



DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

1st Half 2008

Semapa – Sociedade de Investimento e Gestão, SGPS, SA. Public Limited Company

Av. Fontes Pereira de Melo, 14 – 10º 1050-121 Lisboa · Tel. (351) 213 184 700 · Fax (351) 213 521 748

Lisbon Companies Registry and Corporate Person no. 502 593 130 · Share Capital 118.332.445 Euros

Directors' Report

CONTENTS

1 ECONOMIC BACKGROUND	2
2 OVERVIEW OF SEMAPA GROUP OPERATIONS	3
3 PRINCIPAL DEVELOPMENTS	9
4 PAPER AND PAPER PULP - PORTUCEL SOPORCEL	10
4.1 Leading Business Indicators	10
4.2 Leading Operating Indicators	10
4.3 Business Overview	11
4.4 Industrial Operations	14
4.5 Resources and Back-up	15
5 CEMENT AND DERIVATIVES – SECIL	18
5.1 Leading Business Indicators	18
5.2 Leading Operating Indicators	19
5.3 Business Overview	19
6 SEMAPA GROUP HUMAN RESOURCES	23
7 SEMAPA GROUP: FINANCIAL	24
7.1 Borrowing	24
7.2 Risk Management	24
7.3 Pensions and other post-employment benefits	26
7.4 Listed share prices	26
7.5 Dividends	26
7.6 Net Profit for the First Half of 2008	27
8 PROSPECTS FOR THE SECOND HALF OF 2008	27

1 Economic Background

In the first half of 2008 the world economy continued primarily to cool, combined with inflationary pressures driven by the upward surge in commodity prices, notably for oil and foodstuffs. The impact of this combination has been felt in, amongst other things, diminishing household spending power, narrower business margins and more restrictive monetary policies.

The situation in the financial sector also worsened, with the continuing fallout from the subprime crisis. Access to the credit markets has become more difficult for business borrowers, in terms of both quantities and pricing, as the spreads in the financial system have worsened.

In the wake of the collapse in March of the US investment bank, Bear Stearns, the central banks intervened vigorously in order to improve liquidity in the financial system. This made it possible to contain the tendency for banks to offload their assets, the sharp slide in asset prices and further episodes of insolvency.

After a period of strong economic growth, the emerging economies are currently faced with rising inflation, especially in Asia. The impact of rising commodities prices has been harder for these economies than for the larger world economies (the US, the Euro Zone and Japan), as foodstuffs represent a higher proportion of the price index in these regions, and energy efficiency is generally lower. Although these economies continue to enjoy vigorous growth, some signs of a slowdown are discernable.

In the United States, the Federal Reserve has held its interest rate at 2%, whilst business indicators have worsened, especially for the property market, with deteriorating jobless and business confidence figures.

At its July meeting the ECB increased its leading rate by 0.25% to 4.25%. This was the first rise in more than a year and was justified by the gathering pace of inflation in the Euro zone, which in June reached 4%, as well as by the increase in inflationary risks resulting from the sustained rise in raw material prices and accelerating salary growth.

Figures available for the first half of 2008 show that the Portuguese economy has failed to sustain the gradual recovery experienced as a result of better export performance from 2006 onwards and appreciable growth in capital expenditure in 2007. The downwards revision of estimates for GDP growth in 2008 and 2009 reflects a significantly less favourable international climate with a downturn in net external demand.

2 Overview of Semapa Group Operations

In a hostile economic environment, Semapa's turnover for the first half of 2008 was up by 6% on the same period in the previous year, at 746.1 million euros.

Total EBITDA recorded at the end of the first half stood at 185.1 million euros, representing a fall of 20% on the first half of 2007.

The drop in EBITDA was due essentially to two factors: i) in the first half of 2007, Semapa realized a gain of 25.6 million euros on the disposal of shares in EDP, not repeated in the first half of 2008, and ii) Portucel's EBITDA was down by 15% on the first half of 2007, due to the sharp cost rises for certain factors of production, most particularly for timber. The growth in EBITDA recorded by Secil was not sufficient to offset these two negative factors.

Net profits attributable to Semapa equity holders stood at a total of 55.7 million euros, down by 22% on the same period in 2007. This decline was due essentially to the capital gain recorded in the first half of the previous year, as referred to above. The contribution made by Portucel's net profits was in line with that recorded in the first half of 2007, whilst those of Secil were up on the same period.

The increase of 42.4 million euros in net debt in relation to year-end 2007 reflects the growing pace of capital expenditure projects within the Group, notably the new paper mill in Setúbal.

Leading Business Indicators (IFRS)

(million euros)			
	Accrued June-08	Accrued June-07	% Var. 08/07
Sales	746,1	702,7	6%
Other income	31,7	38,9	-18%
Costs and losses	(592,7)	(510,0)	-16%
Total EBITDA	185,1	231,6	-20%
Recurrent EBITDA	181,2	205,7	-12%
Depreciation and impairment losses	(65,6)	(65,1)	-1%
Provisions (increases and reversals)	0,0	(10,7)	100%
EBIT	119,5	155,7	-23%
Net financial profit	(27,6)	(26,8)	-3%
Pre-tax profit	91,9	129,0	-29%
Tax on profits	(18,4)	(36,9)	50%
Retained profits for the period	73,5	92,0	-20%
Attributable to Semapa equity holders	55,7	71,5	-22%
Attributable to minority interests	17,7	20,5	-14%
Cash flow	139,1	167,9	-17%
EBITDA margin (% Sales)	24,8%	33,0%	-25%
Recurrent EBITDA margin (% Sales)	24,3%	29,3%	-17%
	30-06-2008	31-12-2007	
Total net assets	3.263,9	3.257,1	0%
Equity (before MI)	764,2	745,8	2%
Net debt	930,2	887,9	5%

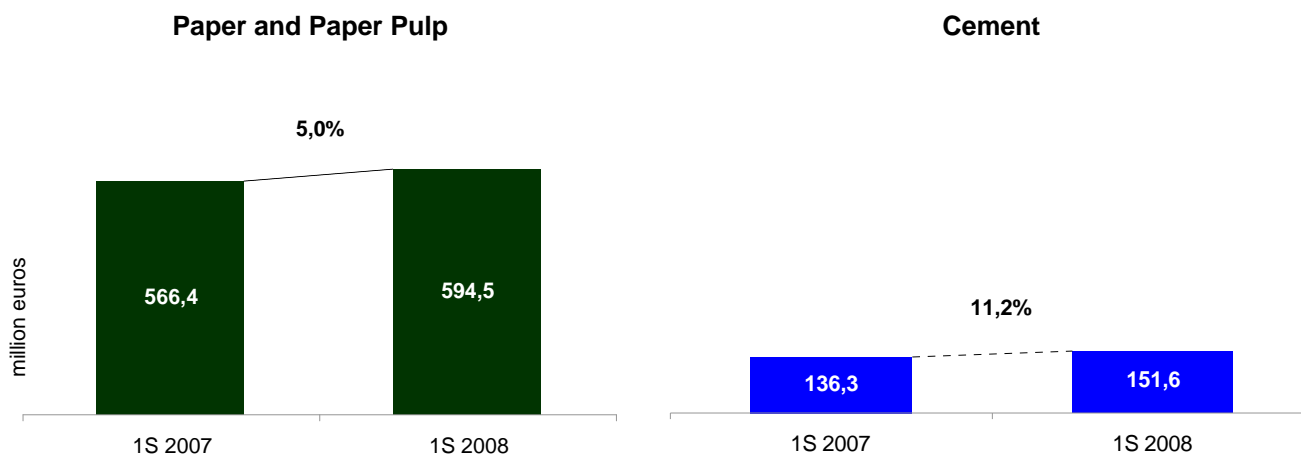
Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions
- Cash flow = retained earnings + depreciation and impairment losses + provisions – reversal of provisions

- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents

Consolidated Sales: 746.1 million euros

Consolidated sales grew by 6% over the same period in the previous period, thanks to the following successful results:



- **Papel e Pasta - Grupo PORTUCEL SOPORCEL**

The Portucel Soporcel recorded growth in sales of 5% over the 1st half of 2007. Paper represented 70% of turnover, and pulp 22%, with energy sales accounting for most of the remaining 8%.

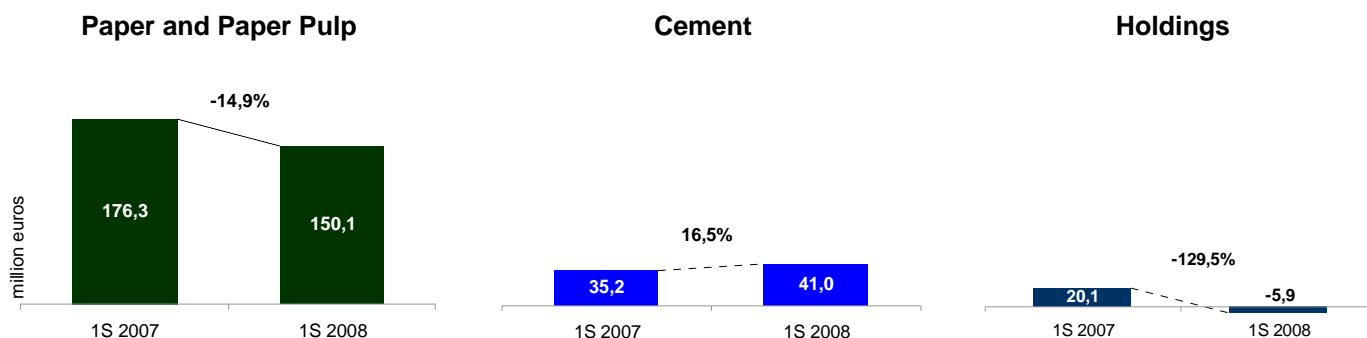
Growth in the volume of paper sales was moderate, at 0.5%, with total sales of 523 thousand tons, whilst prices rose by 2.4% over the same period in the previous year.

Pulp sales were up by 5.2% in volume, to 284.3 thousand tons, whilst sales prices in euros performed well in comparison with the same period in 2007, rising by 5.5%.

- **Cement – SECIL Group**

The Secil Group contributed 151.6 million euros, representing an increase of 11.2% over the first half of 2007. This positive performance was due essentially to the strong contribution from the Group's cement business in Portugal, with increases in both quantities sold and prices. The Group also recorded good performance in its cement business in Tunisia, Angola and Lebanon.

Total Consolidated EBITDA: 185.1 million euros



- Paper and Paper Pulp (PORTUCEL SOPORCEL Group)**

Total accrued EBITDA stood at 150.1 million euros, down by 14.9%, due to sharp rises in the cost of certain factors of production, notably timber, exacerbated by the need for imports in order to restore appropriate stock levels, given the instability of supply, with the corresponding knock-on effect on the cost of transport.

Soaring commodities prices also led to higher costs for both the main chemicals used and in logistics.

Staff costs also rose over the period, although the increase is less marked when non-current and contingent items are eliminated. It should be noted that staff costs are not comparable with the previous period, as the Group has started insourcing work which it previously subcontracted.

The Group has made structural gains in productivity, at the same time as improving energy and production efficiency at all its plants, which will be important during a period of strong pressure on production costs.

- Cement – SECIL Group**

Total accrued EBITDA contributed 41 million euros, representing growth of 16.5% over the 1st half of 2007, thanks in large part to cement business in Portugal, where the Group recorded an increase in turnover.

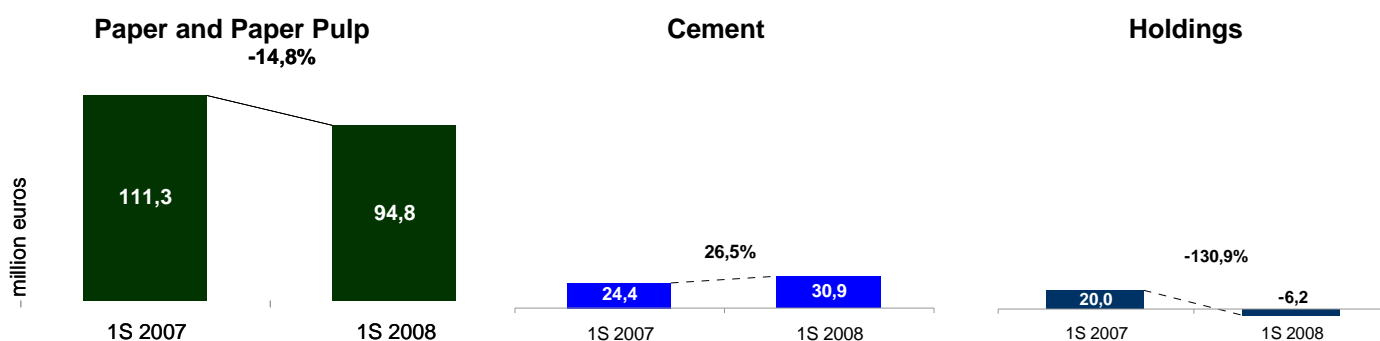
- Holdings - Semapa SGPS and instrumental sub-holdings**

The holding companies were responsible for a negative contribution of 5.9 million euros, comparing unfavourably with the figure of 20.1 million euros in the first half of the previous year, which had included the capital gain on the disposal of shares in EDP, with a total value of 25.6 million euros.

