-	-
Closing Balance	151,488,000	151,488,000

Amounts in €	30-06-2005	31-12-2004
Licences and rights in wind farms		
Acquisition cost		
Opening balance	16,535,355	-
Changes in the perimeter	-	-
Acquisitions	14,272,148	16,535,355
Disposals	-	-
Adjustments	-	-
Closing Balance	30,807,503	16,535,355

Amounts in €	30-06-2005	31-12-2004
Intangible assets in progress		
Acquisition cost		
Opening balance	122,023	-
Changes in the perimeter	-	1,004,885
Acquisitions	-	-
Disposals	-	-
Adjustments	263,767	(882,862)
Closing Balance	385,790	122,023
Book value - opening balance	122,023	-
Book value - closing balance	385,790	122,023
Total other intangibles	183,207,301	169,181,580

The amount of €151,488,000 in trademarks heading relates to the evaluation performed by a specialized and independent entity, resulting from the determination of the fair value of the Portucel's assets and liabilities acquired, which is not subject to amortization as its useful life is undefined.

The amount of rights and licences in wind farms corresponds, essentially, to the identified assets on the acquisition of companies Edíca dos Candeeiros, Lda., Renewable Energy Systems, S.A., Parque de Pampilhosa da Serra, S.A. and Fespect - Serviços de Consultoria, S.A., that are not yet operating.

17 Property, plant and equipment

Over the six-month period ending on June 30, 2005 and 2004, changes in the property, plant and equipment accounts, as well as the respective amortizations and impairment losses, were as follows:

Amounts in €	30-06-2005	31-12-2004
Land		
Acquisition cost		
Opening balance	216,978,960	118,827,817
Changes in the perimeter	7,725,683	99,426,731
Acquisitions	560,348	1,421,003
Disposals	(22,746)	(240,581)
Adjustments	2,702,496	2,094,714
Exchange adjustment	1,211,521	(4,550,724)
Closing Balance	229,156,262	216,978,960

Accumulated amortizations and impairment losses		
Opening balance	17,227,556	14,622,339
Changes in the perimeter	473,683	185,671
Amortization and impairment losses	1,411,044	2,825,937
Disposals	-	(18,053)
Adjustments	(1,780)	51,458
Exchange adjustment	125,946	(439,796)
Closing Balance	19,236,449	17,227,556
Book value - opening balance	199,751,404	104,205,478
Book value - closing balance	209,919,813	199,751,404

Amounts in €	30-06-2005	31-12-2004
Buildings and other constructions		
Acquisition cost		
Opening balance	791,916,325	341,980,171
Changes in the perimeter	593,751	434,815,609
Acquisitions	1,632,080	8,063,071
Disposals	(773,856)	(4,065,601)
Adjustments	6,596,743	13,075,785
Exchange adjustment	608,555	(1,952,710)
Closing Balance	800,573,597	791,916,325

Accumulated amortizations and impairment losses		
Opening balance	405,158,592	209,972,109
Changes in the perimeter	231,770	184,512,056
Amortization and impairment losses	16,116,402	13,886,263
Disposals	(698,853)	(2,460,452)
Adjustments	(82,388)	146,122
Exchange adjustment	216,165	(897,505)
Closing Balance	420,941,689	405,158,592
Book value - opening balance	386,757,732	132,008,062
Book value - closing balance	379,631,908	386,757,732

Amounts in €	30-06-2005	31-12-2004
Equipment		
Acquisition cost		
Opening balance	3,747,614,232	1,053,158,092
Changes in the perimeter	3,744,022	2,526,655,359
Acquisitions	27,294,259	50,064,168
Disposals	(4,453,553)	(20,225,324)
Adjustments	83,982,773	145,810,955
Exchange adjustment	3,131,041	(7,849,019)
Closing Balance	3,861,312,774	3,747,614,232

Accumulated amortizations and impairment losses		
Opening balance	2,331,810,380	783,856,499
Changes in the perimeter	3,260,566	1,498,693,092
Amortization and impairment losses	75,090,083	76,612,410
Disposals	(4,265,546)	(18,814,566)
Adjustments	(3,946,641)	(6,318,879)
Exchange adjustment	1,100,399	(2,218,177)
Closing Balance	2,403,049,241	2,331,810,380
Book value - opening balance	1,415,803,853	269,301,593
Book value - closing balance	1,458,263,533	1,415,803,853

Amounts in €	30-06-2005	31-12-2004
Tangible assets in progress		
Acquisition cost		
Opening balance	258,077,722	57,463,502
Changes in the perimeter	14,242	126,037,491
Acquisitions	162,504,284	153,050,097
Disposals	(55,000)	(33,281)
Adjustments	(103,885,991)	(77,996,630)
Exchange adjustment	61,027	(443,457)
Closing Balance	316,716,284	258,077,722

Book value - opening balance	258,077,722	57,463,502
Book value - closing balance	316,716,284	258,077,722

Amounts in €	30-06-2005	31-12-2004
Advances to suppliers of tangible assets		
Acquisition cost		
Opening balance	23,358,919	7,665,090
Changes in the perimeter	2,643,415	54,068,122
Acquisitions	2,176,458	23,128,769
Disposals	-	-
Adjustments	(3,819,250)	(61,503,062)
Closing Balance	24,359,542	23,358,919
Book value - opening balance	23,358,919	7,665,090
Book value - closing balance	24,359,542	23,358,919
Total property, plant and equipment	2,388,891,080	2,283,749,630

The investment in tangible asset by the subgroup Secil, in the six month period ended June 30, 2005, amounted to €35,470,172, in which the following projects standout: (i) environmental rehabilitation work undertaken at Via Húmida and stone quarries at the Outão factory, (ii) sleeve filters for exhaustion of Oven 2 and diminishing, remodelling of the storage of raw materials for white and silo of storage for white clinker, in the Cibra-Pataias Plant, (iii) the deep machines and of pipes for the plant of bags and the covered park for coal of the manufacture unit of Maceira-Liz and (iv) acquisition of material for analysis of emissions to the atmosphere and substitution of all the filters in the factory of Gabés.

Among the Portucel subgroup's investments in property, plant and equipment during the half-year ending on June 30, 2005 amounting to €30,721,585, the most important was the new recovery boiler at the Cacia pulp mill.

The investments of subgroup Enersis in the first semester of 2005 amounting to €133,561,229 are related essentially, to the development and construction of wind farms.

18 Investment properties

On June 30, 2005 the Investment properties heading reflects the acquisition cost net of accumulated amortization of one building, owned by Secil subsidiary, in Rua Conselheiro Fernando Sousa, in Lisbon, presently rented to third parties.

19 Biological assets

Over the six-month period ending on June 30, 2005, changes in biological assets were as follows:

Amounts in €	30-06-2005	31-12-2004
Balance as of January 1	134,025,278	-
Changes in the perimeter	-	125,399,983
Acquisitions	-	5,066,542
Logging conducted during the period	(8,707,516)	(12,181,793)
Replanting	262,237	844,631
Fair value changes	7,335,242	14,895,915
	132,915,241	134,025,278

On June 30, 2005, Biological assets include an amount of €21,729,421 related to assets for which there is an expectation of their realization within a period of 12 months (December 31, 2004: €33,727,601).

The change in the period of the biological assets balances is presented within Increase/decrease of inventories heading (see Note 6).

20 Investments in associates and joint ventures

Over the six-month period ending on June 30, 2005 and the year ending on December 31, 2004, changes in this heading were as follows:

Amounts in €	30-06-2005	31-12-2004
Opening balance	44,315,526	42,141,932
Changes in the perimeter	5,483,261	48,546,075
Disposals	-	(47,248,814)
Profit/ (loss) appropriated before tax	35,891	5,108,406
Dividends received	(4,646,554)	(1,413,511)
Transfers from subsidiaries	2,135,832	(2,241,327)
Other adjustments (Goodwill)	(426,713)	(577,235)
	46,897,243	44,315,526

On June 30, 2005 and December 31, 2004 the investments in associates and joint ventures were made up as follows:

Subsidiaries/ Associates	% held	Book value	
		30-06-2005	31-12-2004
Secil - Energia, Lda.	a)	100.00	- 1,995
Secil Algérie, S.P.A.	a)	99.00	- 76,808
Sobioen - Soluções de Bioenergias, S.A.	a)	51.00	- 153,000
Betão Liz, S.A.		33.37	9,061,258 11,923,986
Transecil, Lda.		33.33	748 748
Cimentagor, Lda.		25.00	1,890,319 2,491,665
Secil Unicon - S.G.P.S., Lda.		50.00	4,495,465 4,432,941
Ecoresíduos, Lda		50.00	1,057,503 958,348
ICV - Inertes de Cabo Verde, Lda.		37.50	369,294 355,677
Ciment de Sibline S.A.L.		28.12	23,834,971 16,700,227
Chryso - Aditivos de Portugal, S.A.		40.00	19,957 28,858
Setefrete, SGPS, S.A.		25.00	3,723,819 3,966,970
Cimentos Madeira, Lda.		14.29	1,621,103 2,024,855
Entidad Productora de Energia, S.L.	a)	96%	5,000 5,120
Hidroeléctrica de Dornelas, Lda.	a)	100%	- -
Hidroeléctrica das Trutas, Lda.	a)	54%	757 169
Hidrolouredo - Hidroeléct. do Louredo, Lda.	a)	51%	1,360 -
Parque Eólico de Chiqueiro, Lda.	a)	100%	- 143
Parque Eólico de Zibreiro, Lda.	a)	100%	- 1,066
Parque Eólico de Marco Negro, Lda.	a)	98%	- 3,445
Parque Eólico da Penha da Gardunha, Lda.	a)	100%	- 264
Enerfuel - Produção Biocombustíveis, Lda.	a)	100%	- 4,116
Hidroeléctrica de Janeiro de Baixo, Lda.	a)	90%	597 2,181
Aproveitamento Hídrico Val Rovinhosa, Lda.	a)	100%	100 265
Hidroeléctrica da Mesa do Galo, Lda.	a)	71%	743 538
Parque Eólico Serra da Opa, Lda.	a)	10%	- 33
Parque Eólico de Arganil, Lda.	a)	100%	4,915 -
Parque Eólico de Gois, Lda.	a)	100%	4,916 -
Ventos da Serra, Produção Energia, Lda.	a)	100%	4,117 -
Oarc Eolien du Sainbois, SAS	a)	96%	36,265 -
Enersis France. SAS	a)	96%	40,000 -
Equipar	-	32,423	32,423
Lusitaniagas	-	5,267	5,267
IBET	-	39,963	39,964
Soset	-	24,939	24,939
Portuocel International Trading, SA	-	239,669	363,848
Soporgen	8%	4,000	4,000
TASC	-	11,223	11,223
Other	-	366,552	700,444
		46,897,243	44,315,526

a) Inactive companies

21 Available-for-sale financial assets

As of June 30, 2005 and December 31, 2004, available-for-sale financial assets were made up as follows:

Amounts in €	30-06-2005	31-12-2004
Gross acquisition amount		
Balance at the beginning of the period	24,211,343	1,414,672
Acquisitions	4,180,974	22,797,393
Disposals	(22,797,393)	-
Other fluctuations	120	(722)
Acquisition amount at the end of the period	5,595,044	24,211,343

	Book value	
Main investments available for sale	30-06-2005	31-12-2004
ENCE - Empresa Nacional de Celulose, SA	-	22,797,393
Angolan government bonds	4,180,974	-
Portuguese government bonds	1,414,070	1,413,950
Amount at the end of the period	5,595,044	24,211,343

As of December 31, 2004 this heading included €22,797,393 related to a 4% participation in share capital of ENCE – Empresa Nacional de Celulose, SA, a Spanish company that produces cellulose pulp. This participation was sold in January 2005.

The amount of Angolan's government bonds, is related to the fact that, at the Angolan independent date, Secil owned several interests in that country, that were nationalized after the independence, namely (i) Bank deposits existent at Banco de Crédito Comercial e Industrial and Banco Totta Standard de Angola, transferred to the Banco Nacional de Angola, nationalized as at 1976, (ii) deposits existent at Banco Comercial de Angola, transferred to Banco de Poupança e Crédito, nationalized as at 1976, (iii) building in Luanda nationalized as at 1985, (iv) current account balances and income results from Companhia de Cimento Secil do Ultramar, SARL nationalized as at 1985, (v) financial investment in Companhia de Cimento Secil do Ultramar, SARL and (vi) financial investment in Secil Marítima, SARL, nationalized as at 1987.

Counting now 18 years, from the first nationalization, Secil and Angolan Government representatives have agreed in the need to request, to an international independent consultant, an assets valuations, concluded as at July 12, 1996.

In April 2004, the Angolan government issued an agreement memorandum establishing the privatization of 51 % of share capital of cement Angolan company Encime attributable to Secil subsidiary, as a compensation of Angolan Government responsibilities. Additionally, Secil will receive Government bonds amounting to USD 47,525,144 with a maturity in November 2009, to be provided in 20 tranches of Angolan public debt denominated in American dollars, with an interest rate of 4% and a maturity of 3 years.

During the first semester of 2005, the Company received 5 tranches of bonds and the new Angolan company to where Encime's assets will be transferred was constituted. Therefore, the fair value of the agreed indemnity, amounting to € 16,732,965 was recognised through the reduction of the impairment loss.

Therefore, as at June 30, 2005 the consolidated balance sheet includes (i) under the available-for-sale financial assets the amount of the 5 tranches of bonds already received amounting to € 8,741,437, for which an impairment loss of €4,560,463 is recognised in order

to reflect its fair value and (ii) a receivable balance of €29,481,932 (€2,521,235 registered in other non-current assets) for which an impairment loss of €16,929,941 is recognised (see Note 24).

22 Other non-current assets

As of June 30, 2005 this heading includes an amount of €2,521,235 related to the long-term realisable portion of the Angolan Government receivable, as mentioned in Note 21.

23 Inventories

As of June 30, 2005 inventories comprised the following:

Amounts in €	30-06-2005	31-12-2004
Raw materials	125,563,114	122,067,853
Work in process	13,246,526	7,230,274
Byproducts and waste	462,187	705,564
Finished and intermediate products	33,374,277	52,610,618
Merchandise	6,670,076	4,918,022
Advances to suppliers of inventories	520,145	445,849
	179,836,325	187,978,180

24 Receivables and other current assets

As of June 30, 2005 and December 31, 2004, the Receivables and other current assets heading showed the following breakdown:

Amounts in €	30-06-2005	31-12-2004
Accounts receivable from costumers	314,932,977	288,193,758
Sales discounts	(12,402,821)	(2,225,776)
Other debtors	40,392,559	23,112,961
Accrued income	778,845	1,436,658
Deferred costs	14,277,693	11,085,443
	358,676,061	322,463,269

As of June 30, 2005 and December 31, 2004 the other debtors heading were as follows:

Amounts in €	30-06-2005	31-12-2004
Other debtors		
IAPMEI garnt	12,972,184	-
Pledge in favour of third parties	1,254,598	1,145,041
Financial instruments	-	2,010,198
Debt from Angolan's Government	26,960,697	34,891,075
Other debtors	17,401,961	21,186,455
	58,589,440	59,232,769
Impairment	(18,196,881)	(36,119,808)
	40,392,559	23,112,961

As of June 30, 2005 and December 31, 2004 the accrued income and deferred costs headings were made up as follows:

Amounts in €	30-06-2005	31-12-2004
Accrued income		
Interest receivable	20,676	24,398
Discounts in acquisitions	26,761	43,304
Other	731,408	1,368,956
	778,845	1,436,658
Deferred costs		
Interests with bank loans	456,709	2,988,165
Non compete agreement	1,827,778	3,394,444
Major repairs	1,532,476	-
Insurance costs	4,492,559	324,996
Costs to be shared in the scope of the consortium	427,841	684,815
Rents	1,049,367	9,525
Other	4,490,963	3,683,498
	14,277,693	11,085,443
	15,056,538	12,522,101

25 State and other public entities

As of June 30, 2005 and December 31, 2004, there were no debts overdue to the state and other public entities. Balances with these entities were made up as follows:

Current assets

Amounts in €	30-06-2005	31-12-2004
State and other public entities		
Corporate income tax (IRC)	8,722,649	29,153,457
Personal income tax (IRS)	72,263	-
Value added tax	9,323,564	12,124,974
Value added tax - refunds requested	36,407,608	51,929,526
Other	483,038	215,164
	55,009,121	93,423,121

Current liabilities

Amounts in €	30-06-2005	31-12-2004
State and other public entities		
Corporate income tax (IRC)	48,524,484	25,334,390
Personal income tax (IRS)	5,403,990	3,052,883
Value added tax	12,582,783	9,333,857
Social security	4,621,053	2,857,833
Other	1,078,883	1,022,813
	72,211,192	41,601,776

In 1998, Soporcel, a subsidiary entered into a contract with the Portuguese state for a tax incentive, which includes a reduction of certain amounts of the income tax charges in the years from 1998 to 2007, determined and allocated to each year in accordance with the financial effort on eligible investments in tangible assets. As of June 30, 2005, the corporate income tax heading includes an amount of €17,295,533 from subsidiary Portucel related to this contract.

From its estimated income tax for the period ending on June 30, 2005, Soporcel deducted €729,977 (June 30, 2004: €1,459,954) (Note 11).

During the 2003 first half, the tax authorities carried out an inspection which included a review to all aspects related to this incentive. Following this inspection, the tax authorities presented additional amounts due related to the fiscal years of 1998 to 2001, against which Soporcel took legal action in 2003, amounting to some €11,493,348, including penalty interest, related mainly with tax deductions from this tax incentive.

Soporcel's board of directors decided that prudence was advisable in dealing with this issue and on June 30, 2005 a provision in the amount of €17,295,533 was registered to cover tax contingencies relative to (i) the above-mentioned additional amounts due of Euros 11,493,348, (ii) estimated tax contingencies relative to the years from 2002 to 2004 and the first half of 2005, totalling €4,209,549, and (iii) increased penalty interest relative to the above amounts due totalling €1,592,636.

In light of the pending legal action, , Soporcel extended two bank guarantees to the tax authorities (Direcção Geral de Contribuições e Impostos), in the amount of €15,677,305 (see Note 38).

26 Share capital and own shares

As at June 30, 2005 the share capital of Semapa was fully subscribed and paid in; it is represented by 118,332,445 shares with nominal value of €1 each.

As of June 30, 2005 corporate holders of significant positions in the company's share capital were as follows:

Name	Number of shares	%
Sodim, SGPS, S.A.	26,115,000	22.07
Cimpor Portugal, SGPS, S.A.	23,695,611	20.02
Longapar, SGPS, S.A.	20,000,000	16.90
Cimo - Gestão de Participações, SGPS, S.A.	14,592,300	12.33
Banco Espírito Santo, SA	7,012,006	5.93
Banco BPI, SA	5,817,461	4.92
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31
Companhia de Seguros Tranquilidade Vida, SA	2,529,248	2.14
AF Investimentos - Fundo Imobiliários, S.A.	2,468,900	2.09
Sonaca - Sociedade Nacional de Canalizações, S.A,	1,250,000	1.06
Other shareholders with a participation lower than 2%	12,123,944	10.25
	118,332,445	100.00

27 Fair value reserve and other reserves

As of June 30, 2005 and December 31, 2004, the fair value reserve and other reserves heading showed the following breakdown:

Amounts in €	30-06-2005	31-12-2004
Fair value reserve	(7,855,328)	(857,185)
Currency translation reserve	(2,312,768)	(5,799,556)
Revaluation reserve	10,014,243	10,099,608
Legal reserve	22,221,077	13,117,391
Other reserves	249,910,677	101,765,900
	271,977,901	118,326,158

Fair value reserve

As of June 30, 2005, the amount of €7,855,328, net of deferred taxes, shown under the fair value reserve heading represents the fair value of financial hedging instruments of subsidiaries Portucel and Enersis valued as at June 30, 2005 by €12,395,963, recorded as described in note 1.11.5..

Currency translation reserve

The amount of €2,312,768 refers to the exchange differences appropriated by the Group as a result of the conversion of the financial statements of companies operating outside the Euro zone.

Revaluation reserve

Correspond to legal revaluation reserves of subsidiaries, in Portugal, reflecting the Group's share of revaluated assets amount, net of deferred taxes.

This reserve is not available for distribution and may only be used for incorporation in share capital.

Legal reserve

Commercial legislation establishes that a minimum of 5% of annual net profits must be transferred to a legal reserve until it reaches 20% of share capital. This reserve cannot be distributed to the shareholders except upon liquidation of Semapa, but may be used to absorb losses after all other reserves have been used up, or to increase capital.

Other reserves

Refer to reserves available for distribution to shareholders and result from prior years.