Consolidated EBITDA Margin: 24.8%

- Paper and paper pulp:** the margin of 25.2% was down on the margin of 31.1% recorded in the 1st half of 2007.
- Cement:** the EBITDA margin of 27.1% represented an improvement of 1.2 percentage points on the same period in the previous year.

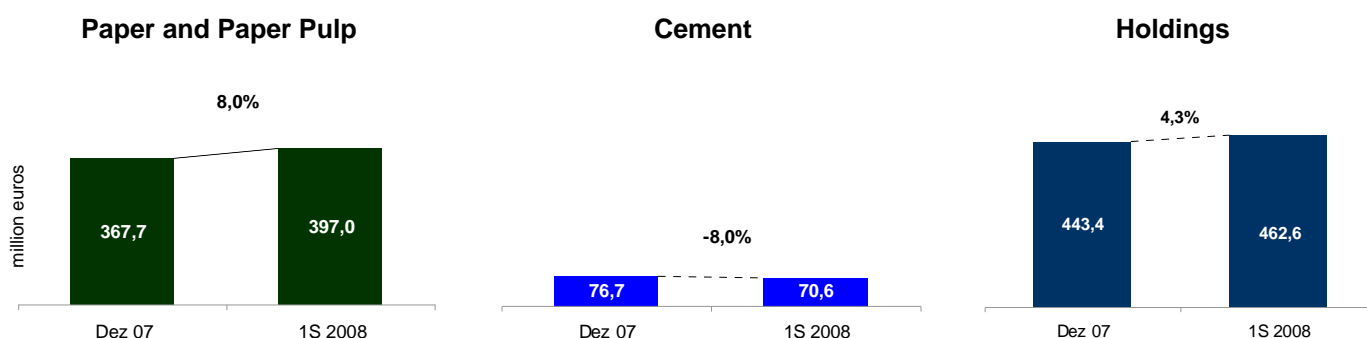
Consolidated EBIT: 119.5 million euros



- **Paper and paper pulp:** a contribution of 94.8 million euros, representing a fall of 14.8% from the same period in 2007.
- **Cement:** this segment's contribution improved by 26.5% over the first half of 2007, at a total of 30.9 million euros.
- **Holdings:** EBIT stood at -6.2 million euros.

Consolidated Net Debt: 930.2 million euros

The SEMAPA Group's net debt increased slightly (by 42.4 million euros compared with year-end 2007), reflecting the faster pace of capital expenditure within the Group.



- **Paper and Paper Pulp:** net debt increased by 29.3 million euros in relation to year-end 2007, standing at 397 million euros. Considering that Portucel distributed dividends during the first half of 2008 with a value of 26.9 million euros and invested 105.8 million euros in fixed assets, the current level of indebtedness reflects the Group's excellent capacity to generate cash flow.
- **Cement:** contributed 70.6 million euros to total net debt, representing a reduction of 6.2 million euros in relation to 31 December 2007. This positive performance also reflects Secil's capacity to general cash flow, considering that during the first half of 2008 it proceeded with capital expenditure totalling 18.6 million euros and distributed dividends of 18 million euros for the financial year of 2007.
- **Holdings:** at the end of the first half of 2008 net debt stood at 462.6 million euros, up by 19.2 million euros on year-end 2007. This increase in net debt was due to (i) dividends paid by Semapa SGPS, (ii) financial charges and overheads borne by Semapa SGPS and (iii) the increase of 0.2% in the holding in Portucel.

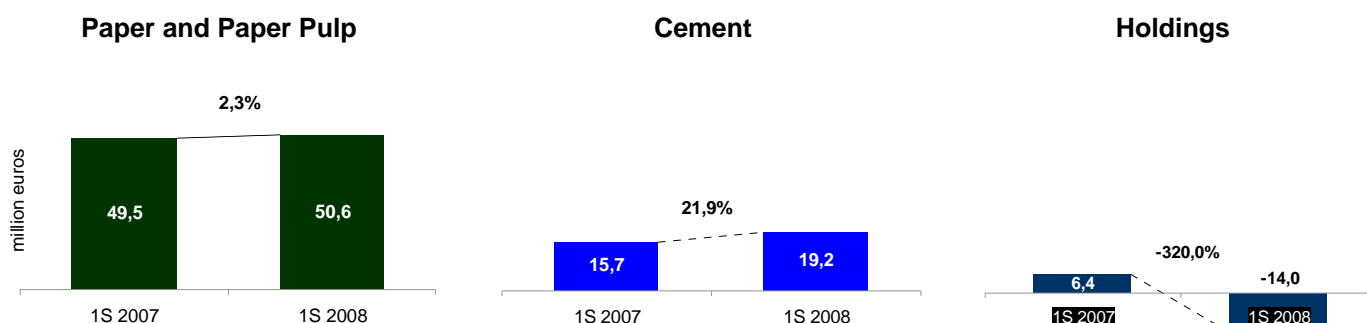
Financial results: -27.6 million euros

- **Paper and Paper Pulp:** financial profits improved by 21.3% on the same period in 2007, with Portucel Soporcel making a contribution of -10.7 million euros to financial results.

This improvement was due essentially to the reduction in net debt, enabling the Group to offset the effect of rising interest rates. The positive evolution in this item was also achieved thanks to a number of forex and interest rate hedges contracted by the Group.

- **Cement:** Secil's contribution stood at -3.0 million euros, up by 0.6 million from the figure recorded in the first half of 2007.
- **Holdings:** a financial loss of 13.9 million euros, approximately 3.2 million euros greater than that in the same period of the previous year, explained by the average increase in net debt and rising interest rates over the period.

Consolidated Net Profits: 55.7 million euros



Consolidated net profit before minority interests stood at 73.5 million euros, of which 55.7 million euros is attributable to Semapa equity holders, representing a decrease of 22% on the figure recorded in the same period in 2007.

- **Paper and Paper Pulp:** contribution of **50.6 million euros**, as compared with 49.5 million euros recorded in the first half of 2007. Portucel's contribution to the consolidated net profits of the Semapa Group was in line with that made in the first half of 2007 thanks to an increase of 4.18% in Semapa's holding in the company in comparison with the same period in the previous year, and to an improvement in financial results and a reduction in Portucel's taxes in relation to the 1st half of 2007.
- **Cement:** Secil's contribution stood at **19.2 million euros**, up by 22% on the figure recorded in the first half of 2007, due essentially to the increase in EBITDA.
- **Holdings:** made a contribution of – **14.0 million euros**, as compared with 6.4 million euros in the same period of 2007. This reduction was due to the non-recurrent gain recorded in the first half of 2007 on the disposal of shares in EDP.

Segment Reporting

(million euros)

	Paper and pulp	Cement	Holdings	Consolidated
Sales	594,5	151,6	0,1	746,1
Total EBITDA	150,1	41,0	(5,9)	185,1
Recurrent EBITDA	149,2	40,9	(8,9)	181,2
Depreciation and impairment losses	(55,3)	(10,3)	(0,1)	(65,6)
Provisions (increases and reversals)	(0,0)	0,2	(0,2)	0,0
EBIT	94,8	30,9	(6,2)	119,5
Net financial profit	(10,7)	(3,0)	(13,9)	(27,6)
Pre-tax profit	84,1	27,9	(20,1)	91,9
Tax on profits	(17,4)	(7,2)	6,1	(18,4)
Retained profits for the period	66,8	20,7	(14,0)	73,5
Attributable to Semapa equity holders	50,6	19,2	(14,0)	55,7
Attributable to minority interests	16,1	1,6	-	17,7
Cash flow	122,0	30,8	(13,8)	139,1
EBITDA margin (% turnover)	25,2%	27,1%	-	24,8%
EBIT margin (% turnover)	15,9%	20,4%	-	16,0%
Total net assets	2.522,6	506,5	234,7	3.263,9
Net debt	397,0	70,6	462,6	930,2

NB: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments

3 Principal Developments

Holdings – Semapa SGPS and instrumental sub-holdings

- Semapa paid a dividend of 25.5 cents per share, on 9 April, corresponding to a total of 29.5 million euros.
- In the course of the first half of 2008, Semapa increased its direct holding in Portucel by 0.2%, by purchasing 1,500,000 shares for a total of 3.2 million euros in a stock Exchange operation.
- In June, the Semapa Group, acting through Verdeoculto, its holding company for the environmental sector, signed an agreement to acquire the ETSA Group, which offers and comprehensive and environmentally sustainable solution for the waste management market. This transaction constitutes a first step towards setting up an environmental business sector within the Semapa Group. The transaction is expected to be concluded in the course of the second half of 2007 for an equity value, including shareholder loan capital, of 47.9 million euros. This figure may be adjusted depending on the findings of the due diligence process currently underway. In the meantime, the acquisition has already been approved by the Competition Authority.

Paper and Paper Pulp - PORTUCEL SOPORCEL Group

- Portucel paid a dividend of 3.5 cents per share, on 8 April, corresponding to a total of 26.9 million euros.
- Investment in fixed assets during the first half of 2008 stood at 105.8 million euros, due to the gathering pace of disbursements on the capex projects currently underway, including notably the new paper mill in Setúbal.
- In the course of the first half of 2008, Portucel acquired 6,911,220 own shares, for an acquisition cost of 13.8 million euros.

Cement and Derivatives – SECIL Group

- Secil paid a dividend of 38 cents per share, on 4 April, corresponding to a total of 18.0 million euros.
- In January 2008 co-incineration of hazardous industrial waste resumed at Secil's Outão plant, in the light of the decision of the Supreme Administrative Court of 14 January, revoking the previous decision handed down in the injunction proceedings.
- Secil acquired an additional holding of 7.5% in Secil Prebetão, giving it a total holding of 50%.

4 Paper and Paper Pulp - PORTUCEL SOPORCEL

4.1 Leading Business Indicators

(million euros)

	Accrued 1 st Half 2008	Accrued 1 st Half 2007	% Var. 08/07
Sales	594,5	566,4	5%
Other income	12,1	10,5	16%
Costs and losses	(456,6)	(400,6)	(14%)
Total EBITDA	150,1	176,3	(15%)
Recurrent EBITDA	149,2	176,3	(15%)
Depreciation and impairment losses	(55,3)	(54,3)	(2%)
Provisions (increases and reversals)	(0,0)	(10,6)	100%
EBIT	94,8	111,3	(15%)
Net financial profit	(10,7)	(13,6)	21%
Pre-tax profit	84,1	97,7	(14%)
Tax on profits	(17,4)	(28,8)	40%
Retained profits for the period	66,8	68,9	(3%)
Attributable to Portucel shareholders*	66,8	68,9	(3%)
Attributable to minority interests	(0,0)	0,0	(433%)
Cash flow	122,0	133,9	(9%)
EBITDA margin (%)	25,2%	31,1%	(19%)
EBIT margin (%)	15,9%	19,7%	(19%)
	30.06.2008	31.12.2007	
Net total assets	2.522,6	2.521,6	0%
Equity (before MI)	1.142,5	1.122,4	2%
Net debt	397,0	367,7	8%
<i>* of which 76.08% is attributable to Semapa</i>			

NB: The figures stated above may differ from the individual figures presented by the Portucel Soporcel Group, due to consolidation adjustments effected within the holding company, Semapa.

4.2 Leading Operating Indicators

	Unit	Accrued 1 st Half 2008	Accrued 1 st Half 2007	% Var. 08/07
Output				
UWF paper	1 000 t	521,9	522,4	-0,1%
Bleached eucalyptus pulp (BEKP)	1 000 t	683,6	664,8	2,8%
Sales				
UWF paper	1 000 t	523,0	520,5	0,5%
Bleached eucalyptus pulp (BEKP)	1 000 t	284,3	270,2	5,2%
Average sales prices				
Paper	2007=100	102,4	100,0	2,4%
Pulp	2007=100	105,5	100,0	5,5%

4.3 Business Overview

4.3.1 Paper

Market

With the continued cooling over the first half of the European and US economies, which represent the main markets in which the Portucel Soporcel Group operates, overall demand for UWF paper contracted in both markets.

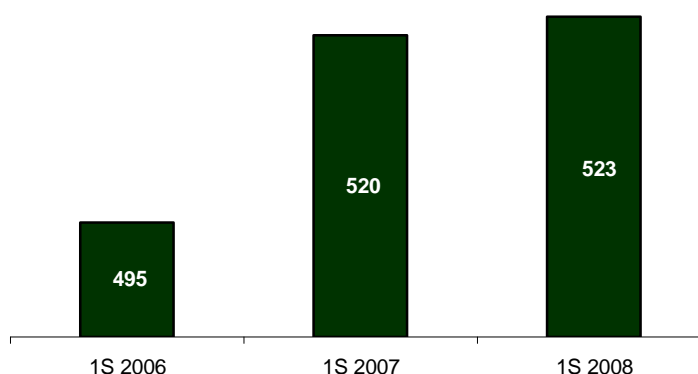
As a result, Europe continued to experience a reduction in production capacity in this sector, with less efficient mills being closed down, cutting capacity in the first half of 2008 by approximately 250,000 tons in relation to the same period in the previous year. Despite declining demand in Europe and shrinking exports by European producers, resulting in a reduction in their total sales, the European industry has managed to achieve occupancy rates of approximately 95%.