28 Deferred taxes

As of June 30, 2005 changes in deferred tax assets and liabilities of each subgroup were as follows:

	January, 1 2005	Changes in the perimeter	Exchange adjustment	Income statement		Fair value reserve and other reserves	June 30, 2005
Amounts in €				Increases	Decreases		
Temporary differences originating deferred tax assets							
Sub-Group Portucel							
Tax losses carried forward	1,924,144	-	-	-	-	-	1,924,144
Taxed provisions	16,393,212	-	-	2,158,134	(1,447,737)	-	17,103,609
Fixed assets adjustments	15,512,496	-	-	7,079,081	(6,573,656)	-	16,017,921
Underfunding of the pension fund	37,867,614	-	-	36,993,610	(35,019,539)	-	39,841,685
Financial instruments	-	-	-	-	-	7,700,284	7,700,284
Forests valuation	183,739,291	-	-	21,078,613	(27,253,151)	-	177,564,753
Sub-Group Secil							
Taxed provisions	11,180,981	-	152,514	3,053,181	(580,664)	-	13,806,012
Tax losses carried forward	61,918,726	-	-	455,898	(5,606,748)	-	56,767,876
Liabilities with retirement benefits	824,709	-	-	26,637	(42,898)	-	808,448
Liabilities with long service award	1,347,716	-	-	122,479	(111,785)	-	1,358,410
Underfunding of the pension fund	2,883,057	-	-	(79,803)	-	-	2,803,254
Retirement benefits not covered by an autonomus fund	17,754,927	-	-	761,381	(675,962)	-	17,840,346
Derecognition of government grants	674,491	-	-	3,009,851	-	-	3,684,342
Derecognition of intangible assets	872,481	-	-	-	(872,481)	-	-
Recognition of deferred costs	640,148	-	-	-	(640,148)	-	-
Liabilities for healthcare benefits	7,439,265	-	-	659,044	(309,184)	-	7,789,125
Gains subject to deferred tax originated in intra-group transactions	-	-	-	3,050,042	(48,918)	-	3,001,124
Sub-Group Enersis							
Tax losses carried forward	8,449,593	-	8,593	7,294,237	(2,653,724)	-	13,098,700
Financial instruments	1,510,749	-	-	-	-	2,638,608	4,149,357
Government grants - correction of depreciation	6,085	-	-	6,085	-	-	12,169
Borrowing costs	200,103	-	-	-	-	-	200,103
Others							
Gains subject to deferred tax originated in intra-group transactions	16,633,442	-	-	5,354,859	(551,076)	-	21,437,225
	387,773,230	-	161,107	91,023,328	(82,387,670)	10,338,892	406,908,887
Temporary differences originating deferred tax liabilities							
Sub-Group Portucel							
Revaluation of fixed assets	(38,131,551)	-	-	-	1,823,702	-	(36,307,849)
Overfunding of the pension fund	(873,803)	-	-	(2,058,350)	1,902,149	-	(1,030,004)
Financial investments	(1,669,239)	-	-	(1,719,145)	-	3,388,384	-
Harmonization of the depreciation criteria	(10,095,378)	-	-	(246,989)	-	-	(10,342,367)
Fair value of intangible assets - trademarks	(151,488,000)	-	-	-	-	-	(151,488,000)
Fair value of fixed assets - Portucel (IPK)	(316,940,997)	-	-	-	(4,425,007)	-	(321,366,004)
Fair value of fixed assets - Soporcel (IPK)	(244,195,901)	-	-	(1,845,841)	-	-	(246,041,742)
Sub-Group Secil							
Reevaluation of fixed assets	(26,394,327)	-	-	-	2,284,869	-	(24,109,458)
Change in depreciation criteria	(37,204,099)	-	(58,272)	(12,207,260)	-	-	(49,469,631)
Fair value of subsidiary Société des Ciments de Gabès	(119,035,875)	-	(2,073,003)	-	2,318,498	(6,952,838)	(125,743,218)
Deferred taxation on capital gains	(2,030,063)	-	-	-	194,597	-	(1,835,466)
Increased amortisation	(1,902,184)	(35,034)	-	(206,029)	-	-	(2,143,247)
Overfunding of the pension fund	(1,126,558)	-	-	(1,452,087)	1,048,187	-	(1,530,458)
Sub-Group Enersis							
Revaluation of fixed assets	(1,055,157)	-	-	-	51,130	-	(1,004,027)
Harmonization of the depreciation criteria	(6,321,584)	-	-	(2,252,566)	-	-	(8,574,150)
Others							
Losses subject to deferred tax originated in intra-group transactions	(181,569)	-	-	-	-	-	(181,569)
Losses subject to deferred tax originated in intra-group transactions	(54,414,305)	-	-	-	-	-	(54,414,305)
	(1,013,060,590)	(35,034)	(2,131,275)	(21,988,267)	5,198,125	(3,564,454)	(1,035,581,495)
Amounts reflected on the balance sheet							
Deferred tax assets	107,228,083	-	56,889	25,714,034	(23,102,577)	2,117,578	112,014,008
Deferred tax liabilities	(287,993,187)	-	(759,015)	(6,078,527)	1,596,476	(979,272)	(294,213,525)

Deferred income tax assets on tax losses are recognized to the extent that it is probable that the respective tax benefit will be realized through the existence of future taxable profit.

As of December 31, 2004 changes in deferred tax assets and liabilities of each subgroup were as follows:

Amounts in €	January, 1 2004	Changes in the perimeter	Exchange adjustment	Income statement		Fair value reserve and other reserves	Minority interests	December 31, 2004
				Increases	Decreases			
Temporary differences originating deferred tax assets								
Sub-Group Portucel								
Tax losses carried forward	-	13,742,297	-	95,030	(11,913,183)	-	-	1,924,144
Taxed provisions	-	16,393,212	-	-	-	-	-	16,393,212
Fixed assets adjustments	-	10,400,587	-	5,111,909	-	-	-	15,512,496
Underfunding of the pension fund	-	41,670,695	-	(3,803,081)	-	-	-	37,867,614
Financial instruments	-	-	-	-	-	-	-	-
Forests valuation	-	198,280,359	-	(14,541,068)	-	-	-	183,739,291
Sub-Group Secil								
Taxed provisions	5,767,242	-	(208,214)	7,341,354	(1,719,401)	-	-	11,180,981
Tax losses carried forward	8,681,315	-	-	53,729,953	(492,542)	-	-	61,918,726
Liabilities with retirement benefits	-	-	-	842,821	(18,112)	-	-	824,709
Liabilities with long service award	-	-	-	1,442,369	(94,653)	-	-	1,347,716
Underfunding of the pension fund	-	-	-	2,883,057	-	-	-	2,883,057
Retirement benefits not covered by an autonomous fund	17,698,796	-	-	1,694,448	(1,638,317)	-	-	17,754,927
Derecognition of government grants	118,255	-	-	556,236	-	-	-	674,491
Derecognition of intangible assets	1,142,852	-	(6,528)	208,178	(472,021)	-	-	872,481
Application of net profit for 2003	340,500	-	-	-	-	(340,500)	-	-
Recognition of deferred costs	2,353,059	-	(63,245)	-	(1,649,666)	-	-	640,148
Liabilities for healthcare benefits	7,862,261	-	-	1,232,187	(1,655,183)	-	-	7,439,265
Gains subject to deferred tax originated in intra-group transactions	63,720,841	-	-	31,862,486	(95,583,327)	-	-	-
Sub-Group Enersis								
Tax losses carried forward	3,484,911	-	-	8,381,633	(3,416,951)	-	-	8,449,593
Financial instruments	-	-	-	-	-	1,510,749	-	1,510,749
Government grants	-	-	-	6,085	-	-	-	6,085
Borrowing costs	-	-	-	200,103	-	-	-	200,103
Others								
Gains subject to deferred tax originated in intra-group transactions	688,944	-	-	16,038,239	(93,741)	-	-	16,633,442
	111,858,976	280,487,149	(277,987)	113,281,940	(118,747,097)	1,170,249	-	387,773,230
Temporary differences originating deferred tax liabilities								
Sub-Group Portucel								
Revaluation of fixed assets	-	(41,521,086)	-	-	3,389,535	-	-	(38,131,551)
Overfunding of the pension fund	-	(875,206)	-	(582,517)	583,920	-	-	(873,803)
Financial investments	-	(22,783,119)	-	-	-	21,113,881	-	(1,669,239)
Harmonization of the depreciation criteria	-	-	-	(10,095,378)	-	-	-	(10,095,378)
Fair value of intangible assets - trademarks	-	(151,488,000)	-	-	-	-	-	(151,488,000)
Fair value of fixed assets - Portucel (IPK)	-	(316,940,997)	-	-	-	-	-	(316,940,997)
Fair value of fixed assets - Soporcel (IPK)	-	(241,441,678)	-	(2,754,223)	-	-	-	(244,195,901)
Sub-Group Secil								
Reevaluation of fixed assets	(32,543,660)	-	-	-	6,149,333	-	-	(26,394,327)
Change in depreciation criteria	(13,546,410)	-	152,746	(23,810,435)	-	-	-	(37,204,099)
Fair value of subsidiary Société des Ciments de Gabès	(132,457,570)	-	9,986,952	-	5,498,579	-	(2,063,836)	(119,035,875)
Losses subject to deferred tax originated in intra-group transactions	(2,233,520)	-	-	1,498,610	734,910	-	-	-
Reduction of provisions	(596,101)	-	-	-	596,101	-	-	-
Recognition of deferred income	(89,682)	-	-	-	89,682	-	-	-
Deferred taxation on capital gains	(2,714,604)	-	-	-	684,541	-	-	(2,030,063)
Increased amortisation	(1,592,455)	-	119,634	(429,363)	-	-	-	(1,902,184)
Overfunding of the pension fund	(2,684,035)	-	-	1,361,150	196,327	-	-	(1,126,558)
Sub-Group Enersis								
Revaluation of fixed assets	(1,267,194)	-	-	-	212,037	-	-	(1,055,157)
Harmonization of the depreciation criteria	-	-	-	(6,321,584)	-	-	-	(6,321,584)
Losses subject to deferred tax originated in intra-group transactions	(181,569)	-	-	-	-	-	-	(181,569)
Others								
Losses subject to deferred tax originated in intra-group transactions	(54,414,305)	-	-	-	-	-	-	(54,414,305)
	(244,321,105)	(775,050,087)	10,259,332	(41,133,740)	18,134,965	21,113,881	(2,063,836)	(1,013,060,590)
Amounts reflected on the balance sheet								
Deferred tax assets	36,258,464	77,133,966	725,080	37,627,541	(44,427,563)	(89,405)	-	107,228,083
Deferred tax liabilities	(77,453,725)	(213,138,774)	3,588,021	(11,500,998)	5,439,125	5,795,506	(722,342)	(287,993,187)

29 Retirement benefit obligations

As mentioned in Note 1.21 the Group gives its employees and family several post-employment benefits, as follows:

Semapa

The Shareholders' General Meeting, held in March 30, 2005, approved the retirement directors' regulation, as foreseen in the article 17º of the Company's statutes. As per the terms of the referred regulation, Semapa directors are entitled to a lifetime allowance, paid 12 times per year, from the 55 years on, if they have, generally worked for the Company a minimum of 8 years, followed or interpolated, as directors. These rights can only be exercised when each director ceased functions.

Subgroup Portucel

(i) Under the prevailing Social Benefit Regulation, permanent employees of Portucel and its subsidiaries (excluding Soporcel and its subsidiaries) with more than five years' service are entitled after retirement or disability to a monthly retirement pension or disability supplement (Portucel Plan). This supplement is calculated according to a formula which takes into account the beneficiary's gross monthly compensation updated to the employee's occupational category on the date of his retirement and his years of service, up to a limit of 30; survivors' pensions to his spouse and direct descendants are also guaranteed.

To cover this liability, an independent pension fund designated as the Portucel Pension Fund was formed under the management of an external entity.