The USA has experienced similar trends, with a decline in demand and a concomitant further reduction in capacity, with occupancy rates in the industry standing at 93%, in line with the figures recorded in the first half of 2007.

Performance

The Portucel Soporcel Group recorded total paper sales in the first half of 2008 of 523 thousand tons, up by 0.5% on the same period in the previous year, corresponding to growth of 2.5 thousand tons. This increase in sales was achieved thanks to an improved mix in the group's paper sales, with rising sales of premium products, especially in the European market, despite the adverse economic climate.

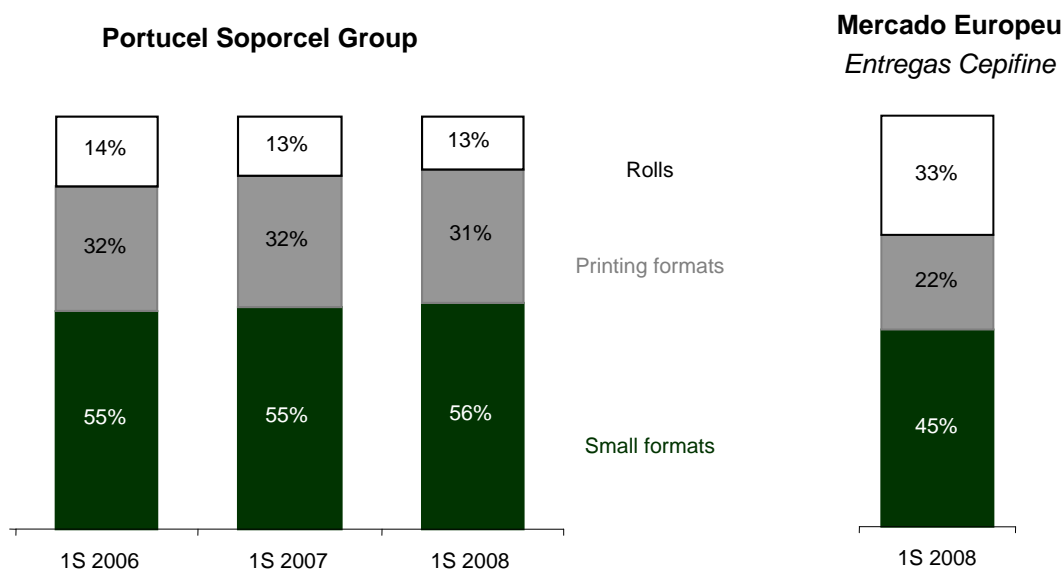
Total first half sales (000 tons)



The Group also recorded an improvement in terms of sales per format, with an increase of 5 thousand tons in sheet products, with sales of rolls down by 2.5 thousand tons.

These figures consolidate the trends observed in previous years, and compare very favourably with the structure of the European market.

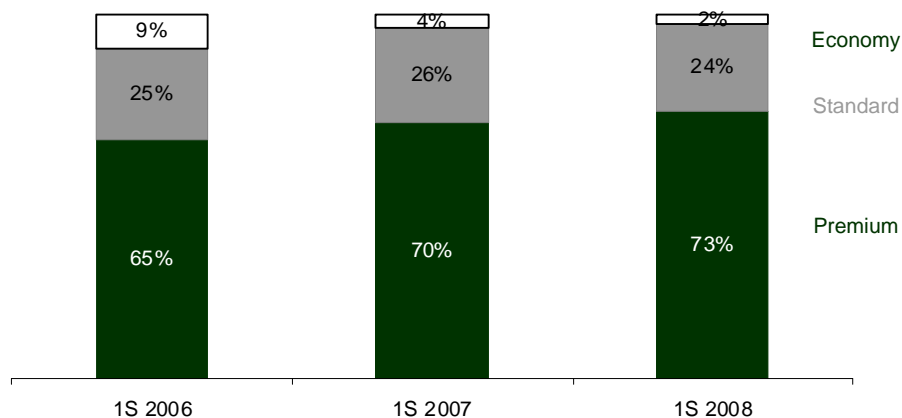
Sales by product type (% of total sales)



Source: Cepifine

In terms of quality segments, the Portucel Soporcel Group recorded its best ever figures with a 4.5% increase in sales of premium products, which represented 73% of sales in the first half of 2008 (up by 3 percentage points over the same period in 2007).

Sales by quality (% of total sales)

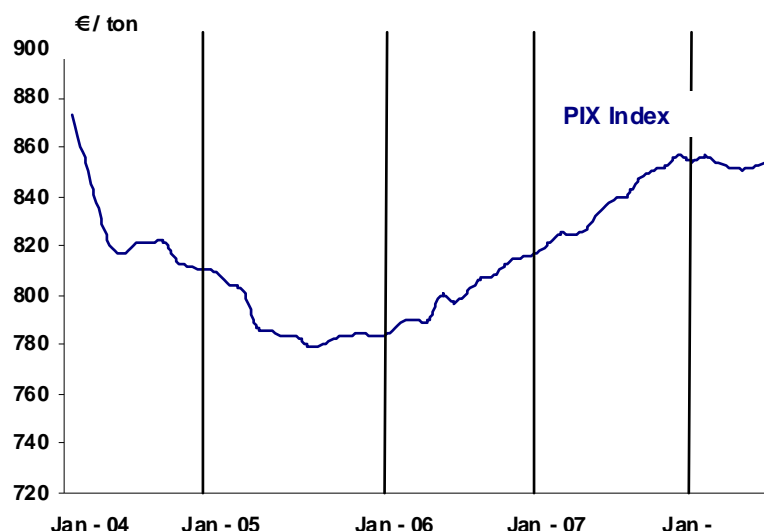


The Portucel Soporcel Group outperformed the market in Europe and further extended its shares in the strategic European markets.

Prices

The Portucel Soporcel Group recorded growth of 2.4% in the average sales price, in comparison with the same period in 2007, in line with price benchmarks in the European market.

Market prices, standard office stationary



Fonte: Foex Indexes Ltd.

Brands

Sales of own brands increased by 12% in comparison with the first half of 2007, with own brands representing a higher proportion – 63% - of total sheet paper sales.

All independent market studies conducted over recent years confirm that consumers are increasingly attracted to the Portucel Soporcel Group's own brands, which have consequently recorded increased penetration.

4.3.2 Pulp

Market

Despite the cooling of the US and European economies, the eucalyptus pulp market performed well during the first half. Restrictions on the timber supply from Canada, Indonesia and especially Scandinavia, combined with the low level of stocks kept by producers and users and the continued importance of the Chinese market as a balancing factor on the demand side, meant that the buying pressure was maintained on short fibre pulp (eucalyptus, in particular), and the situation observed in the previous year remained unchanged.

Trends in the USD exchange rates for the currencies of the main pulp producing countries (short and long fibre) have been the prime factor behind continued high pulp prices. For instance, Brazil, the world's largest producer of eucalyptus pulp, saw its currency rise by 12.8% during the first half against the US dollar.

Performance

The Portucel Soporcel Group recorded pulp sales totalling 284.3 thousand tons in the 1st half of 2008, 5.2% up on the same period in the previous year, and corresponding to an increase of 14.1 thousand tons.

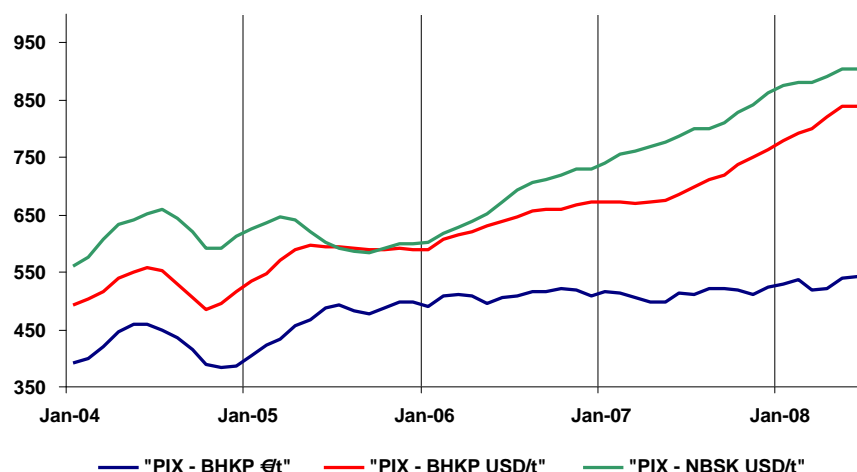
In terms of sales per paper segments, the Portucel Soporcel Group continues to sell predominantly to segments with greater value added, reflecting the intrinsic qualities of globulus pulp.

Prices

The PIX index for BHKP pulp rose by approximately 7.7% over the first half of 2008. Although the depreciation of the US dollar against the euro during the same period meant that the corresponding value in euros failed to keep pace with this increase, the average sales price recorded by the Portucel Soporcel Group evolved positively, up by 5.4% on the same period in the previous year.

Market prices, pulp

Price Index (PIX) – BHKP and NBSK



(Source: Foex Indexes Ltd.)

4.4 Industrial Operations

Total paper and pulp output from the Portucel Soporcel Group stood at 684 and 522 thousand tons, respectively, in the first half of 2008. This represented growth of 2.8% in pulp output, whilst paper output held steady at the same level recorded in the first half of 2007.

The Group has continued to recorded structural gains in productivity, an aspect of particular importance at a time of heavy pressure on production costs.

The Setúbal mill recorded a substantial increase in pulp output, due largely to the increased availability of the Recovery Boiler, thanks to reconditioning work which started in 2007 and completed this year.

Paper output performed similarly at the two plants of the Portucel Soporcel Group, and continuing efforts have been made to optimise the production process, so as to exploit the full capacity of the Group's technological resources.

Increases were experienced in certain industrial cost items during the first half due to the steep rise in prices for nearly all raw and subsidiary materials.

Successful efforts to improve energy and production efficiency at all the Portucel Soporcel Group's plants made it possible to curb the negative impact of these price rises on production costs.

4.5 Resources and Back-up

4.5.1 Timber Supply and Forestry Operations

Total timber purchases were up by 9% over the same period in 2007, due to the procurement policy adopted, designed to increase stocks to more appropriate levels, in view of the recent turbulence in the timber market.

There was a significant increase in timber purchases in Portugal and also in use of import facilities established by the Portucel Soporcel Group, offsetting the reduction in felling in the Group's own woodlands.

Special logistical efforts have been required for the supply of raw material to the Cacia, Setúbal and Figueira plants, due to the channelling of timber deliveries to the Portucel Soporcel Group's depot network. These deliveries increased significantly in relation to the same period in the previous year, despite the limitations caused by the availability of rail transport and cargo space, which have posed a significant obstacle to implementation of more efficient inbound logistics.

In order to stimulate the Portuguese market, new working methods have been established with forestry suppliers and producers, rewarding the quality of timber and services and thereby helping the Group to achieve its aim of ongoing improvements in the productivity, certification and sustainability, certification and sustainability of the country's woodlands.

The Portucel Soporcel Group achieved certification of its supply operations under the FSC scheme in 2006, followed by PEFC certification in March 2007 and management of its own woodlands in December 2007. In the first half of 2008, the Group received a substantially higher volume of certified timber than in the same period in 2007, with 93% sourced from its own woodlands, all other timber being of controlled origin.

In the course of the first half the Group was able to widen significantly its efforts towards the strategic goal of increasing its own output, by increasing its total woodlands.

4.5.2 Energy

The Portucel Soporcel Group operates on the strategic principle of producing paper and pulp with the use of renewable energy, obtained from biomass.

In the first half of 2008 the Portucel Soporcel Group recorded total electricity output of 507 GWh. Approximately 92% of the total was obtained from cogeneration plants for forestry biomass and derivatives. This system generates both thermal and electrical energy, and is substantially more efficient than conventional systems which generate electricity only. In the same period in 2007, total power generation stood at 500 GWh, and the Group accordingly achieved an increase of 1.4% in the power generated in the equivalent period in 2008.

The Cacia plant recorded a reduction in power generation due to a number of disruptions caused by pulp production plant. The Figueira da Foz and Setúbal plants contributed 3.8% and 5.0% respectively to the increase in power generation over the same period in the previous year.

In addition, a further 194 GWh was generated at the Figueira da Foz complex in a natural gas combined cycle cogeneration plant operated by the Portucel Soporcel Group, and in which it has a minority holding.

Increased incorporation of energy from renewable sources, especially biomass and derivatives, accompanied by a reduction in the use of fossil fuels and improved energy efficiency, allowed the Portucel Soporcel Group to cut its CO₂ emissions by 9.6% in the first half of 2008, in comparison to the same period in the previous year, whilst actually increasing its output of pulp and paper.

The Group's achievement in reducing the use of fossil fuels has been extremely significant, and reflects the strategic investment options adopted in recent years.

This capital expenditure programme is ongoing, and a project is currently underway for modification of the auxiliary biomass boiler (CA5) at the Cacia cogeneration plant, which will make it possible to increase energy efficiency at this plant and to reduce consumption of supporting fossil fuels and consequently to cut CO₂ emissions, especially during the winter when humidity levels in the biomass are very high. The effects of this project will be felt as from the first quarter of 2009.

Work is currently proceeding on installation of a new steam turbogenerator (TG4) at the biomass cogeneration plant at the Figueira da Foz complex, replacing two old steam turbogenerators. This will improve energy efficiency considerably and increase net power generation by approximately 91 GWh/year. The benefits of this project will be felt as from the second half of 2010.

Implementation of the Portucel Soporcel Group's strategy for power generation from renewable sources also involves two other capex projects underway for the construction of biomass power stations – one at the Cacia complex and the other at the Setúbal complex. Each of these plants will have gross annual power generation of 98 GWh.

The construction of the new paper mill at the Setúbal complex will also involve the start-up of a new combined cycle natural gas cogeneration plant which, once up and running, will generate 543 GWh/year in addition to producing the thermal energy required for the new development.

4.5.3 Environment

Thanks to investment in equipment and improvements to working processes, making use of the best available techniques, all production plants recorded good and sustained performance, with a corresponding improvement in indicators in relation to 2007.

In March 2008 the Figueira da Foz plant started operating with the newly extended treatment facility for liquid effluents, including a new secondary clarifier. With the implementation of this project the plant has significantly reduced the discharge of organic material in liquid effluent.

Over the first half of 2008 the Setúbal paper mill achieved a sizeable reduction in water consumption and consequently in the flow of liquid effluents, thanks to measures implemented in relation to the water circuits in the production process.

In comparison with the first half of 2007, liquid effluents from the Setúbal plant presented significantly lower colour values. This improvement was achieved thanks to increase recover of process waters, implemented during the annual stoppage in July 2007.

During the first half of 2007 the Portucel Soporcel Group continued to work on complying with the requirements of the REACH Regulations (Regulation no. 1907/2006, of the European Parliament and the Council, of 18 December), in relation to registration, assessment and authorization of chemicals. This will assure high standards in protection of human health and the environment.

This regulation applies to the Portucel Soporcel Group plants, as producers and users of chemicals, and as producers of articles (paper). In this context, the Portucel Soporcel Group has carried out preliminary work in order to pre-register and register the chemicals it produces, in conjunction with European companies in this sector, through CEPI (Confederation of European Paper Producers), within the deadlines set in the regulation.

In view of the need to adapt the Portucel Soporcel Group's information systems to the growing demands of environmental monitoring and reporting have led the group to implement the Waste Management System, which will operate in a SAP environment. This system will allow the plants to manage all the handling and final disposal of waste produced, and to produce the reports required for submission to the relevant authorities.

5 Cement and Derivatives – SECIL

As mentioned above, the Semapa Group owns a 51% stake in the Secil Group, which is included in its accounts using the proportional method, [on the basis of the same percentage](#).

For ease of understanding of the real developments in Secil's business operations, we have opted to present an analysis on a 100% basis, [in this chapter of this Report only](#).

5.1 Leading Business Indicators

u.m.: milhões de euros

	Accrued 1st Half 2008 *	Accrued 1st Half 2007 *	% Var. 08/07
Sales	297,2	267,2	11%
Other income	32,6	5,3	517%
Costs and losses	(249,3)	(203,4)	(23%)
EBITDA	80,4	69,1	16%
Recurrent EBITDA	80,2	68,6	17%
Depreciation and impairment losses	(20,2)	(21,0)	4%
Provisions (increases and reversals)	0,4	(0,1)	525%
EBIT	60,6	47,9	26%
Net financial profit	(6,0)	(4,8)	(23%)
Pre-tax profit	54,7	43,1	27%
Tax on profits	(14,0)	(10,2)	(37%)
Retained profits for the period	40,6	32,9	24%
Attributable to Secil shareholders*	37,6	30,8	22%
Attributable to minority interests (MI)	3,1	2,1	49%
Cash flow	60,4	54,0	12%
EBITDA margin (%)	27,1%	25,8%	5%
EBIT margin (%)	20,4%	17,9%	14%
	30.06.2008	31.12.2007	
Total net assets	990,8	940,7	5%
Equity (before MI)	447,1	432,7	3%
Net debt	138,4	150,5	(8%)

* of which 51% is attributable to Semapa and included in its consolidated financial statements.

5.2 Leading Operating Indicators

The main operating indicators for the first half of 2008 are set out in the following table.

	Unit	Accrued June-08	Accrued June-07	% Var. 08/07
Annual cement production capacity	1 000 t	6.850	6.850	0%
Sales grey cement	1 000 t	2.742	2.605	5%
Sales white cement	1 000 t	43	45	(4%)
Sales artificial lime	1 000 t	33	34	(3%)
Sales clinker	1 000 t	108	88	22%
Ready mixed	1 000 m ³	1.227	1.251	(2%)
Aggregates	1 000 t	1.116	1.323	(16%)
Precast	1 000 t	71	82	(13%)
Mortars	1 000 t	224	194	16%
Hydraulic lime	1 000 t	17	19	(8%)
Mortar fixative	1 000 t	3	4	(20%)

5.3 Business Overview

Analysis of Turnover

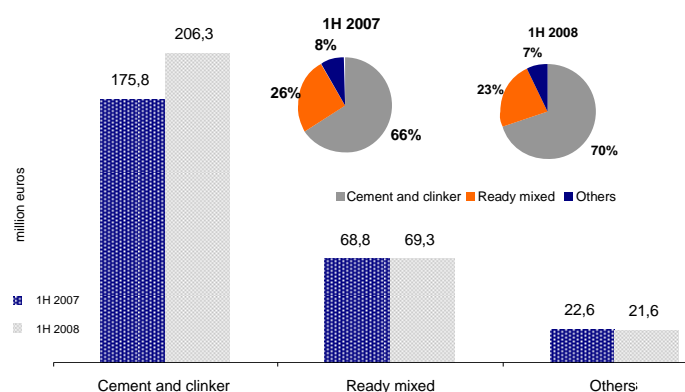
Despite the less favourable economic climate in the first half of 2008, with rising interest rates and climbing oil prices, the Secil Group recorded turnover of 297.2 million euros, up by 11.2% over the same period in 2007.

This successful performance was due essentially to a strong contribution from cement business in Portugal, where an increase in quantities sold was accompanied by higher sales prices. The Group also recorded good performances in its cement business in Tunisia, Angola and Lebanon.

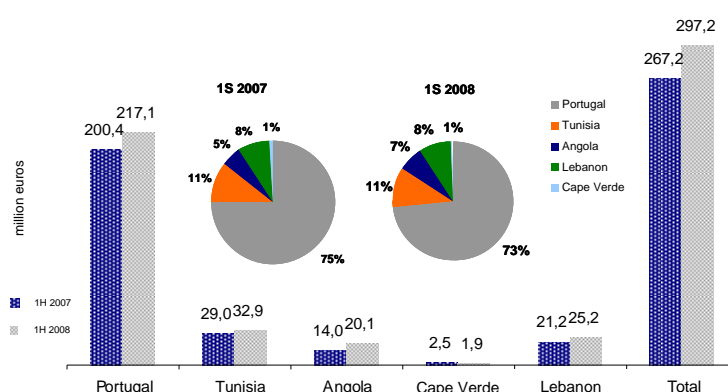
The cement and clinker business segment accounted for approximately 70% of the Secil Group's turnover in the first half of 2008. Sales resulting from overseas operations represented 27% of total, with business in Angola representing an increasingly sizeable component.

Business by Segment and Country

Segments



Country



Analysis of EBITDA

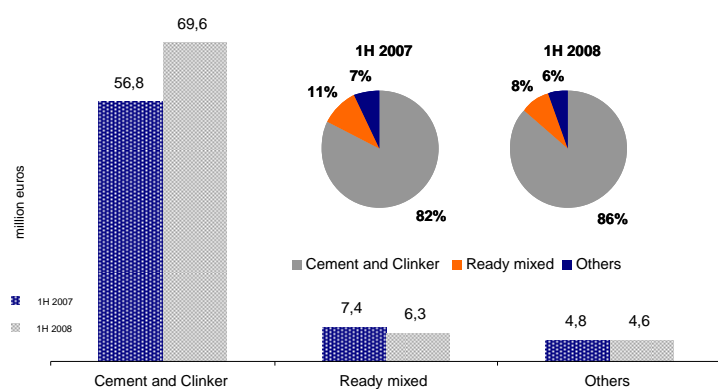
In the first half of 2008, the Secil Group recorded EBITDA of 80.4 million euros, up by 16.7% on the same period in 2007.

This successful performance was achieved thanks to increased sales quantities and higher prices in the Group's cement business in Portugal, including sales on the home market and exports. The Group has taken a ruthless stance on production costs and overheads, whilst stepping up the use of alternative fuels, given the increase of around 30% in fuel prices over the course of the first half of 2008.

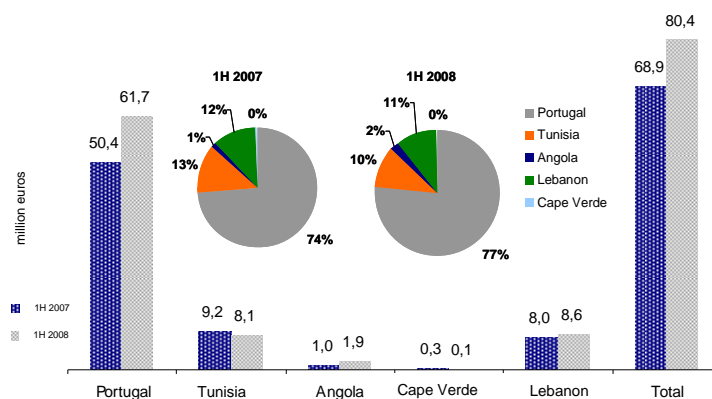
The cement and clinker business segment accounted for formation of approximately of 86% of the Group's EBITDA. Operations carried on in Portugal represented approximately 77% of the Secil Group's total EBITDA, whilst operations in Lebanon and Tunisia accounted for 21% of total EBITDA.

Breakdown of EBITDA by Segment and Country

Segments



Country



5.3.1 Portugal

Million euros	Sales			EBITDA		
	1 st Half 2008	1 st Half 2007	% Var.	1 st Half 2008	1 st Half 2007	% Var.
Portugal						
Cement and clinker	132,3	114,7	15,4%	51,5	39,1	31,4%
Ready mixed	63,7	64,0	(0,4%)	5,8	6,8	(15,6%)
Aggregates	5,7	6,2	(7,9%)	2,4	2,6	(6,4%)
Mortars	10,6	10,5	1,5%	2,1	2,0	4,9%
Precast	4,7	5,1	(8,3%)	(0,1)	(0,1)	49,5%
Total	217,1	200,4	8,3%	61,7	50,4	22,3%

The economy continued to grow during the first half of the year, albeit more slowly than in 2007.

The construction industry continued to decline overall. This reflected two opposing factors: a continued crisis in the residential construction sector and renewed energy in the public works and non-residential construction segments.

Output from January to May in the construction sector contracted by 2.8% (production index in construction and public works, INE July 2008).

Demand for cement was down by an estimated 4 to 5% in comparison with the first half of 2007.

Despite this adverse climate, cement operations in Portugal performed well in comparison with the first half of the previous year, with EBITDA at 51.5 million euros, representing year-on-year growth of 31%, due to the reasons explained above.

Concrete, aggregates and precast business in Portugal all recorded poorer performance than in the first half of 2007, due to the prolonged crisis in the residential construction sector.

Despite the adverse environment, mortar business in performance was slightly better than in the previous year.

Cement business in Madeira recorded a slight improvement on 2007, thanks to renewed dynamism in the construction sector in Madeira.

5.3.2 Tunisia

Million euros	Sales			EBITDA		
	1 st Half 2008	1 st Half 2007		1 st Half 2008	1 st Half 2007	
Tunisia						
Cement and clinker	29,9	26,5	12,8%	7,7	8,8	(12,3%)
Ready mixed	2,7	2,4	15,6%	0,4	0,3	9,2%
Precast	0,3	0,2	47,4%	0,0	0,0	39,2%
Total	32,9	29,0	13,3%	8,1	9,2	(11,4%)

The economy and the construction sector continue to enjoy positive performance, and growth in demand for cement is estimated at around 5.5%, higher than in 2007 (+ 1.6%).

In the first half of the year, performance in cement operations in Tunisia was slightly down on that recorded in the first half of 2007. EBITDA stood at 7.7 million euros, down by 12% on the same period in the previous year.

Good performance in sales, in terms of increased quantities and higher prices, failed to offset the (i) appreciable increase in energy costs (thermal fuel and power), (ii) increase plant maintenance costs and (iii) depreciation of the Tunisian dinar against the euro.

Concrete business in Tunisia recorded improved performance in comparison with the first half of 2007.

5.3.3 Lebanon

Million euros	Sales			EBITDA		
	1 st Half 2008	1 st Half 2007	% Var.	1 st Half 2008	1 st Half 2007	% Var.
Lebanon						
Cement and clinker e)	22,4	18,7	19,4%	8,5	7,8	9,0%
Ready mixed	2,8	2,4	15,3%	0,2	0,2	(27,2%)
Aggregates	-	-	-	-	-	-
Total	25,2	21,2	18,9%	8,6	8,0	8,0%

As a result of the difficult socio-political situation which has prevailed in Lebanon for the last two years, zero economic growth is expected in 2008.