(ii) The employees of Soporcel – Sociedade Portuguesa de Papel (Soporcel) and its subsidiaries are entitled after their retirement or becoming disabled to a monthly retirement or disability pension supplement; survivors' pensions are also guaranteed to them. (Soporcel Plan).

To cover this liability, externally managed pension funds were set up, and the funds' assets are apportioned between each of the companies.

Subgroup Secil

Secil Group implemented the defined benefit plans mentioned below:

(i) Defined benefit plans with funds managed by external entities

LIABILITIES FOR RETIREMENT AND SURVIVOR PENSIONS SUPPLEMENTS

The subsidiary Secil and its subsidiaries: (i) CMP-Cimentos Maceira e Pataias, S.A., (ii) Unibetão-Indústrias de Betão Preparado, S.A., (iii) Secil Betão-Indústrias de Betão, S.A. and (iv) Sulbetão-Preparados de Betão, S.A., have undertaken to make payments to their employees under the heading of retirement

pension supplements covering oldness, disability, early retirement and survivors' benefits.

The liabilities resulting from these plans are ensured by autonomous funds, managed by third parties, being the related assets separated from the companies' assets. These liabilities are estimated every six months, on the date of closing of the interim and annual accounts, by a specialist and independent entity in accordance with the projected unit's credit method.

(ii) Defined benefit plan assumed by the Group

LIABILITIES FOR RETIREMENT AND SURVIVOR PENSION SUPPLEMENTS

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

These pension plans are also valued every semester by an independent entity, using the capital coverage method to determine the corresponding single premiums for immediate life pensions in respect of the liability relating to current pensioners and the projected unit credit method to value the liability relating to current employees.

LIABILITIES FOR RETIREMENT AND DEATH BENEFITS

The subsidiary CMP – Cimentos Maceira e Pataias, S.A. has committed to pay their employees benefits on retirement by oldness or disability. This retirement benefits represent 3 months of the last salary. In addition, it concedes a death benefit to the active worker, equal to 1 month of their last salary.

LIABILITIES FOR LONG SERVICE AWARDS

The subsidiaries Secil and CMP – Cimentos Maceira e Pataias, S.A., assumed the commitment to pay to those employees who achieve (i) 25, 35, 40 of years service at Secil, and (ii) 20 and 35 years of service at CMP a long service award. Those premiums are to be paid in the year in which the worker reaches that service time in the referred companies. These commitments are funded by the Company.

Actuarial studies carried out by an independent entity for determining the accumulated liabilities as of June 30, 2005 and December 31, 2004 were based on the following assumptions:

	30-06-2005	31-12-2004
Disability Table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Growth rate of salaries	3.30%	3.30%
Technical interest rate	5.32%	5.32%
Growth rate of pensions	2.25%	2.25%
Social benefits Formula	Decree-Law nr 35/2002	Decree-Law nr 35/2002

Pension benefits

As of June 30, 2005 and December 31, 2004 the companies' obligation with retirement and survivor pension plans with autonomous funds or directly assumed by the Group, were as follows:

Balance sheet obligations						
	30-06-2005			31-12-2004		
Amounts in €	Autonomous fund	Assumed by the Group	Total	Autonomous fund	Assumed by the Group	Total
Liabilities for past service:						
- Active employees	112,885,811	62,137,493	175,023,304	110,248,590	2,680,160	112,928,750
- Retired employees	52,457,306	14,990,619	67,447,925	49,371,818	15,074,767	64,446,585
Market value of the pension fund	(125,086,566)	-	(125,086,566)	(121,340,320)	-	(121,340,320)
Unrecognised past service cost	-	(51,916,414)	(51,916,414)	-	-	-
Underfunding / (overfunding)	40,256,551	25,211,698	65,468,249	38,281,088	17,754,927	56,036,015

Amounts included in the income statement						
	30-06-2005			30-06-2004		
Amounts in €	Autonomous fund	Assumed by the Group	Total	Autonomous fund	Assumed by the Group	Total
Current services	2,641,180	94,843	2,736,023	147,978	75,403	223,381
Interest cost	4,255,006	463,959	4,718,965	632,549	436,976	1,069,525
Return on the plan assets	(5,243,295)	-	(5,243,295)	(677,862)	-	(677,862)
Actuarial losses/(gains)	822,593	202,578	1,025,171	1,116,621	436,559	1,553,180
Past service cost	-	7,371,352	7,371,352	-	-	-
	2,475,484	6,132,732	10,608,196	1,219,286	948,938	2,168,224

Changes in liabilities presented in the balance sheet

Amounts in €	30-06-2005			31-12-2004		
	Autonomous fund	Assumed by the Group	Total	Autonomous fund	Assumed by the Group	Total
Liability in the beginning of the period	159,621,408	17,754,927	177,376,335	31,405,597	17,698,798	49,104,395
Changes in the consolidation perimeter	-	-	-	121,513,971	-	121,513,971
Costs recognized in the income statement	7,718,759	8,132,732	15,851,491	5,445,233	226,588	5,671,821
Adjustments due to changes in actuarial assumptions	(1,997,050)	(675,961)	(2,673,011)	4,109,515	1,413,930	5,523,545
Pensions paid	-	-	-	(2,857,008)	(1,584,389)	(4,441,397)
	165,343,117	25,211,698	190,554,815	159,621,408	17,754,927	177,376,335

Movement in the pension fund

Amounts in €	30-06-2005	31-12-2004
Amount at the beginning of the period	121,340,320	34,089,633
Changes in the consolidation perimeter	-	80,038,272
Endowmnts made in the period	500,000	6,454,607
Return on the plan assets	5,243,296	3,614,817
Pensions paid	(1,997,050)	(2,857,008)
	125,086,566	121,340,320

Other post-employment benefits

As of June 30, 2005 and December 31, 2004 companies' liabilities with retirement and death benefits, as well as long service awards were as follows:

Liabilities included in the balance sheet				
	30-06-2005			
Amounts in €	Assistance in health	Retirement and death	Long service award	Total
Liabilities for past services:				
- Active employees	3,696,910	808,448	1,318,410	5,823,768
- Retired employees	7,119,834	-	-	7,119,834
	10,816,744	808,448	1,318,410	12,943,602

Liabilities included in the balance sheet				
	31-12-2004			
Amounts in €	Assistance in health	Retirement and death	Long service award	Total
Liabilities for past services:				
- Active employees	3,696,046	824,708	1,347,716	5,868,470
- Retired employees	6,770,839	-	-	6,770,839
	10,466,885	824,708	1,347,716	12,639,309

Amounts in €	30-06-2005			Total
	Assistance in health	Retirement and death	Long service award	
Current services cost	147,462	30,127	62,099	239,688
Interest cost	276,269	21,767	35,189	333,225
Actuarial losses/(gains)	235,312	(25,257)	(14,809)	195,246
	659,043	26,637	82,479	768,159

Amounts in €	30-06-2004			Total
	Assistance in health	Retirement and death	Long service award	
Current services cost	77,677	-	-	77,677
Interest cost	304,492	-	-	304,492
Actuarial losses/(gains)	2,104,203	-	-	2,104,203
	2,486,372	-	-	2,486,372

Changes in liabilities presented in the balance sheet

Amounts in €	30-06-2005			Total
	Assistance in health	Retirement and death	Long service award	
Liability in the beginning of the period	10,466,885	824,708	1,347,716	12,639,309
Costs recognized in the income statement	659,043	26,637	82,479	768,159
Adjustments due to changes in actuarial assumptions	-	-	-	-
Pensions paid	(309,184)	(42,898)	(111,785)	(463,867)
	10,816,744	808,447	1,318,410	12,943,601

Amounts in €	31-12-2004			Total
	Assistance in health	Retirement and death	Long service award	
Liability in the beginning of the period	7,862,261	617,837	1,252,971	9,733,069
Costs recognized in the income statement	2,747,028	184,202	132,980	3,064,210
Adjustments due to changes in actuarial assumptions	464,548	40,781	56,418	561,747
Pensions paid	(606,952)	(18,112)	(94,653)	(719,717)
	10,466,885	824,708	1,347,716	12,639,309

30 Provisions

The movement in provisions during the six-month period ending on June 30, 2005 and for the year 2004 were as follows:

Amounts in €	Legal claims	Environmental restoration	Others	Total
Opening balances as of January 1, 2004	-	-	1,242,499	1,242,499
Changes in the consolidation perimeter	840,581	-	153,146	993,727
Increases	124,691	555,109	1,731,972	2,411,772
Decreases	-	(31,349)	260,314	228,965
Replacements	-	-	(187,630)	(187,630)
Exchange differences	-	-	(34,424)	(34,424)
Closing balance as of December 31, 2004	965,272	523,760	3,165,877	4,654,909
Changes in the consolidation perimeter	-	75,623	-	75,623
Increases	718,753	168,303	1,205,611	2,092,667
Decreases	(2,750)	(97,241)	(229,839)	(329,830)
Replacements	(12,250)	-	-	(12,250)
Exchange differences	-	-	33,376	33,376
Balance as of June 30, 2005	1,669,025	670,445	4,175,025	6,514,495

31 Interest-bearing liabilities

As of June 30, 2005 and December 31, 2004, the Group's interest-bearing liabilities were as follows:

Amounts in €	30-06-2005	31-12-2004
Interest-bearing liabilities		
Non-current	1,777,023,435	1,860,736,259
Current	423,576,329	378,917,564
	2,200,599,764	2,239,653,823
Cash and cash equivalents		
Cash in hand	371,105	475,228
Sort term Bank deposits	52,919,913	63,184,964
Others	517,802	70,525,116
	53,808,820	134,185,308
Net debt	2,146,790,944	2,105,468,515

As of June 30, 2005 and December 31, 2004 the non-current interest-bearing liabilities were as follows:

Amounts in €	30-06-2005	31-12-2004
Non-current		
Bond loans	524,518,848	30,130,324
Loans from financial institutions	1,250,442,960	1,825,022,125
Financial leases	7,240,481	7,619,436
Other loans	12,263,562	12,029,087
Expenses with bond loans issuance	(17,442,416)	(14,064,713)
	1,777,023,435	1,860,736,259

As of June 30, 2005 and December 31, 2004 the non-current bond loans were made up as follows:

Amounts in €	30-06-2005	31-12-2004
Bond loans		
Bond loan Portucel	500,000,000	-
Bond loan Semapa / 98	7,856,067	13,467,543
Bond loan CMP / 97	16,585,030	16,585,030
Other bond loans	77,751	77,751
	524,518,848	30,130,324

On March and May 2005 the subsidiary Portucel issued two bond loans through private subscription in the amounts of €300,000,000 and €200,000,000, which are repayable in a single instalment at maturity in March 2010 and May 2013, respectively. Both loans have semi-annual coupon interests at 6 month EURIBOR plus an agreed *spread*.