Despite this adverse business environment, the construction business has grown at a reasonable rate, which is estimated at approximately 5% in 2008.

Cement business in Lebanon performed well in the first half of 2008, showing an improvement over the same period in 2007. EBITDA stood at 8.5 million euros, up by 9% on the first half of the previous year, despite the Lebanese pound sliding by 13% against the euro.

The successful EBITDA figure was achieved thanks to rising cement prices in the internal market, bringing the price back to “normal” levels. After the war in the summer of 2006, cement producers reached agreement with the government to cut prices by approximately 10 USD/ton, but prices have been gradually normalized since 2007.

Concrete business in Lebanon was slightly down on the levels recorded in the first half of 2007.

5.3.4 Angola

Million euros	Sales			EBITDA		
	1 st Half 2008	1 st Half 2007		1 st Half 2008	1 st Half 2007	
Angola						
Cement and clinker	20,1	14,0	43,6%	1,9	1,0	100,2%
Total	20,1	14,0	43,6%	1,9	1,0	100,2%

The economy continues to expand at a rapid pace, with growth in the order of 16% expected in gross domestic product in 2008. The construction sector is also growing fast.

In this environment, cement business in Angola has continued to improve significantly.

Sales in quantity totalled 143,000 tons in the first half of 2008, up by approximately 36% on the previous year. EBITDA stood at 1.9 million euros, representing growth of 100% over the same period in the previous year.

6 Semapa Group Human Resources

The SEMAPA Group's human resources policy is geared to continuous improvements in productivity achieved through development and improvement of employee skills, accompanied by efforts to streamline and reorganize operations.

A commitment to a highly skilled workforce, with a specialized career structure, supported by an appropriate personnel training policy, remains the strategic centrepiece of the Group's human resources policy.

The Semapa Group's total workforce increased from 4,364 at the end of December 2007 to 4,877 at the end of June 2008, as shown in the following table:

Segment	31-12-2007	30-06-2008
Paper and Pulp	1.952	2.112
Cement and Derivatives	2.769	2.745
Holdings	21	20
TOTAL	4.742	4.877

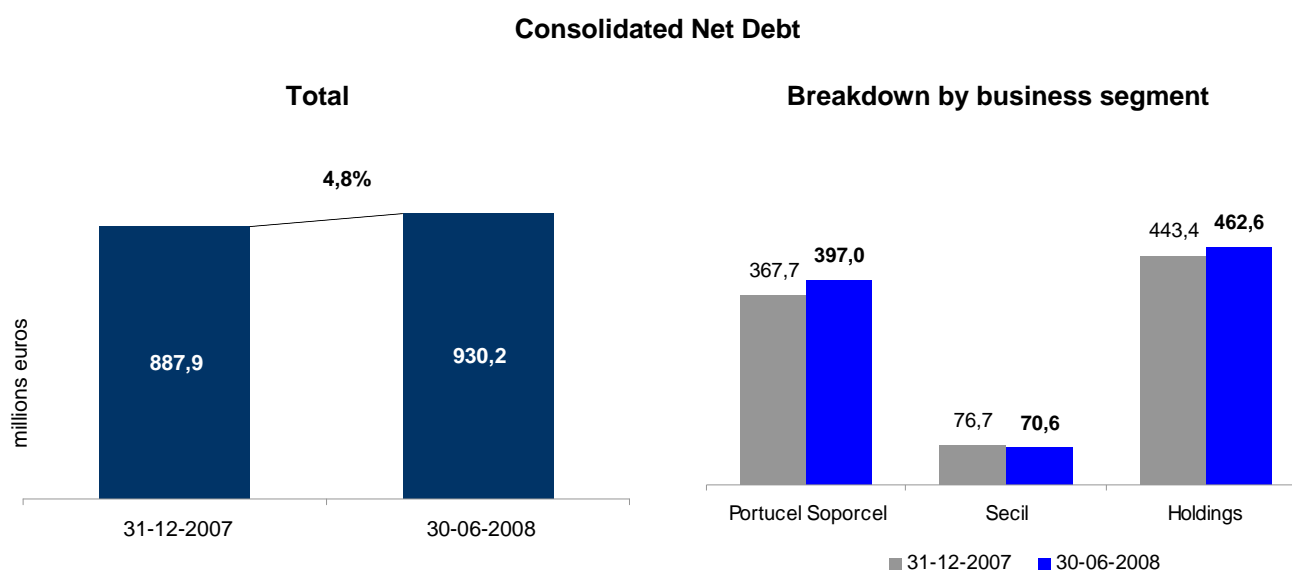
The increase in the workforce in the Paper and Pulp sector was due essentially to the hiring of staff (currently undergoing training) for the new paper mill being built by the Portucel Group and to insourcing of certain services which were previously sourced from outside the Group.

7 Semapa Group: Financial

7.1 Borrowing

At the end of the first half of 2008, Semapa recorded consolidated net debt of approximately 930.2 million euros, as compared with the figure of 887.9 million euros at the end of 2007. This increase was due to the reasons explained above, in chapter 2.

The following table shows total consolidated net debt, with a breakdown, at the end of the first half of 2008, compared with year-end 2007:



In March 2008, in accordance with the respective contractual terms, Semapa SGPS made the final repayment of the Semapa 98 bond issue, with a value of 2.2 million euros.

7.2 Risk Management

Semapa Group operations are exposed to a number of risks, both financial and operational. Risk management priorities have been to detect and hedge against risks which might have a materially relevant impact on the net profits or equity, or which may create significant constraints on the pursuit of the Group's business interests.

7.2.1 Financial Risks

Exchange Rate Risk

Given that the PORRTUCEL SOPORCEL Group's pulp sales and paper exports to non-European countries are denominated in USD, meaning they are significantly exposed to exchange rate risk, especially with regard to the USD, a number of financial instruments were contracted to minimize the effects of exchange rate variations, covering part of the sales subject to exchange rate risk over this period and nearly all balance sheet values denominated in foreign currencies.

Foreign currency flows within the SECIL Group have been optimized with a view to natural hedging. For flows not compensated naturally, the risk has been analyzed and hedged by taking out structures of foreign exchange options, which set the maximum amount payable and allow the Group to benefit partially from favourable evolution in the exchange rate.

The Secil Group has assets located in Tunisia, Angola and Lebanon, meaning that variations in the currencies of these countries can have an impact on Semapa's balance sheet.

Semapa SGPS and its instrumental subholdings are not exposed to exchange rate risk as they conduct no foreign business.

Interest Rate Risk

The main market indexes to which the Group's borrowing is linked presented significant increases over the period in the wake of the continued disruption of financial markets.

The cost of almost all the financial debt contracted by the Portucel Soporcel Group is indexed to short term reference rates, generally the Euribor 6m rate. In order to reduce exposure to unfavourable variations in interest rates, the Portucel Soporcel Group has decided to fix the rates for some of its medium to long term borrowing, by taking out interest rate swaps.

For its part, in 2005, the Secil Group opted to partially hedge its interest rate risk by a structure of derivatives which sets a maximum value of the financial charges on long term debt with repayment in scheduled instalments. The remaining debt was kept on a variable rate basis.

The holding company is exposed to interest rate risk, given that all borrowing is contracted on a variable rate basis.

Liquidity Risk

The match between the maturities for the Group's debt and the nature of its business operations, the contracting of credit lines on a current account basis with a large number of banks and also the existence of adequate cash in hand at the end of the period all serve to assure the Group a sufficient degree of liquidity.

7.2.2 Operating Risks

Pulp Price Risk

In 2008, in line with the practice established in previous years and in order to reduce the risk associated with fluctuations in pulp prices for sales planned in 2008, a hedge has been contracted which matures over the course of this year.

Client Credit Risk

The PORTUCEL SOPORCEL Group is subject to risk on the credit it grants to its clients and has adopted a policy of maximizing hedges by taking out credit insurance. Sales which are not covered by credit insurance are subject to rules which assure that sales are made to clients with an appropriate credit record and that exposure is limited to pre-set and approved upper limits for each customer.

The SECIL Group has for many years followed a policy of taking out insurance policies for credit for the cement, ready-mixed and aggregates, and precast sectors, with cover tailored to the risk involved in each of these business areas.

Property, third party liability, personal accident and sickness risks

The Group renegotiated the insurance portfolio for 2008 for its different business areas, achieving a significant reduction in insurance premiums in all areas.

7.3 Pensions and other post-employment benefits

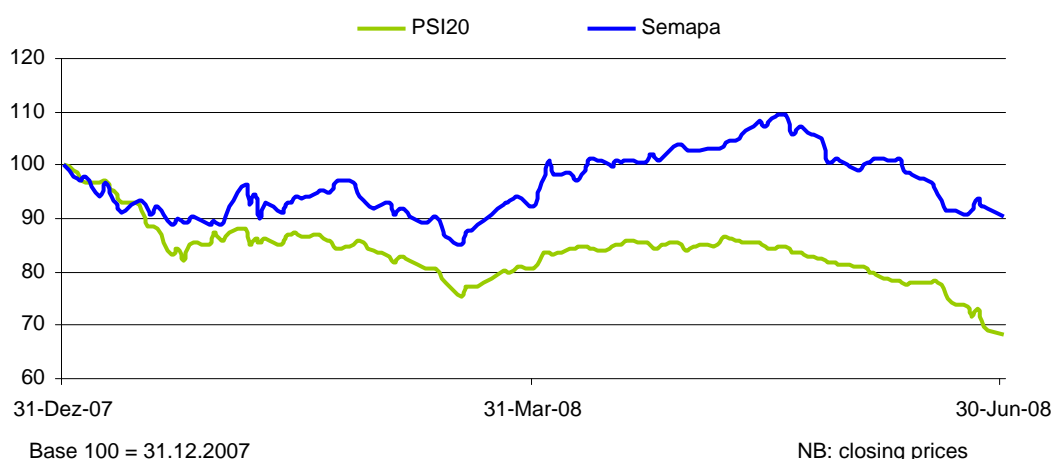
Total liabilities for pensions, in consolidated terms, at 30 June 2008, stood at 262.6 million euros, of which 141.1 million euros was covered by independent pension funds. Uncovered liabilities at this date, totalling 121.5 million euros, comprise i) 24.0 million euros for the Portucel Soporcel Group, ii) 6.0 million euros for the Secil Group and iii) 91.5 million euros for Semapa.

In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 10.0 million euros (2.4 million euros for the Portucel Soporcel Group and 7.6 million euros for the Secil Group).

7.4 Listed share prices

All the main share indexes recorded significant losses during the first half of 2008, especially for companies in the financial sector. The Portuguese stock exchange was no exception to this rule. In this environment, Semapa shares performed relatively well in comparison to the Portuguese share index, the PSI20, as shown in the following table:

Listed Semapa Share Prices vs. PSI 20 – 1st Half 2008



Whilst the PSI index fell by 31.6% during the first half of 2008, the price of Semapa shares dropped less sharply, by 9.7%.

The closing daily price for Semapa shares ranged between a low of 7.47 euros and a high of 9.59 euros. Average daily trading over the period stood at 216,481 shares.

In the period immediately following the announcement of the 2007 results, on 25 February 2008, the share price dipped. In contrast, the payment of dividends for the previous period had no relevant impact on the share price, as from this period through to late May, Semapa shares accumulated gains.

7.5 Dividends

With regard to the distribution of dividends, the company has followed a policy of distributing an amount which avoids any need to resort to significant additional borrowing and which also avoids undermining its financial soundness. The aim is to maintain a financial structure compatible with the Group's sustained growth and different business areas, and at the same to maintain sound solvency indicators. Accordingly:

- At Semapa's General Meeting, held on 14 March 2008, it was resolved to distribute a total dividend of 29,481,173 euros for the financial year of 2007, corresponding to 25.5 cents per share in circulation, which dividend was paid on 9 April 2008.
- At Portucel's General Meeting, held on 13 March 2008, it was resolved to distribute a dividend of 3.5 cents per share, which was paid on 8 April, representing a total of 26,860,283 euros.
- At Secil's General Meeting, held on 24 March 2008, a dividend of 38 cents per share was approved, and this was paid on 4 April, corresponding to a total dividend of 18,008,907 euros.

7.6 Net Profit for the First Half of 2008

Semapa recorded a consolidated net profit for the first half of 2008, before minority interests, of 73.5 million euros, of which 55.7 million euros is attributable to Semapa shareholders.

As reported at the time, the net profit for the first half of 2007 was boosted by a non-recurrent gain of approximately 25.6 million euros realized on disposal of shares in EDP.

8 Prospects for the Second Half of 2008

According to most available forecasts, the world economy is expected to slow over the second half of 2008. Especially in the more developed countries, a scenario of high inflation and business stagnation, i.e. stagflation, cannot be excluded.

The latest projections for the Portuguese economy point to a scenario of moderate cooling, with inflation lower than in most Euro zone countries.

However, there are a number of factors of risk and uncertainty which could have a negative impact on the economy, including a continued climb in the prices for energy, food and other commodities, increased instability in international financial markets, an abrupt adjustment of the property market in some countries which have experienced strong price inflation in recent years and, in the case of Portugal, the postponement of major capital expenditure projects with a significant impact on the rest of the economy.

The Semapa Group's prospects for the second half of 2008 are largely dependent on the business affairs of its main subsidiaries:

PORTUCEL SOPORCEL GROUP

Demand will continue to cool in the main markets for UWF paper, although this will be partly offset by a net reduction in production capacity. The foreign exchange situation will attract increased imports into Europe and hinder exports, increasing competition at home.

In the paper pulp market, in addition to the foreign Exchange situation, a critical factor will be the effect variation in production capacity around the world, as the result of investment in new capacity and the inevitable closing of less competitive plants. On the costs side, there is concern at the persistence of excessive costs for the main production factors, although it may be expected that the cooling of the economies will turn around the price trends experienced in recent months.

The Portucel Soporcel Group will press ahead with its capital expenditure plans, and in particular on construction of the new paper mill at its Setúbal industrial complex. This mill will have nominal capacity of 500 thousand tons and will make the Group the largest European producer of uncoated printing paper

and stationary.

Investment projects are also underway in the field of energy, notably a new natural gas cogeneration plant, which will supply the new paper mill in Setúbal, the two biomass plants at the Cacia and Setúbal industrial complexes and a new turbine for the biomass cogeneration plant in Figueira da Foz. These projects represent investment of approximately 175 million euros.

As disclosed in the past, the Portucel Soporcel Group remains committed to growing in Portugal and abroad, and has been analysing a number of investment opportunities in Latin America and Africa, regions which are naturally suited to forestry operations.

SECIL GROUP

The existing international situation of a sustained increased in interest rates and fuel prices is not favourable to development of the Secil Group's main business activities.

High interest rates place significant constraints on investment and construction business in general. At the same time, high fuel prices have a very appreciable effect on the profitability of the cement industry.

In view of this, the Group expects to record performance in the second half largely in line with that in the first half, provided there is no significant worsening in the international situation as described above.

Lisbon, 29 August 2008

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

Francisco José de Melo e Castro Guedes
Director

Carlos Maria Cunha Horta e Costa
Director

José Miguel Pereira Gens Paredes
Director

Paulo Miguel Garcês Ventura
Director

Rita Maria Lagos do Amaral Cabral
Director

António da Nóbrega de Sousa da Câmara
Director

António Paiva de Andrada Reis
Director

Fernando Maria Costa Duarte Ulrich
Director

Joaquim Martins Ferreira do Amaral
Director

DECLARATION
REFERRED TO IN ARTICLE 246.1 c)
OF THE SECURITIES CODE

Article 246.1 c) of the Securities Code requires that each of the persons responsible for the issuers make a series of declarations specified therein. Semapa has adopted a uniform declaration for this purpose, as follows:

I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code that, to the best of my knowledge, the condensed financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the first half of 2008, have been drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, state of affairs and the results of the said company and other undertakings included in the consolidated accounts, and that the interim management report faithfully sets out the information required by Article 246.2 of the Securities Code.

As required by the Article 246.1 c) of the Securities Code, we list below the names of persons subscribing to this declaration and their respective positions:

Name	Office
Pedro Mendonça de Queiroz Pereira	Chairman of the Directors
Maria Maude Mendonça de Queiroz Pereira Lagos	Director
Carlos Eduardo Coelho Alves	Director
José Alfredo de Almeida Honório	Director
Francisco José Melo e Castro Guedes	Director
Carlos Maria Cunha Horta e Costa	Director
José Miguel Pereira Gens Paredes	Director
Paulo Miguel Garcês Ventura	Director
Rita Maria Lagos do Amaral Cabral	Director
António da Nóbrega de Sousa da Câmara	Director
António Paiva de Andrada Reis	Director
Fernando Maria Costa Duarte Ulrich	Director
Joaquim Martins Ferreira do Amaral	Director
Duarte Nuno d'Orey da Cunha	Chairman of the Audit Board
Miguel Camargo de Sousa Eiró	Member of the Audit Board
Gonçalo Nuno Palha Gaio Picão Caldeira	Member of the Audit Board

**DISCLOSURES REQUIRED BY ARTICLE 9.1 B) AND E) OF
SECURITIES MARKET COMMISSION REGULATION NO. 4/2004**

(with reference to the first half of 2008)

1. Securities issued by the company or related or group companies held by company officers at the close of the first half:

- José Alfredo de Almeida Honório – 20,000 shares in the company
- Duarte Nuno d'Orey da Cunha – 2,055 shares in the company
- Duarte Nuno d'Orey da Cunha – 16,000 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.
- António Paiva de Andrada Reis – 4,400 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.

2. Acquisition, encumbrance or transfer of securities issued by the company or related or group companies during the first half:

- Duarte Nuno d'Orey da Cunha purchased 600 shares in the company, for a price of 8.70€, per share, on 2 June
- Duarte Nuno d'Orey da Cunha purchased 2,100 shares in Portucel – Empresa Produtora de Pasta e de Papel, S.A., for a price of 2.25€, per share, on 2 June

3. List of holders of qualifying holdings, indicating the number of shares held and the corresponding percentage of voting rights, calculated in accordance with Article 20 of the Securities Code.

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
A -	Cimigest, SGPS, SA	100	0,00%	0,00%
	Cimo - Gestão de Participações, SGPS, S.A.	13.442.410	11,36%	11,91%
	Longapar, SGPS, S.A.	20.769.300	17,55%	18,40%
	Sonaca, SGPS, S.A.	1.630.590	1,38%	1,44%
	OEM - Organização de Empresas, SGPS, S.A.	500.000	0,42%	0,44%

Sociedade Agrícola da Quinta da Vialonga, S.A.	642.535	0,54%	0,57%
Sodim, SGPS, S.A.	23.455.971	19,82%	20,78%
José Alfredo de Almeida Honório	20.000	0,02%	0,02%
Duarte Nuno d'Orey da Cunha	2.055	0,00%	0,00%
Total:	60.462.961	51,10%	53,56%

B -	Banco BPI, S.A.	-	-	-
	Banco Português de Investimento, S.A. – own portfolio	3.294	0,00%	0,00%
	BPI Vida - Companhia de Seguros de Vida, S.A.	405.804	0,34%	0,36%
	Pension funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10.362.388	8,76%	9,18%
	Investment funds managed by BPI Fundos - Gestão de Fundos de Investimento Mobiliário, S.A.	1.237.518	1,05%	1,10%
	Total:	12.009.004	10,15%	10,64%

C -	Banco Espírito Santo, S.A.	-	-	-
	Fundo de Pensões do BES	6.191.854	5,23%	5,49%
	Total:	6.191.854	5,23%	5,49%

D -	Credit Suisse Group	-	-	-
	Credit Suisse (votes also imputable to Credit Suisse Securities (Europe) Limited to which the shares have been loaned)	19.279.477	16,29%	17,08%
	Credit Suisse International	4.320.523	3,65%	3,83%
	Total:	23.600.000	19,94%	20,91%

E -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	3.247.142	2,74%	2,88%
	Bestinfond F.I.	1.350.332	1,14%	1,20%
	Bestinver Mixto, F.I.	623.742	0,53%	0,55%
	Soixa Sicav, S.A.	261.153	0,22%	0,23%
	Bestinver Hedge Value Fund FIL	89.091	0,08%	0,08%
	Bestinver Renta, F.I.	79.115	0,07%	0,07%
	Texrenta Inversiones SICAV	53.757	0,05%	0,05%
	Rodaon Inversiones SICAV	22.649	0,02%	0,02%
	Tibest Cinco, SICAV, SA	16.807	0,01%	0,01%
	Invers. en Bolsa Siglo XXI, SICAV	16.762	0,01%	0,01%
	Loupri Inversiones	13.441	0,01%	0,01%
	Aton Inversiones SICAV, SA	12.439	0,01%	0,01%
	Tigris Inversiones SICAV. SA	11.602	0,01%	0,01%
	Corfin Inversiones SICAV	11.546	0,01%	0,01%
	Mercadal de Valores SICAV. SA	10.711	0,01%	0,01%
	H202 Inversiones SICAV	9.774	0,01%	0,01%
	Divalsa de Inversiones SICAV, SA	9.752	0,01%	0,01%
	Entrecar Inversiones, SICAV. SA	8.715	0,01%	0,01%
	Pasgom Inversiones, SICAV	8.624	0,01%	0,01%
	Cartera Millennium SICAV	7.420	0,01%	0,01%

Zamarron SICAV	7.010	0,01%	0,01%
Acciones, Cup. Y Obli. Segovianas	6.947	0,01%	0,01%
Renvasa	6.671	0,01%	0,01%
Artica XXI, SICAV. SA	5.934	0,01%	0,01%
Campo de Oro, SICAV	5.380	0,00%	0,00%
Linker Inversiones, SICAV. SA	5.127	0,00%	0,00%
Trascasa	4.581	0,00%	0,00%
Tordesillas de Inversiones	4.359	0,00%	0,00%
Heldalin Inversiones SICAV	4.017	0,00%	0,00%
Mezquita de Inversiones	3.432	0,00%	0,00%
Tawarzar 2-S2 SICAV	3.074	0,00%	0,00%
OPEC Inversiones, SICAV	2.740	0,00%	0,00%
Jorick Investment	2.489	0,00%	0,00%
Iberfama SICAV, SA	2.448	0,00%	0,00%
Total:	5.928.783	5,01%	5,25%

F - Morgan Stanley	-	-	-
Morgan Stanley & Co. Incorporated and Morgan Stanley & Co. International plc	3.159.859	2,67%	2,80%
Total:	3.159.859	2,67%	2,80%

Semapa holds 2,720,000 own shares, and the company Seminv - Invetimentos, SGPS, S.A., wholly owned by Semapa, holds 2,727,975 shares in Semapa, making a total of 5,447,975 shares, corresponding to 4.6% of the capital, subject to the rules on treasury stock.



CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

1ST SEMESTER 2008

CONSOLIDATED INCOME STATEMENT

1ST SEMESTER 2008 AND 2007

Amounts in Euro	Notes	1 st S2008	1 st S2007
Revenues			
Sales	4	733,351,499	689,007,545
Services rendered	4	12,785,653	13,705,420
Other income			
Gains on disposal of non-current assets	5	6,613,155	28,674,631
Other operating income	5	25,100,038	10,188,778
Fair value changes of biological assets	19	1,176,064	(6,565,019)
Costs			
Sold and consumed inventories	6	(288,023,513)	(234,027,446)
Variation in production	6	(1,844,669)	(2,962,729)
Consumed materials and services	6	(188,407,500)	(180,856,311)
Payroll costs	6	(90,568,393)	(79,431,958)
Other costs	6	(25,040,522)	(6,164,596)
Provisions	6	22,756	(10,744,718)
Depreciations, amortizations and impairment losses	8	(65,636,726)	(65,107,669)
Operating profit		119,527,842	155,715,928
Profit in associated companies	9	413,824	668,718
Net financial costs	10	(28,058,805)	(27,427,591)
Profit before tax		91,882,861	128,957,055
Income tax	11	(18,428,738)	(36,915,464)
Net profit for the period		73,454,123	92,041,591
Retained earnings for the period			
Attributable to Semapa's shareholders		55,746,096	71,548,603
Attributable to minority interests	13	17,708,027	20,492,988
Earnings per share			
Basic earnings per share (Euros)	12	0.488	0.619
Diluted earnings per share (Euros)	12	0.488	0.619

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2008 AND DECEMBER 31, 2007

Amounts in Euro	Notes	30-06-2008	31-12-2007
ASSETS			
Non-current assets			
Goodwill	15	284,795,953	285,675,118
Other intangible assets	16	183,194,239	152,963,362
Property, plant and equipment	17	1,662,830,895	1,621,494,019
Investment properties		173,355	177,434
Biological assets	18	124,100,817	122,924,753
Investments in associated companies	19	2,302,746	1,878,882
Financial assets at fair value through profit and loss	20	2,454,375	-
Available-for-sale financial assets	21	1,054,601	1,427,137
Deferred tax assets	28	27,684,986	33,704,431
Other non-current assets		1,648,137	1,232,046
		2,290,240,104	2,221,477,182
Current assets			
Inventories	23	222,589,747	177,434,516
Receivables and other current assets	24	367,143,334	375,324,637
State entities	25	42,380,956	44,160,535
Cash and cash equivalents	31	341,521,474	438,742,899
		973,635,511	1,035,662,587
Total Assets		3,263,875,615	3,257,139,769
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	118,332,445	118,332,445
Treasury shares	26	(47,164,986)	(47,164,986)
Share premium account		3,923,459	3,923,459
Currency translation reserves	27	(17,435,849)	(14,378,266)
Fair value reserves	27	4,157,621	4,755,757
Other reserves	27	649,750,205	614,568,727
Retained earnings	27	(3,089,627)	(56,162,674)
Retained earnings for the period		55,746,096	121,950,561
Shareholder's equity		764,219,364	745,825,023
Minority interests	13	297,742,690	304,873,080
Total equity		1,061,962,054	1,050,698,103
Non-current liabilities			
Deferred tax liabilities	28	272,967,140	272,965,603
Pensions and other post-employment benefits	29	131,460,793	122,608,285
Provisions	30	45,833,649	46,454,921
Interest-bearing liabilities	31	1,193,700,726	1,208,813,406
Other liabilities		20,025,587	21,698,842
		1,663,987,895	1,672,541,057
Current liabilities			
Interest-bearing liabilities	31	78,038,820	117,794,597
Payables and other current liabilities	32	367,644,861	316,026,889
State entities	25	92,241,985	100,079,123
		537,925,666	533,900,609
Total liabilities		2,201,913,561	2,206,441,666
Total equity and liabilities		3,263,875,615	3,257,139,769