In March 1998 Semapa issued a bond loan through the issuance of 4,800,000 bonds with a nominal value of mEsc. 1 each, redeemable in 10 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 early redemption and the programmed 12th and 14th coupons, both of 20%, that occurred on March 9, 2004 and 2005, bond loan amounts to €13,467,543 (€7,856,067 classified as long-term), corresponding to 2,244,590,447 bonds, with a nominal value of €0.006 each.

The coupon interests are paid each semester and the reimbursement will occur: 25% in the 16th (September 2006) and 18th (September 2007) and 10% in the 20th and last coupon (September 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.

The “Bond loan CMP/ 97”, was issued by CMP on 14 July 1997 for mEsc9,500,000 (€47,385,800). The bonds were fully subscribed for and paid up upon subscription and consist of bearer type securities. Coupon interest is payable quarterly and the bonds are redeemable in tranches of 20% on the 24th and 28th dates of coupon payment, 25% on the 32nd and 36th dates of coupon payment and 10% along with the 40th coupon. Early redemption was possible at par on the date the 24th coupon payment in July 14, 2003, which did not occur. Early redemption can also be requested if Secil's investment in the Company falls below 51%.

As of June 30, 2005 and December 31, 2004 the current interest-bearing liabilities were as follows:

Amounts in €	30-06-2005	31-12-2004
Current		
Bond loans	17,457,926	16,811,248
Bank borrowings - short term	271,346,666	228,412,870
Bank borrowings - long term (reimbursements)	119,000,000	111,608,950
Financial leases	1,446,408	2,628,025
Other loans	14,325,329	19,456,471
	423,576,329	378,917,564

Medium and long-term bank loans and bond loans show the following maturity profile:

Amounts in €	30-06-2005	31-12-2004
1 to 2 years	172,399,241	694,749,451
2 to 3 years	129,053,461	263,455,884
3 to 4 years	551,657,756	108,984,199
4 to 5 years	435,647,624	561,056,971
More than 5 years	498,467,288	238,935,031
	1,787,225,370	1,867,181,536

As of June 30, 2005 and December 31, 2004, the Group's indebtedness under financial lease plans was as follows:

Amounts in €	30-06-2005	31-12-2004
Less than 1 year	1,446,408	2,628,025
1 to 2 years	1,906,238	1,829,285
2 to 3 years	1,413,660	1,651,062
3 to 4 years	934,224	922,890
4 to 5 years	665,881	665,870
More than 5 years	3,203,925	3,543,444
	9,570,335	11,240,577
Future interests	(883,446)	(993,116)
Present value of financial lease liabilities	8,686,889	10,247,461

32 Payables and other current liabilities

As of June 30, 2005 and December 31, 2004, the payables and other current liabilities heading showed the following breakdown:

Amounts in €	30-06-2005	31-12-2004
Accounts payable to suppliers	165,408,965	187,922,729
Accounts payable to suppliers of fixed assets	7,480,366	36,823,721
Derivative financial instruments	15,368,876	-
Other creditors	18,676,254	12,472,735
Accrued costs	49,912,871	45,444,498
Deferred income	32,264,786	22,328,300
	289,112,118	304,991,983

As of June 30, 2005 and December 31, 2004 the accrued costs and deferred income headings were made up as follows:

Amounts in €	30-06-2005	31-12-2004
Accrued costs		
Insurance claims	138,622	288,118
Payroll expenses	21,909,291	30,845,860
Interest payable	8,846,102	7,486,927
Power costs	5,902,256	615,699
Transportation services	1,242,936	230,891
Technical assistance services (Angola)	1,079,587	-
Shareholders	745,858	399,160
Other	10,048,219	5,577,843
	49,912,871	45,444,498
Deferred income		
Government grants	29,365,358	19,894,419
Insurance indemnities	1,750,000	1,750,000
Other	1,149,426	683,880
	32,264,784	22,328,299

33 Derivative financial instruments

To manage its interest risk on syndicated loans, Portucel subsidiary entered into an interest-rate swap and a cap in 2003, maturing on August 1, 2007.

To manage the exchange rate risk associated with collections from customers, on June 30, 2005 and with sales for the rest of 2005, the same subsidiary entered into forward rate agreements; these expire during the second half of 2005. To hedge against the risk associated with fluctuations in the prices of pulp for sales contemplated up to April, 2006, the Group entered into forward contracts that expire throughout that period.

Due to the accounting treatment of derivative financial Instruments that qualify as hedging instruments in accounting terms, as of June 30, 2005 an amount of €7,885,328, net of deferred taxes, is recorded in the fair value reserve.

As of June 30, 2005 and December 31, 2004, the fair value of derivative financial instruments showed the following breakdown:

Amounts in €	30-06-2005				31-12-2004
	Notional	Assets	Liabilities	Net	Net
Cash flow hedges					
Interest rate swaps (IRS)	150,000,000	-	(4,380,055)	(4,380,055)	(195,502)
Foreign exchange forwards (pulp sales)	147,287,463	-	(8,604,565)	(8,604,565)	-
Interest rate instruments (CAP's)	-	588,657	-	588,657	1,215,821
	297,287,463	588,657	(12,984,620)	(12,395,963)	1,020,318
Held for trading					
Interest rate instruments (CAP's)	150,000,000	-	(3,536)	(3,536)	1,252,155
Foreign exchange forwards (receivables)	69,050,758	-	(2,380,720)	(2,380,720)	549,130
	219,050,758	-	(2,384,256)	(2,384,256)	1,801,285
	516,338,221	588,657	(15,368,876)	(14,780,219)	2,821,603

As of June 30, 2005 the fair value of derivative financial instruments is included under the payables and current liabilities heading.

34 Balances and transactions with related parties

As of June 30, 2005 balances with related parties are made up as follows:

Amounts in €	Borrowings - current	
	30-06-2005	31-12-2004
Shareholders		
Cimo - Gestão de Participações, SGPS, SA	4,185,050	3,888,777
Longapar, SGPS, SA	2,720,049	2,026,737
Sonaca - Sociedade Nacional de Canalizações, SA	1,034,761	967,944
	7,939,860	6,883,458

Amounts in €	30-06-2005	
	Receivable balances current	Payable balances current
Group companies		
Sobioen - Soluções de Bioenergia, S.A.	-	32,756
Carcubos-Granitos, Lda	195,939	-
	195,939	32,756

Amounts in €	30-06-2005	
	Trade accounts receivable	Other debtors
Associates		
Betão Liz, S.A.	224,329	94,250
Cimentos Madeira, Lda	2,346,683	563
Cimentação - Cimentos dos Açores, Lda	3	108
Viroc Portugal - Indústria de Madeira e Cimento, S.A.	428,745	2,230,526
Secil Unicon - S.G.P.S., Lda	-	8,945
ICV - Inertes de Cabo Verde, Lda.	-	133,668
Chryso Portugal, S.A.	-	7,355
Astakos Domika Aluminouha	-	151,350
Secil Prebetão - Pré-Fabricados de Betão, S.A.	131,482	61,606
Hidroelétrica das Trutas, Lda.	-	12,679
Hidrolouredo - Hidroelétrica do Louredo, Lda.	-	17,179
Hidroelétrica da Mesa do Galo, Lda.	-	60,179
Entidade Produtora de Energia, S.L.	-	1,277
Parque Eólico da Penha da Gardunha, Lda.	-	2,190
Parque Eólico de Chiqueiro, Lda.	-	3,190
Hidroelétrica de Domelas, Lda.	-	4,190
Aproveitamento Hídrico Val Rovinhosa, Lda.	-	2,190
Parque Eólico de Zibreiro, Lda.	-	20,190
Eólica da Serra Amarela, Lda.	-	16,456
Hidroelétrica de Janeiro de Baixo, Lda.	-	7,383
Enerultra - Produção de Energia Eléctrica, Lda.	-	36,567
Ventos da Serra - Produção de Energia, Lda.	-	179
Parque Eólico de Arganil, Lda.	-	617
Parque Eólico de Gois, Lda.	-	160
	3,131,242	2,872,995

In the semester ending June 30, 2005 transactions with related companies were as follows:

Amounts in €	30-06-2005	
	Purchases of services	Financial expenses
Shareholders		
Cimianto - Gestão de Participações, SA (SC	53,870	-
Cimo - Gestão de Participações, SGPS, SA	-	78,773
Longapar, SGPS, SA	-	50,312
Sonaca - Sociedade Nacional de Canalizações	-	18,049
	53,870	147,134

Amounts in €	30-06-2005	
	Purchases of services	Services rendered
Group companies		
Sobioen - Soluções de Bioenergia, S.A.	61,737	12,000
	61,737	12,000

Amounts in €	30-06-2005			
	Purchases of services	Services rendered	Operating income	Financial expenses
Associates				
Betão Liz, S.A.	-	1,610,887	114,488	14,730
Cimentos Madeira, Lda	-	9,853,911	933	-
Cimentação - Cimentos dos Açores, Lda	-	399	108	-
Viroc Portugal, S.A.	-	509,773	789	24,083
Secil Unicon - S.G.P.S., Lda	-	-	2,520	-
Chryso Portugal, S.A.	1,115,937	-	-	-
Ecoresíduos, Lda	69,783	-	8,609	-
Secil Prebetão, S.A.	8,967	953,024	85,874	9,330
Cimentos de Siblino, S.A.L.	-	-	106,696	-
	1,194,687	12,927,994	320,017	48,143

35 Expenditure on environmental safeguards

In the development of its activity, the Group supports several environmental charges which, in accordance with their nature, are capitalised or recognised as costs in the income statement of the period.

Environmental expenses incurred by the Group in order to preserve resources or avoid or reduce future damages, are capitalised when they are expected to extend life or increase the capacity, safety or efficiency of other assets held by the Group.

The expenditures capitalized and expensed in first half 2005 are as follows:

Areas	Expenses of the period	Capitalised in the period	Total
Atmosphere emissions	1,000,081	11,389,658	12,389,739
Management of residual waters	5,346	69,329	74,675
Waste / residuals management	482,758	1,549,279	2,032,037
Protection of soils and underground waters	51,411	415,223	466,634
Recovery boiler	-	18,578,035	18,578,035
Liquid effluent treatment	2,814,146	-	2,814,146
Recycling of materials	310,432	-	310,432
Expenditures with electro filters	16,547	1,888,237	1,904,784
Sewage network	70,588	-	70,588
Solid waste embankment	120,119	-	120,119
Other environmental protection activities	361,884	11,026,900	11,388,784
	5,233,312	44,916,661	50,149,973

CO2 emission licenses

As part of the Kyoto Protocol, the European Union has committed itself to reduce gas emissions which produce the greenhouse effect.

Within this context, a Community Directive was issued that foresees the commercialization of "CO2 emissions' licenses". This Directive has now been transposed to the Portuguese legislation, with effect from January 1, 2005, impacting amongst other industries, the cement and paper industries. Group companies within cement segment and pulp and paper segment received 2,772,901 tones and 563,986 tones of CO2 equivalents, respectively.

The allocation of "CO2 Emission Rights" will be effected after this date, but in the event that the allocated amount will not be identical to the present emissions, the Company will incur in costs either having to acquire rights or via investment in equipment that reduces the emission of the gas, otherwise it will be subject to penalties.

The handing in of the "CO2 emission licenses", which will correspond to the actual emissions for the year, will take place in the beginning of the following year, with the figures presented by the companies, related to the actual emissions, requiring a certification by an independent entity.

36 Auditing and statutory auditing expenses

As of June 30, 2005 and 2004, costs incurred with auditors and statutory auditors were as follows:

Amounts in €	30-06-2005	30-06-2004
Statutory auditors services	259,489	208,996
Other assurance services	-	21,176
Tax consultancy services	121,530	52,335
Other services	59,366	11,420
	440,385	293,927

37 Average number of employees

As of June 30, 2005 the average number of employees in the service of the various Group companies was 4,385 (4,270 as of December 31, 2004).

38 Commitments

As of June 30, 2005 and December 31, 2004, commitments assumed by the Group were as follows:

Entity	30-06-2005	31-12-2004
DGT - Direcção Geral do Tesouro	50,000,000	50,000,000
IAPMEI (POE context)	17,427,186	17,685,102
DGCI - Direcção Geral dos Impostos	15,677,305	15,677,305
Vestas	13,005,292	13,005,292
EDP	4,376,272	4,189,930
Direcção Geral de Energia	2,023,558	3,319,808
Soporgen - borrowings	2,000,000	2,000,000
Câmara Municipal de Setúbal	964,904	956,275
Direcção Geral de Alfândegas	598,409	698,317
APDL - Associação do Porto de Lisboa	570,670	557,295
Simria	514,361	514,361
Administração dos Portos de Setúbal e Sesimbra	372,468	-
Instituto de Conservação da Natureza - Arrábida	332,005	332,005
IAPMEI (PEDIP context)	305,409	77,872
OMMP and Eifouladh	281,285	305,711
Soc. Empr. Alto Tâmega e Barroso, S.A.	250,000	250,000
IFADAP	201,744	201,744
INGA - Instituto Nacional de Garantia Agrícola	150,000	-
Others	730,857	866,691
	109,781,725	110,637,708

The subsidiary Seinpart – Participações SGPS, issued a bank guarantee, to the tax authorities (Direcção Geral do Tesouro), by €50,000,000, valid for five years and destined to cover the fulfillment of all the obligations assumed by this subsidiary, in accordance with the terms established in chapter IV of the "Term of references" approved by Resolution 194/2003 relative to the privatization of Portucel.

The amount of €15,677,305 corresponds to two guarantees issued to the tax authorities (Direcção Geral do Tesouro) for Soporcel in consequence of litigation initiated during the 2004 first half, in the context of the income tax incentive process, which had been taken into account in the acquisition of the second paper machine (see Note 11).

On May 3, 2000, Soporcel, a subsidiary, entered into a joint, but not several, guarantee with a financial institution under which Soporcel guarantees the full and timely compliance with all financial and monetary obligations to that institution assumed by Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. Accordingly, the institution can claim repayment of up to 8% of Soporgen's debt to it under that guarantee whenever it is enforced. As of December 31, 2003, the respective financing, in the amount of €25,000,000, had been drawn down in its entirety, Soporcel's guarantee thus standing at €2,000,000.

39 Other commitments assumed by Group companies

Discounted bills

As at June 30, 2005 the subgroup Secil has off-balance sheet commitments on discounted bills of €77,909.

Pledges

During the year ended December 31, 2004, the subsidiaries Semapa Inversiones S.L. and Semapa

Investments B.V. had contracted jointly with Semapa, SGPS, S.A., next to a banking union, a financing for the acquisition, through Seinpart -Participações, SGPS, S.A. and Semapa Investments B.V., of a 67.1% participation in the share capital of Portucel - Empresa Produtora de Pasta e Papel, S.A..

Within the scope of this finance arrangement, pledges were made of the shares and paid in capital held directly and indirectly by Semapa in the companies Semapa Inversiones, S.L., Semapa Investments B.V., Seinpart - Participações, SGPS, S.A., Portucel - Empresa Produtora de Pasta e Papel, S.A., CMP Investments B.V. and Enersis II, SGPS, S.A..

During the year 2000, the subsidiary Secil contracted bank loans with maturity in 2010 to finance the acquisition of Société des Ciments de Gabés, in Tunisia. Under the terms of those loans, the Company provided an irrevocable power of attorney to the banks, enabling them to pledge the shares of that company in guarantee of the loan, in the event of non-compliance by the Company with the terms of the loan.

In April 2005, the subsidiary Secil Martingança, Lda., contracted a loan with a financial institution with maturity in 2012, to finance the acquisition of subsidiaries IRP – Industrias de Rebocos de Portugal, S.A. and Lusocil – Sociedade Portuguesa de Cimento Cola, S.A.. Under the terms of those loans, the Company provided an irrevocable power of attorney to the banks, enabling them to pledge the shares of those companies in guarantee of the loan, in the event of non-compliance by the Company with the terms of the loan.

40 Contingent assets

The amount of €5,598,358 receivable from the Portuguese Government results from an actuarial study, made by a specialized independent entity of the liability for the employee benefits liability as of December 31, 1993, following the reprivatization process of CMP. As a result of the study, errors were detected. CMP's Management requested in 1996, that the Portuguese Government settle the above amount. An impairment of the same amount is recognised regarding this receivable.

Following the determination of the amount of the investment in the second paper machine of Soporcel, a difference of €2,453,785 arose between the amount of the fiscal incentive provisory deducted until fiscal year 2000 and the one which should have been deducted attending to the final amount of the investment made.

From 2002 this difference is being systematically adjusted in the deductions to be taken through 2007. As of June 30, 2005, the adjustment to be taken was €557,450 and the unused tax deduction amounts to €3,651,393, which was already reduced by the amount to be adjusted.

Secil has applied in 2000 for the Foreign Investment Tax Incentive foreseen in Decree-Law 401/99 dated October 14, under the process of the acquisition of Société des Ciments de Gabés. The Incentive consists

in a reduction of income tax of 10% of the Investment, for an overall amount of €5,985,575. This application, although approved by ICEP – Foreign Investment Agency was declined by the Tax authorities, but the Company appealed to court against this decision by claiming the amounts of taxes paid in excess in the years 2000 through 2003, which amount to €3,990,383 and €1,000,000 in respect to 2004. The judicial action began in Almada administrative tax court and a decision is expected still in 2005.

41 Translation rates

All assets and liabilities of foreign subsidiaries and associated companies are translated to Euros at the exchange rates prevailing at June 30, 2005. The income statement items are translated to € at the average exchange rates for the period. Differences resulting from the application of the above-mentioned exchange rates when compared to previous amounts were reflected in shareholder's equity in "Currency translation reserves" heading.

The exchange rates used as at June 30, 2005 and December 31, 2004 by comparison with the €, were as follows:

	30-06-2005	31-12-2004	Increase/ (Decrease)
TND (tunisian dinar)			
Average exchange rate for the period	1.6121	1.5478	(4.20%)
Exchange rate at the end of the period	1.5998	1.6279	1.73%
LBN (libanese pound)			
Average exchange rate for the period	1,953.49	1,871.11	(4.40%)
Exchange rate at the end of the period	1,826.79	2,012.86	9.24%
USD (americal dollar)			
Average exchange rate for the period	1.2847	-	-
Exchange rate at the end of the period	1.2165	1.3621	10.69%

42 Subsequent events

No relevant facts have occurred after June 30, 2005 which can have a material effect on the financial statements.

43 Consolidated companies

Name	Head Office	Percentage of capital held		
		Directly	Indirectly	Total
Parent company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon	-	-	-
Subsidiaries:				
Seminv, SGPS, S.A.	Lisbon	100.000	-	100.000
Cimenpar Investments, B.V.	Amesterdam	-	100.000	100.000
Cimentospar - Participações Sociais, SGPS, Lda.	Lisbon	-	100.000	100.000
Betopal, S.L.	Madrid	100.000	-	100.000
Seinpar Investments, B.V.	Amesterdam	100.000	-	100.000
Semapa Investments B.V.	Amesterdam	100.000	-	100.000
Semapa Inversiones S.L.	Madrid	100.000	-	100.000
Seinpart, SGPS, S.A.	Lisbon	51.000	49.000	100.000
CMP Investments, B.V.	Amesterdam	100.000	-	100.000

Subsidiary companies of subgroup Portucel

Name	Head Office	Percentage of share capital held by companies of the Group			Percentage of share capital effectively held by Semapa
		Directly	Indirectly	Total	
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	-	-	-	67.07
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	67.07
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	100.00	-	100.00	67.07
Portucel Pasta y Papel, SA	Spain	100.00	-	100.00	67.07
Soporcel España, SA	Spain	-	100.00	100.00	67.07
Soporcel International, BV	Netherlands	-	100.00	100.00	67.07
Soporcel France, EURL	France	-	100.00	100.00	67.07
Soporcel United Kingdom, Ltd	United Kingdom	-	100.00	100.00	67.07
Soporcel Italia, SRL	Italy	-	100.00	100.00	67.07
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	67.07
Soporcel North America Inc.	USA	-	100.00	100.00	67.07
Soporcel Deutschland, GmbH	Germany	-	100.00	100.00	67.07
Soporcel Handels, GmbH	Austria	-	100.00	100.00	67.07
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Lisbon	81.60	18.40	100.00	67.07
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Lisbon	50.00	50.00	100.00	67.07
Arboser – Serviços Agro-Industriais, SA	Setúbal	100.00	-	100.00	67.07
PortucelSoporcel Abastecimento - Empresa de Abastecimento, Logística e Comercialização de Madeiras, SA *	Setúbal	-	100.00	100.00	67.07
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Lisbon	-	100.00	100.00	67.07
Viveiros Aliança - Empresa Produtora de Plantas, SA	Lisbon	-	100.00	100.00	67.07
Aflomec - Empresa de Exploração Florestal, SA	Lisbon	-	100.00	100.00	67.07
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	67.07
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	100.00	-	100.00	67.07
Enerpulp – Cogeração Energética de Pasta, SA	Lisbon	100.00	-	100.00	67.07
Setipel – Serviços Técnicos para a Indústria Papeleira, SA	Lisbon	100.00	-	100.00	67.07
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	67.07
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	50.00	50.00	100.00	67.07
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50.00	50.00	100.00	67.07
MICEP - Manutenção Industrial de Celulose e Papel, ACE	Setúbal	-	40.00	40.00	26.83
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	33.53
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	94.00	-	94.00	63.04
Soporcel - Gestão de Participações Sociais, SGPS, SA	Figueira da Foz	-	100.00	100.00	67.07
Aflotrans - Empresa de Exploração Florestal, Lda	Figueira da Foz	-	100.00	100.00	67.07