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

1ST SEMESTER 2008 AND 2007

Amounts in Euro	1 ST S2008	1 ST S2007
Retained earnings for the period without minority interests	73,454,123	92,041,591
Fair value of derivative financial instruments	(469,207)	4,140,224
Fair value of available-for-sale financial investments (Note 21)	(351,757)	(17,541,060)
Foreign currency translation differences	(4,330,749)	(3,370,422)
Actuarial gains and (losses) (Note 29.4)	(4,369,102)	6,041,406
Tax on items directly included in equity	1,854,091	(4,994,430)
Profit directly recognized in equity	(7,666,724)	(15,724,282)
Total recognized income and expenses for the period	65,787,399	76,317,309
Attributable to:		
Semapa's shareholders	50,838,355	53,073,290
Minority interests	14,949,044	23,244,020
	65,787,399	76,317,309

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2007 TO JUNE 30, 2008

	Share capital	Treasury shares	Share premium	Fair value reserves	Other reserves	Currency translation reserves	Retained earnings	Retained earnings for the period	Total	Minority interests	Total	NOTES
Equity as December 31, 2006	118,332,445	(10,399,412)	3,923,459	22,532,476	550,385,918	(9,359,315)	(29,812,510)	91,399,271	737,002,332	525,275,087	1,262,277,419	
Currency translation differences of subsidiaries	-	-	-	-	-	(2,456,159)	-	-	(2,456,159)	(914,260)	(3,370,419)	
Application of net profit for 2006:												
- Transfer to reserves	-	-	-	-	64,182,809	-	-	(64,182,809)	-	-	-	
- Dividends paid	-	-	-	-	-	-	-	(27,216,462)	(27,216,462)	-	(27,216,462)	
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	20,863,330	20,863,330	
Change in consolidation method	-	-	-	-	-	-	-	-	-	(211,507,450)	(211,507,450)	
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(17,387,180)	(17,387,180)	
Changes in actuarial assumptions*	-	-	-	-	-	-	(663,009)	-	(663,009)	2,807,144	2,144,135	
Fair value of available-for-sale financial assets*	-	-	-	(17,541,060)	-	-	-	-	(17,541,060)	-	(17,541,060)	
Fair value of financial instruments*	-	-	-	2,184,915	-	-	-	-	2,184,915	858,151	3,043,066	
Revaluation reserve from take-over*	-	-	-	(859,620)	-	-	-	-	(859,620)	-	(859,620)	
Goodwill	-	-	-	-	-	-	(1,520,712)	-	(1,520,712)	-	(1,520,712)	
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	627,434	-	627,434	-	627,434	
Other changes	-	-	-	-	-	-	242,237	-	242,237	21,986	264,223	
Net profit for the period	-	-	-	-	-	-	-	71,548,603	71,548,603	20,492,988	92,041,591	
Equity as June 30, 2007	118,332,445	(10,399,412)	3,923,459	6,316,711	614,568,727	(11,815,474)	(31,126,560)	71,548,603	761,348,499	340,509,796	1,101,858,295	
Currency translation differences of subsidiaries	-	-	-	-	-	(2,562,792)	-	-	(2,562,792)	(1,931,928)	(4,494,720)	
Acquisition of treasury shares	-	(36,765,574)	-	-	-	-	-	-	(36,765,574)	-	(36,765,574)	
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	(39,219,099)	(39,219,099)	
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(13,542,109)	(13,542,109)	
Changes in actuarial assumptions*	-	-	-	-	-	-	5,600,207	-	5,600,207	228,343	5,828,550	
Fair value of available-for-sale financial assets*	-	-	-	(551,065)	-	-	-	-	(551,065)	-	(551,065)	
Fair value of financial instruments*	-	-	-	(587,767)	-	-	-	-	(587,767)	(186,749)	(774,516)	
Revaluation reserve from take-over*	-	-	-	(422,122)	-	-	-	-	(422,122)	-	(422,122)	
Goodwill	-	-	-	-	-	-	(30,369,532)	-	(30,369,532)	-	(30,369,532)	
Other changes	-	-	-	-	-	-	(266,789)	-	(266,789)	(25,111)	(291,900)	
Net profit for the period	-	-	-	-	-	-	-	50,401,958	50,401,958	19,039,937	69,441,895	
Equity as December 31, 2007	118,332,445	(47,164,986)	3,923,459	4,755,757	614,568,727	(14,378,266)	(56,162,674)	121,950,561	745,825,023	304,873,080	1,050,698,103	
Currency translation differences of subsidiaries	-	-	-	-	-	(3,057,583)	-	-	(3,057,583)	(1,273,166)	(4,330,749)	
Application of net profit for 2007:												
- Transfer to reserves	-	-	-	-	35,181,478	-	-	(35,181,478)	-	-	-	
- Transfer to retained earnings	-	-	-	-	-	-	57,287,910	(57,287,910)	-	-	-	
- Dividends paid	-	-	-	-	-	-	-	(29,481,173)	(29,481,173)	-	(29,481,173)	14
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	(845,717)	(845,717)	26
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	(12,481,469)	(12,481,469)	35
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(8,673,283)	(8,673,283)	1.2
Changes in actuarial assumptions*	-	-	-	-	-	-	(1,252,022)	-	(1,252,022)	(1,387,321)	(2,639,343)	13
Fair value of available-for-sale financial assets*	-	-	-	(351,757)	-	-	-	-	(351,757)	-	(351,757)	29
Revaluation reserve from take-over*	-	-	-	-	-	-	-	-	-	207,379	207,379	27
Fair value of financial instruments*	-	-	-	(246,379)	-	-	-	-	(246,379)	(98,496)	(344,875)	27
Goodwill	-	-	-	-	-	-	(3,483,988)	-	(3,483,988)	(250,964)	(3,734,952)	27
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-	695,634	27
Other changes	-	-	-	-	-	-	(174,487)	-	(174,487)	(35,380)	(209,867)	
Net profit for the period	-	-	-	-	-	-	-	55,746,096	55,746,096	17,708,027	73,454,123	
Equity as June 30, 2008	118,332,445	(47,164,986)	3,923,459	4,157,621	649,750,205	(17,435,849)	(3,089,627)	55,746,096	764,219,364	297,742,690	1,061,962,054	

* Net of deferred taxes

CONSOLIDATED CASH FLOW STATEMENT

1ST SEMESTER 2008

		June 30, 2008			
Amounts in Euro	Notes	Cement	Paper	Holding	Total
OPERATING ACTIVITIES					
Received from customers		168,174,443	631,463,385	-	799,637,828
Payments to suppliers		(109,933,051)	(526,779,192)	(1,637,361)	(638,349,604)
Payments to employees		(13,802,889)	(55,598,583)	(2,557,968)	(71,959,440)
Cash flow generated from operations		44,438,503	49,085,610	(4,195,329)	89,328,784
(Payments)/ receipts from income tax		(1,575,662)	(19,629,425)	(63,478)	(21,268,565)
Other (payments)/ receipts from operating activities		(16,018,271)	35,271,343	(586,512)	18,666,560
Cash flows from operating activities (1)		26,844,570	64,727,528	(4,845,319)	86,726,779
INVESTMENT ACTIVITIES					
Receipts relating to:					
Financial investments		-	-	757,179	757,179
Property, plant and equipment		55,865	41,656	30,185	127,706
Subsidies to investment		-	12,888,916	-	12,888,916
Interest and similar income		442,790	8,779,861	59,236	9,281,887
Dividends		-	-	34,440	34,440
		498,655	21,710,433	881,040	23,090,128
Payments relating to:					
Financial investments		(1,221,118)	-	(3,379,367)	(4,600,485)
Cash and Cash equivalents by change in perimeter		144,803	-	-	144,803
Property, plant and equipment		(8,425,137)	(87,514,245)	(147,191)	(96,086,573)
Intangible assets		-	-	-	-
		(9,501,452)	(87,514,245)	(3,526,558)	(100,542,255)
Cash flows from investment activities (2)		(9,002,797)	(65,803,812)	(2,645,518)	(77,452,127)
FINANCING ACTIVITIES					
Receipts relating to:					
Borrowings		121,550,842	31,926,000	261,998,870	415,475,712
Capital increases and share premiums		48,956	-	-	48,956
		121,599,798	31,926,000	261,998,870	415,524,668
Payments relating to:					
Borrowings		(132,693,298)	(28,600,577)	(270,088,461)	(431,382,336)
Lease contracts		(107,713)	(91,785)	-	(199,498)
Interest and similar expense		(2,716,466)	(22,098,437)	(13,178,335)	(37,993,238)
Dividends		(2,319,430)	(6,716,879)	(28,785,539)	(37,821,848)
Acquisition of treasury shares		-	(13,748,395)	-	(13,748,395)
		(137,836,907)	(71,256,073)	(312,052,335)	(521,145,315)
Cash flows from financing activities (3)		(16,237,109)	(39,330,073)	(50,053,465)	(105,620,647)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		1,604,664	(40,406,357)	(57,544,302)	(96,345,995)
EFFECT OF DIFFERENCES IN EXCHANGE RATES		(875,430)	-	-	(875,430)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		47,228,855	471,790,149	(80,276,105)	438,742,899
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	47,958,089	431,383,792	(137,820,407)	341,521,474

CONSOLIDATED CASH FLOW STATEMENT

1ST SEMESTER 2007

		June 30, 2007			
Amounts in Euro	Notes	Cement	Paper	Holding	Total
OPERATING ACTIVITIES					
Received from customers		154,173,586	565,535,082	-	719,708,668
Payments to suppliers		(97,204,595)	(365,546,132)	(1,213,749)	(463,964,476)
Payments to employees		(11,659,563)	(54,931,405)	(4,608,646)	(71,199,614)
Cash flow generated from operations		<u>45,309,428</u>	<u>145,057,545</u>	<u>(5,822,395)</u>	<u>184,544,578</u>
(Payments)/ receipts from income tax		(224,712)	(4,265,602)	(280,236)	(4,770,550)
Other (payments)/ receipts from operating activities		<u>(15,611,728)</u>	<u>7,910,170</u>	<u>(2,140,000)</u>	<u>(9,841,558)</u>
Cash flows from operating activities (1)		29,472,988	148,702,113	(8,242,631)	169,932,470
INVESTMENT ACTIVITIES					
Receipts relating to:					
Financial investments		5,943,253	-	81,537,991	87,481,244
Property, plant and equipment		192,569	120,516	-	313,085
Intangible assets		-	2,777,731	-	2,777,731
Subsidies to investment		243,301	-	-	243,301
Interest and similar income		110,248	11,810,043	127,296	12,047,587
Dividends		435,094	-	128,276	563,370
		<u>6,924,465</u>	<u>14,708,290</u>	<u>81,793,563</u>	<u>103,426,318</u>
Payments relating to:					
Financial investments		(21,715,304)	(183,935)	(47,537,673)	(69,436,912)
Cash and Cash equivalents by change in perimeter		5,214,110	-	-	5,214,110
Property, plant and equipment		(10,013,239)	(10,990,638)	(78,735)	(21,082,612)
Intangible assets		-	-	(805)	(805)
		<u>(26,514,433)</u>	<u>(11,174,573)</u>	<u>(47,617,213)</u>	<u>(85,306,219)</u>
Cash flows from investment activities (2)		(19,589,968)	3,533,717	34,176,350	18,120,099
FINANCING ACTIVITIES					
Receipts relating to:					
Borrowings		206,053,284	-	344,257,500	550,310,784
Payments relating to:					
Borrowings		(198,514,944)	(29,375,175)	(393,385,977)	(621,276,096)
Lease contracts		(113,292)	(286,116)	-	(399,408)
Interest and similar expense		(2,818,935)	(25,020,292)	(10,193,562)	(38,032,789)
Dividends		(262,195)	(17,784,707)	(26,589,028)	(44,635,930)
		<u>(201,709,366)</u>	<u>(72,466,290)</u>	<u>(430,168,567)</u>	<u>(704,344,223)</u>
Cash flows from financing activities (3)		4,343,918	(72,466,290)	(85,911,067)	(154,033,439)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		14,226,938	79,769,540	(59,977,348)	34,019,130
EFFECT OF DIFFERENCES IN EXCHANGE RATES		(544,222)	-	-	(544,222)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		37,802,191	268,898,911	(570,890)	306,130,212
CHANGE IN CONSOLIDATION METHOD		(18,523,073)	-	-	(18,523,073)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		32,961,834	348,668,451	(60,548,238)	321,082,047