* ex-Emporsil - Empresa Portuguesa de Silvicultura, Lda

Subsidiary companies of subgroup Secil

Name	Head Office	Percentage of share capital held by companies of the Group			Percentage of share capital effectively held by Semapa
		Directly	Indirectly	Total	
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	-	-	-	51.00
Subsidiaries:					
Parcim Investments, B.V.	Amsterdam	100.0000	-	100.0000	51.00
Secilpar, SL	Madrid	-	100.0000	100.0000	51.00
Hewbol, SGPS, Lda.	Funchal	-	100.0000	100.0000	51.00
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100.0000	-	100.0000	51.00
Somera Trading Inc.	Panama	-	100.0000	100.0000	51.00
Seciment Investments, B.V.	Amsterdam	100.0000	-	100.0000	51.00
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	Lisbon	58.4000	-	58.4000	29.78
Parsecil, SL	Madrid	100.0000	-	100.0000	51.00
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	100.0000	-	100.0000	51.00
Parseinges - Gestão de Investimentos, SGPS, S.A.	Lisbon	100.0000	-	100.0000	51.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.8700	90.8700	46.34
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	51.0000	51.0000	26.01
Société des Ciments de Gabés	Tunis	98.7183	-	98.7183	50.35
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.7183	98.7183	50.35
Zarzis Béton	Tunis	-	78.9746	78.9746	40.28
Phaistos, S.A.	Luxemburg	100.0000	-	100.0000	51.00
Silonor, S.A.	Dunkerque	-	100.0000	100.0000	51.00
Tercim- Terminais de Cimento, S.A.	Lisbon	100.0000	-	100.0000	51.00
Tecnosecil Investimentos e Participações, SARL	Luanda	100.0000	-	100.0000	51.00
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Setúbal	93.6600	-	93.6600	47.77
Secil Betão - Indústrias de Betão, S.A.	Setúbal	-	93.6600	93.6600	47.77
Britobetão - Central de Betão, Lda.	Évora	-	68.3718	68.3718	34.87
Sulbetão - Preparados de Betão, S.A.	Albufeira	-	93.6600	93.6600	47.77
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	93.6600	93.6600	47.77
Lisconcreto - Betão Pronto, S.A.	Leiria	-	93.6600	93.6600	47.77
Asfalbetão - Sociedade Industrial, Lda.	Torres Vedras	-	93.6600	93.6600	47.77
Betopal - Betões Preparados, S.A.	Lisbon	-	93.6600	93.6600	47.77
Secil Britas, S.A.	Penafiel	-	93.6600	93.6600	47.77
Pedreiral - Pedreiras de Almoester, S.A.	Santarém	-	93.6600	93.6600	47.77
ECOB - Empresas de Construção e Britas, S.A.	Albufeira	-	93.6600	93.6600	47.77
Jobritas - Industria Extractiva, S.A.	Lisbon	-	93.6600	93.6600	47.77
Almeida & Carvalhais, Lda.	Aveiro	-	93.6600	93.6600	47.77
Betalves- Betão Preparado, S.A.	Penafiel	-	93.6600	93.6600	47.77
Lisconcreto Unibetão, S.A.	Leiria	-	93.6600	93.6600	47.77
Betostrong - Indústrias de Betão, Lda.	Mafra	-	93.6600	93.6600	47.77
Camilo Lopez, Lda.	Alcochete	-	93.6600	93.6600	47.77
H.I.- Hotelaria e Imobiliária, S.A.	Albufeira	-	93.6600	93.6600	47.77
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	51.0000	0.1906	51.1906	26.11
Macmetal - Indústrias Metal-Mecânicas da Maceira, Lda.	Lisbon	-	51.1906	51.1906	26.11
IRP - Industria de Rebocos de Portugal, S.A.	Lisbon	-	51.1906	51.1906	26.11
Lusocil - Sociedade Portuguesa de Cimento Cola, S.A.	Lisbon	-	51.1906	51.1906	26.11
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	50.0000	50.0000	100.0000	51.00
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	100.0000	0.0000	100.0000	51.00
CMPartin - Invertiones y Participaciones Empresariales, S.L.	Madrid	-	100.0000	100.0000	51.00

Subsidiary companies of subgroup Enersis

Name	Head Office	Percentage of share capital held by companies of the Group			Percentage of share capital effectively held by Semapa
		Directly	Indirectly	Total	
Enersis II - Sociedade Gestora de Participações Sociais, S.A.	Lisbon	-	-	-	89.9200
Subsidiaries:					
Alto de Espinho - Energia Eólica, Unipessoal, Lda.	Lisbon	0.000	100.000	100.000	89.920
Alto Marão - Energia Eólica, Lda.	Porto	0.000	100.000	100.000	89.920
Comp. das Energias Renov. da Serra dos Candeeiros, Lda.	Rio Maior	0.064	99.936	100.000	89.920
CEO - Companhia da Energia Oceânica, SA	Alfândega da Sé	0.000	100.000	100.000	89.920
ECH - Exploração de Centrais Hidroeléctricas, S.A.	Ovadas	100.000	0.000	100.000	89.920
Eólica dos Candeeiros, Lda.	Alcobaça	0.000	100.000	100.000	89.920
Enerduero Zamorana, S.A.	Madrid	0.000	99.940	99.940	89.866
Enerflora - Produção de Energia Eléctrica, Lda.	Lisbon	0.000	90.000	90.000	80.928
Enerfuel - Produção de Biocombustíveis, Lda.	Lisbon	0.000	100.000	100.000	89.920
Enermais - Produção de Energia Eléctrica, Lda	Lisbon	19.952	80.048	100.000	89.920
Enerpro - Projectos de Energias Renováveis, Lda.	Lisbon	85.000	5.000	90.000	80.928
Enersis, SGPS, S.A.	Lisbon	100.000	0.000	100.000	89.920
Enervia - Sociedade de Produção de Energia, S.A	Lisbon	0.000	100.000	100.000	89.920
Entreventos - Energias Renováveis, S.A.	Coimbra	0.000	66.500	66.500	59.797
Fespect - Serviços de Consultoria, S.A.	Lisbon	0.000	92.000	92.000	82.726
Freita Eólica - Energia Eólica, Lda.	Albergaria da Serra	0.000	100.000	100.000	89.920
HE70 - Energias Renováveis Reunidas, SGPS, SA	Lisbon	100.000	0.000	100.000	89.920
Hidrocorgo - Hidroeléctrica do Corgo, S.A.	Vila Real	0.000	100.000	100.000	89.920
Hidroeléctrica da Barroca, Lda	Pampilhosa da Serra	0.000	90.000	90.000	80.928
Hidroeléctrica da Ribeira de Alforfa, S.A.	Covilhã	0.000	100.000	100.000	89.920
Hidroeléctrica de Fagilde, Lda.	Mangualde	0.000	100.000	100.000	89.920
Hidroeléctrica de Fraga, Unipessoal, Lda.	Lisbon	0.000	100.000	100.000	89.920
Hidroeléctrica de Penacova, Lda.	Penacova	0.000	100.000	100.000	89.920
Hidroeléctrica de Pinhel, Lda.	Matosinho	0.000	68.000	68.000	61.146
Hidroeléctrica do Rabaçal-Ponte, Lda.	Matosinho	0.000	68.000	68.000	61.146
Hidromarão - Sociedade Produtora de Energia, S.A.	Vila Real	0.000	100.000	100.000	89.920
Hidroólio-Hidroeléctrica do Ólo, Lda.	Amarante	0.000	75.000	75.000	67.440
Hidrotuela - Hidroeléctrica do Tuela, S.A.	Bragança	73.550	22.550	96.100	86.413
Minihídrica do Palhal, Lda.	Albergaria - a - Velha	100.000	0.000	100.000	89.920
Monte Agraço - Energias Alternativas, Lda	Lisbon	36.000	39.000	75.000	67.440
Oceanergia - Proj. de Produção de Energia das Ondas, Lda.	Lisbon	73.550	22.550	96.100	86.413
Parc Eolien Voi Bleriot Est, SAS	Paris	0.000	100.000	100.000	89.920
Parque Eólico da Cabeça Alta, Lda.	Pampilhosa da Serra	100.000	0.000	100.000	89.920
PECF - Parque Eólico de Chão Falcão, Lda.	Lisbon	0.065	99.928	99.993	89.914
Norteturbo - Energia Eléctrica, Lda.	Vila do Bispo	49.000	51.000	100.000	89.920
PEP - Parque Eólico da Polvoeira, Lda.	Lisbon	0.186	99.814	100.000	89.920
PESL - Parque Eólico da Serra do Larouco, S.A.	Montalegre	0.000	100.000	100.000	89.920
PESM - Parque Eólico da Serradas Meadas, Lda.	Magueija	0.000	100.000	100.000	89.920
PEVB Parque Eólico de Vila do Bispo, Lda.	Vila do Bispo	51.000	49.000	100.000	89.920
PESB - Parque Eólico da Serra de Bornes, S.A	Alfândega da Fé	1.178	95.098	96.276	86.571
PEL - Parque Eólico da Lousã, Lda.	Lousã	0.225	99.775	100.000	89.920
Parque Eólico do Trevim, Lda.	Lousã	0.000	100.000	100.000	89.920
Parque Eólico de Malhadas Gois, Lda	Góis	0.000	100.000	100.000	89.920
Parque de Pampilhosa da Serra, S.A.	Pampilhosa da Serra	0.000	49.500	49.500	44.510
Parque Eólico da Serra de Leomil, S.A.	Moimenta da Beira	0.000	100.000	100.000	89.920
Renewable Energy Systems Sistemas Energéticos, S.A.	Coimbra	0.000	49.500	49.500	44.510
Ribeira da Teja - Produção de Energia Eléctrica, Lda.	Vila Nova de Foz Côa	0.000	87.100	87.100	78.320
Telener Serviços de Telecomunicações, Lda.	Vila Real	0.000	95.000	95.000	85.424

44 Companies excluded from consolidation

Name	Head Office	Percentage of capital held by companies of the Group			Percentage of share capital effectively held by Semapa
		Directly	Indirectly	Total	
Secil Energia, Lda.	Setúbal	95.00	5.00	100.00	51.00
Secil Algérie, S.P.A.	Algérie	94.00	4.00	98.00	49.98
Sobioen- Soluções de Bioenergia, S.A.	Lisbon	-	51.00	51.00	26.01
Carcubos - Calcários, Lda.	Satão	-	93.66	93.66	47.77
Aproveitamento Hídrico Val Rovinhosa, Lda.	Pampilhosa da Serra	100.00	0.00	100.00	89.92
Entidad Productora de Energia, S.L.	Madrid	0.00	100.00	100.00	89.92
Eólica da Serra Amarela, Lda.	Viana do Castelo	0.00	100.00	100.00	89.92
Enersis France, SAS	Paris	0.00	100.00	100.00	89.92
Hidroeléctrica de Dornelas, Lda.	Pampilhosa da Serra	100.00	0.00	100.00	89.92
Hidroeléctrica de Janeiro de Baixo, Lda.	Lisbon	0.00	90.00	90.00	80.93
Hidroeléctrica das Trutas, Lda.	Bragança	0.00	56.00	56.00	50.36
Hidrolouredo - Hidroeléctrica do Louredo, Lda.	Ribeira de Pena	0.00	51.00	51.00	45.86
Hidroeléctrica Mesa do Galo, Lda.	Lisbon	71.00	29.00	100.00	89.92
Parc Eolien du Sainbois, SAS	Paris	0.00	100.00	100.00	89.92
Parque Eólico de Chiqueiro, Lda.	Pampilhosa da Serra	100.00	0.00	100.00	89.92
Parque Eólico da Penha da Gardunha, Lda.	Pampilhosa da Serra	100.00	0.00	100.00	89.92
Parque Eólico de Arganil, Lda.	Arganil	0.00	100.00	100.00	89.92
Parque Eólico de Gois, Lda.	Góis	0.00	100.00	100.00	89.92
Luzboa, S.A.	Brazil	0.00	85.00	85.00	76.43
Ventos da Serra - Produção de Energia, Lda.	Covilhã	0.00	100.00	100.00	89.92
Portucel International Trading, SA	Luxemburg	80.00	-	80.00	53.66
Portucel Brasil	Brazil	99.00	-	99.00	66.40

These companies were neither fully consolidated nor proportionally, because they are considered to be immaterial for a true and fair presentation of the financial position and results of the Group's operations.

45 Impact in 2004 financial statements resulting from transition to IFRS

Reconciliation of consolidated shareholders equity and net profit in 2004

Amounts in €	31-12-2004		
	Net profit for the period	Other capital headings	Total shareholders equity
Portuguese Gaap	182,073,722	202,350,976	384,424,698
Adjustment of realised gain in the sale of 49% of Secil	16,137,076	-	16,137,076
Current translation of fair value adjustments	(284,361)	(7,938,994)	(8,223,355)
Current translation of goodwill	(330,847)	(5,423,852)	(5,754,699)
Impact of the reversal of goodwill amortization	6,252,132	-	6,252,132
Change in amortization criteria	9,187,954	12,208,585	21,396,539
Gabés impairment	6,917,171	(17,031,707)	(10,114,536)
Deferred taxes impairment	(4,353,001)	-	(4,353,001)
Gratifications over 2004 profit	(9,100,000)	-	(9,100,000)
Cimpor realised gain	(21,797,108)	21,797,108	-
Fair value of financial instruments	-	(857,185)	(857,185)
Other adjustments	822,835	(4,487,071)	(3,664,236)
IFRS	185,525,574	200,617,860	386,143,434

Reconciliation of consolidated shareholders equity and net profit for the six-month period ended June 30, 2004

Amounts in €	30-06-2004		
	Net profit for the period	Other capital headings	Total shareholders equity
Portuguese Gaap	154,652,767	223,953,726	378,606,493
Adjustment of realised gain in the sale of 49% of Secil	16,137,076	-	16,137,076
Current translation of fair value adjustments	-	(17,420,510)	(17,420,510)
Current translation of goodwill	-	(12,265,028)	(12,265,028)
Impact of the reversal of goodwill amortization	10,752,824	-	10,752,824
Change in amortization criteria	8,435,368	12,208,585	20,643,953
Deferred taxes impairment	(4,353,001)	(17,031,707)	(21,384,708)
Gratifications over 2004 profit	(7,869,255)	-	(7,869,255)
Put over Portucel shares	(17,836,700)	-	(17,836,700)
Cimpor realised gain	(21,797,108)	21,797,108	-
Other adjustments	(1,753,637)	(3,606,706)	(5,360,343)
IFRS	136,368,335	207,635,468	344,003,803

Options made on transition to IFRS

Business combinations

Semapa Group chose not to restate Business Combinations made prior to the date of transition to IFRS (January 1, 2004), so changes were made to the net book value of the assets and liabilities identified at acquisition date and presented at fair value, neither to the excess of the cost of acquisition over that fair value (goodwill), except for those resulting from application of IAS 36 – Impairment of Non Current Assets and [IAS 21 – The Effects of Change in Foreign Exchange Rates].

Fair value or restated cost as deemed cost

Semapa Group chose to continue to report intangible and tangible fixed assets at restated acquisition cost in accordance with accounting principles generally accepted in Portugal, which will be its “deemed cost” or future amortized cost, declining the possibility of restating this assets at fair value in IFRS on transition date, with the resulting increase on shareholder's equity.

Employee benefits

The Group decided not to adopt the “corridor” approach, under which only are recognised in the income statement actuarial gains or losses in excess of 10% of the highest of the obligations or the related assets. Accordingly, in order to determine the fair value of assets and liabilities acquired and the generated goodwill on Portucel's acquisition, the Portucel/Soporcel procedure was harmonized with the Semapa one; the accumulated actuarial losses not recognised in the income statement were cancelled.

Cumulative translation differences

The amount of the accumulated currency translation reserve was transferred to retained earnings at transition date, after the conversion to the closing exchange rate of goodwill and fair value adjustments over assets and liabilities of foreign exchange subsidiaries acquired in business combinations. This decision does not have, however, any effect on the reported shareholder's equity.

IAS 32 and IAS 39 application

In accordance with the exemption foreseen in IFRS 1, the adoption of the IAS mentioned above could have been delayed to the year beginning as at January 1, 2005, with no need to present comparatives.

This exemption was not used by Semapa Group, which applied IAS 32 and IAS 39 with effects from January 1, 2004. The main effects of this adoption are the measurement at fair value of available-for-sale financial assets and derivative financial instruments (related to hedge of interest and exchange rates) and the use of effective interest method in financial liabilities.

The remaining exemptions permitted by IFRS 1, namely the ones related to compound financial instruments, subsidiaries assets and liabilities, associates and joint ventures, the designation of financial instruments previously recognised, payment transactions based in shares and insurance contracts, were not applicable to Semapa Group on the date of transition.

Impacts on transition (January 1, 2004)

In compliance with the regulations of the Portuguese Stock Market Commission (CMVM) and the European Commission of Negotiable Securities Regulators that relate to data required on the process of transition to the International Financial Reporting Standards (IFRS or IAS), the Group identified the main differences in the accounting treatment under accounting principles generally accepted in Portugal (POC) and those of the IFRS adopted in 2005. These differences are summarized as follows:

Fair value of trading investments/ Derivative instruments

Participations in companies (essentially Cimpor) where Semapa Group does not have (or had, if already sold) control were classified as trading investments and accounted for at fair value (market value even if higher than acquisition cost), with a positive impact in

shareholder's equity, since they were registered at minimum of acquisition cost or market value.

Additionally, in the opening balance sheet derivative financial instruments used to hedge interest and exchange rates risk, were registered at fair value against fair value reserve in shareholders equity.

Method of depreciation of tangible assets

The declining basis method applied up to the transition date for some tangible assets categories was then analysed, being adopted the duodecimal straight-line basis method.

Derecognition of assets and liabilities

Some of the assets and liabilities recorded in the financial statements prepared in accordance with local accounting principles do not qualify as such in accordance with IFRS, namely intangible assets as incorporation expenses and research and development expenses, deferred costs such as maintenance costs and borrowing costs, as well as "negative goodwill" recognised previously under deferred income caption. These should be recognised in the income statement as they occur or deducted to the components of shareholders equity and liabilities to which they are associated with.

Consolidation of excluded companies

The IFRS, by opposition to national standards, do not allow exclusion of consolidation of controlled companies based on different activities (Enersis, with relevant impacts in consolidated assets and liabilities increase) or when restrictions prejudice the ability to transfer funds to Semapa Group (Tecnosecil in Angola). Therefore, the two companies were included by the integral consolidation method by reference to the transition date to IFRS.

Exchange differences in goodwill and fair value of foreign subsidiaries

In accordance with IAS 21 – The effects of changes in foreign exchange rates, goodwill and fair value adjustments of assets and liabilities acquired as a result of business combinations over foreign subsidiaries, must be treated as assets belonging to the acquired company and expressed in the respective local currency and therefore translated to euros at each reporting date. The correspondent differences are reflected in the shareholders equity.

Gratifications

Gratifications approved by the shareholders on the annual general meeting are presented as deductions to the shareholders equity in the following year to which the services were rendered by Board of Directors and companies' employees. According with IFRS the referred costs must be recognised in the year they refer to, through a provision.

Discontinuity of goodwill depreciation and impairment losses

In accordance with IFRS 3, goodwill resulting from business combinations is no longer subject to linear amortization as foreseen in local standards, being tested annually for impairment, or whenever impairment losses may be probable.

Restatement of gains on sale of financial investments

As a result of the above mentioned differences, shareholders equity at date of financial investments sale would be lower than the Portuguese gaap amount, so a positive adjustment was made to the realised gain.

Minority interests

In IFRS financial statements minority interests are considered a component of equity, different from local standards where minority interests are considered as an intermediate category between equity and liabilities.

46 Note added for translation

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

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 Mendonça e Meneses
Member

Gonçalo Allen Serras Pereira
Member

Francisco José de Melo e Castro Guedes
Member

Luis Manuel Pego Todo Bom
Member

**Limited Review Report Prepared by an Auditor Registered
in the Securities Market Commission (CMVM)
of the Consolidated Half Year Information
(Free translation from the original in Portuguese)**

Introduction

1 For the purpose of article 246 of the Securities Market Code (Código dos Valores Mobiliários), we hereby present our limited review report on the consolidated financial information for the six-month period ended June 30, 2005 of Semapa – Sociedade de Investimento e Gestão, SGPS, SA included in: the Management Report, consolidated balance sheet, (which shows a total of €3,861,107,287 and equity of €914,550,427, including a net profit of €20,930,045), consolidated income statement and consolidated cash flow statement for the six-month period then ended and the corresponding notes to the accounts.

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

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present truly and fairly the financial position of the companies included in the consolidation and the consolidated results of its operations; (b) to prepare historical financial information in accordance with International Financial Reporting Standards that is complete, true, timeliness, clear, objective and licit as required by the Securities Market Code; (c) to adopt adequate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant facts that have influenced the operations, financial position or results.

4 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, and to issue a professional and independent report based on our work.

Semapa – Sociedade de Investimento e Gestão, SGPS, SA

Scope

5 Our work was performed with the objective of obtaining moderate assurance as to whether the financial information referred to above is free of material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Portuguese Institute of Statutory Auditors, planned according to that objective, and consisted: (a) primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted taking into account the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the consolidated financial statements; and (v) as to whether the consolidated financial information is complete, true, timeliness, clear, objective and licit; and (b) in substantive tests to the unusual significant transactions.

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

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

Conclusion

8 Based on the work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the six-month period ended June 30, 2005 is not free of material misstatements that affect its conformity with the International Financial Reporting Standards endorsed by the European Union and the information contained therein is not complete, true, timeliness, clear, objective and licit.

Lisbon, September 28, 2005

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

Abdul Nasser Abdul Sattar, R.O.C.