INDEX

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1.	Summary of main accounting policies	9
1.1	Basis of preparation	9
1.2	Changes in consolidation methods and comparability	9
1.3	Basis of Consolidation	9
1.3.1	Subsidiaries	9
1.3.2	Associates	10
1.3.3	Joint Ventures	10
1.4	Segmental reporting	10
1.5	Foreign currency translation	11
1.5.1	Functional and presentation currency	11
1.5.2	Balances and transactions expressed in foreign currencies	11
1.5.3	Group companies	11
1.6	Intangible assets	11
1.6.1	CO ₂ emission rights	11
1.6.2	Brands	11
1.7	Goodwill	11
1.8	Property, plant and equipment	11
1.9	Investment properties	12
1.10	Impairment of non-current assets	12
1.11	Biological assets	12
1.12	Financial investments	12
	Loans granted and receivables	13
	Financial assets at fair value through profit and loss	13
	Held-to-maturity investments	13
	Available-for-sale financial assets	13
1.13	Derivative financial instruments	13
1.14	Income tax	14
1.15	Inventory	14
1.16	Receivables and other current assets	14
1.17	Cash and cash equivalents	14
1.18	Share capital and treasury shares	14
1.19	Interest-bearing liabilities	14
1.20	Borrowing costs	15
1.21	Provisions	15
1.22	Pensions and other post-employment benefits	15
1.22.1	Pension obligations – defined benefit plans	15
1.22.2	Other post-employment benefits	15
1.22.3	Holidays, holiday allowances and bonuses	16
1.23	Payables and other current liabilities	16
1.24	Government grants	16
1.25	Leases	16
1.26	Dividends distribution	16
1.27	Revenue recognition and the accrual basis	16
1.28	Contingent assets and contingent liabilities	17
1.29	Subsequent events	17
1.30	New standards, amendments and interpretations of existing standards	17
2.	Risk management	17
2.1	Financial risk factors	17
2.1.1	Foreign exchange risk	17
2.1.2	Interest rate risk	18
2.1.3	Credit risk	18
2.1.4	Liquidity risk	18
2.2	Operational risk factors	18
2.2.1	Portucel subsidiary supply of raw materials	18
2.2.2	Paper and pulp market price	18
2.2.3	Demand for products - Portucel	18
2.2.4	Construction sector	18
2.2.5	Demand for products – Secil	19
2.2.6	Competition	19
2.2.7	Environmental legislation	19
2.2.8	Energy costs	19
2.2.9	Significant investments necessary for future new acquisitions	19
3.	Estimates and relevant accounting judgements	19
3.1	Impairment of Goodwill	19
3.2	Income tax	19
3.3	Actuarial assumptions	19
3.4	Fair value of biological assets	19

3.5	Credit risk	20
3.6	Recognition of provisions and adjustments	20
4.	Segmental report	21
5.	Other income	22
6.	Costs	22
6.1	Payroll costs	22
7.	Remuneration of the corporate bodies' members	22
8.	Depreciation, amortisation and impairment	23
9.	Profit in associated companies	23
10.	Net financial costs	23
11.	Income tax	23
12.	Earnings per share	24
13.	Minority interests	24
14.	Application of previous year's net profit	25
15.	Goodwill	25
16.	Other intangible assets	26
17.	Property, plant and equipment	27
18.	Biological assets	28
19.	Investments in associates	28
20.	Financial assets at fair value through profit and loss	28
21.	Available-for-sale financial assets	28
22.	Impairments in non-current and current assets	28
23.	Inventory	29
24.	Receivables and other current assets	29
25.	State entities	29
26.	Share capital and treasury shares	30
27.	Reserves and Retained earnings	30
28.	Deferred taxes	32
29.	Pensions and other post-employment benefits	34
30.	Provisions	38
31.	Interest-bearing liabilities	38
32.	Payables and other current liabilities	39
33.	Financial assets and liabilities	40
34.	Balances and transactions with related parties	41
35.	Changes in consolidation perimeter	41
36.	Expenditures on environmental issues	41
37.	Audit fees	42
38.	Average number of employees	42
39.	Commitments	42
40.	Other commitments assumed by Group companies	43
41.	Contingent assets	43
42.	Exchange rates	46
43.	Other information	46
44.	Subsequent events	47
45.	Companies included in consolidation	48

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1ST SEMESTER 2008

(Translation from a report original issued in Portuguese)

(Amounts expressed in euros unless indicated otherwise)

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: Euros 118.332.445
Registration No.: 502 593 130

Semapa leads an Enterprise Group with activities in two distinct business segments: cements and derivatives and pulp and paper developed respectively under the edge of Secil - Companhia Geral de Cal e Cimento, S.A. and Portucel - Companhia Produtora de Pasta e Papel, S.A., and respective subsidiaries.

These consolidated financial statements have been approved by the Board of Directors on August 20, 2008.

The Board of Directors that signed this report, declared that based on their knowledge, the information presented on it was prepared in conformity with applicable accounting statements, giving a fair and true view of the assets and liabilities, the financial position and results of the consolidated companies.

1. Summary of main accounting policies

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

1.1 Basis of preparation

The consolidated interim financial statements for the periods ended June 30, 2008 and 2007 have been prepared in accordance with the IAS 34 – Interim Financial Reporting.

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 attached consolidated financial statements were prepared on a going concern basis, based on the accounting books and records of the companies included in the consolidation (Note 45), and based on historic cost, except for and financial instruments and biological assets which are registered at fair value (Notes 33 and 19).

The preparation of the financial statements requires the use of estimates and relevant judgments when implementing the Group's accounting policies. The main 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 consolidation methods and comparability

In the first semester of 2008, no change on consolidation methods occurred. Thus, comparability is not affected by this effect.

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.

On the consolidated balance sheet, 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 heading of minority interests. Companies included in the consolidated financial statements are disclosed in Note 45.

The purchase method of accounting is used account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets exchanged for the investment, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus the 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 on acquisition date, irrespectively of the existence of minority interests. 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, as shown in Note 15.

The subsidiaries are fully consolidated since control is transferred to the Group, such as the sub-Group Portucel.

In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity under the caption Retained earnings (Note 27).

Whenever a reinforcement in the share capital of an associated company results in control acquisition, and the company starts to integrate consolidated financial statements by full consolidation method, the share in fair values attributable to assets and liabilities, corresponding to the stake previously held, is recorded in equity, under the heading Fair value reserves (Note 27).

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 as other operating income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are equally excluded unless the transaction provides evidence of an impairment of the transferred asset.

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

1.3.2 Associates

Associates are all entities over which the Group has significant influence but no control, generally accompanying a participation 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 investments in associates 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, and dividends received.

The differences between the acquisition cost and the fair value of the assets, liabilities and contingent liabilities attributable to the associate on acquisition date, if positive, are recognised as goodwill and booked as investments in associates. If those differences are negative, they are booked as income for the period as profit in associated companies.

Investments in associated companies are subject to specific valuation exercises when there are indications that the asset could be impaired. If impairment losses are identified they are recognised as a cost in the period they arise. When impairment losses recognised in prior periods cease to exist, they are reversed, except in the case of goodwill.

When the Group's share of losses in an associate equals or exceeds its investment in these companies, the Group does not recognise further losses, unless it

has incurred in obligations or made payments on their behalf.

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

1.3.3 Joint Ventures

A joint venture is the joining of two or more corporate bodies to conduct a specific business. A joint venture is similar to a partnership in that it must be created by agreement between the parties to share in the losses and profits of the venture.

The jointly controlled entities are included in the consolidated financial statements by the proportional consolidation method. Thus, assets, liabilities and income and expense of the jointly controlled ventures are recognised line after line in the consolidated financial statements, such as the sub-Group Secil.

1.4 Segmental reporting

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

Two business segments have been identified: pulp and paper and cement and derivatives.

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, Germany, Spain, France, Italy, Great Britain, Netherlands, Austria and United States, among other of small relevance, of cellulose pulp and paper and related products, the purchase of wood, forest and agricultural production, forestry and sale of electric and thermal energy, 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. leads the Enterprise Group of cements and related products which operates in Portugal, Tunisia, Spain, Angola, Netherlands, France, Lebanon and Cape Verde with cement production, taking place at the Maceira, Pataias, Gabés (Tunisia), Lobito (Angola) and Beirut (Lebanon) 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..

Geographical segment is an individualised area committed to supply products and services in a particular economical environment which is subject to different risks and benefits from those of segments that operate in other economical environment. The Geographical segment is defined considering the destination country of goods and services sold by the Group.

Segment reporting accounting policies are the same of those used consistently in the Group. All intra-segmental revenues are performed at market prices and eliminated by consolidation process. 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 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 period-end exchange 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

Income and financial position of Group entities that have a different functional currency are converted into the disclosure currency as follows:

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

Resulting exchange rate differences are recognised as a separate equity component, under the currency translation reserves heading.

- (ii) Income and expenses for each income statement are translated at the average exchange rate of the months of the reporting period, 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.

1.6 Intangible assets

With the exception of CO₂ emission licences, intangible assets are recognised at acquisition cost, less amortisation by the straight-line method over a period between 3 and 5 years and impairment losses.

1.6.1 CO₂ emission rights

CO₂ emission licences allocated to the Group on a free-hold basis, within the framework of the National Plan for the Assignment of CO₂ Emission Licences, are recorded under the intangible assets heading at market value as of the date of allocation, by offset to a liability, deferred income – grants, in the same amount.

For the Group's CO₂ emissions, an operating cost is posted as an offset to a liability and an item of operating income arising from recognition of that position of the respective subsidy. Sales of emission licences result in a profit or loss, representing the difference between the sales value and the respective purchase price, less the respective Government grant, which is recorded as other operating income or other operating costs, respectively.

1.6.2 Brands

Whenever brands are identified in a business combination, the Group records them separately in the consolidated statement as an asset valued at cost, which represents their fair value on the acquisition date.

On subsequent valuation, brands are measured in the Group's consolidated financial statements at cost less accumulated amortisation and impairment losses.

1.7 Goodwill

Goodwill represents the excess of cost of an acquisition over fair value of subsidiaries net identifiable assets, liabilities and contingent liabilities at acquisition date.

Goodwill is not amortised 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 acquisition cost (revaluated) in accordance with accounting principles generally accepted in Portugal up to that date, less depreciation and accumulated impairment losses.

Regarding the subsidiaries CMP, Société des Ciments de Gabés (SCG), Portucel and Soporcel, costs of tangible assets at acquisition date of these subsidiaries resulted from an independent economic evaluation.

Property, plant and equipment acquired after the date of transition to IFRS are recorded at cost, less depreciation and impairment losses. The 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 future economic benefits are probable and the respective cost can be measured reliably. All other repair and maintenance costs are recognised in the income statement in the financial period in which they are incurred.

Depreciation is calculated over acquisition cost, using the straight-line method from the date the asset starts to operate, 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

Assets' residual values and useful lives are reviewed and adjusted at each balance sheet date. If the assets' carrying amount exceeds the recoverable value of the asset, the difference to its estimated recoverable value is recorded as impairment loss (Note 1.10).

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

1.9 Investment properties

Investment properties are measured at acquisition cost less depreciation and impairment losses, being the cost for those acquired up to January 1, 2004 (date of transition to IFRS) the historical acquisition cost, or the revalued cost in accordance with generally accounting accepted principles in Portugal up to that date.

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 as the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less any expenses related to the sale and its useful amount. 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 such

assessment is not possible for each asset on an individual basis.

Impairment losses recognised in prior years are reversed when there is evidence that these impairment losses no longer exist or decreased (except for goodwill impairment – see Note 1.7).

The reversal of impairment losses is recognised in the income statement as other operating income, unless the asset has been subject to revaluation, in which case the reversal would represent an increase in the revaluation amount. However, an impairment loss is only reversed up to the amount that would have been recognised (net of amortisation or depreciation) if impairment had not been recognised in prior periods.

1.11 Biological assets

Biological assets are measured at fair value, less estimated costs to sell at the time of harvesting. The Group's biological assets comprise the forests held for the production of timber, to be incorporated in pulp production.

When calculating the fair value of the forests, the Group uses 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 harvest and transportation, and also considering plantation costs, maintenance costs and a discount rate.

The discount rate corresponds to a market rate, determined on the basis of Group's expected rate of return of its forests and the risk associated to them.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as fair value changes of biological assets on the income statement.

At the time of harvest, wood is recognised at fair value less estimated costs at point of sales.

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 of the investment, as follows:

Loans granted 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 when their maturity exceeds 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

A financial asset is classified under this category if acquired mainly 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 either are 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 recognised as non-current assets, unless management intends 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 the balance sheet date.

If there is no active market, 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 the issuer's specific circumstances.

Potential capital gains and losses arising from their valuation are recorded directly in the 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 (Note 27).

If there is no market value or if it is not possible to determine one, the investments in question are recognised at acquisition cost. Impairment losses for value reduction are recognised whenever appropriate.

At each balance sheet date the Group assesses whether there is objective evidence that a 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 of the period.

An impairment loss recognised 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, being the subsequent asset's positive fluctuation registered in fair value reserves.

1.13 Derivative financial instruments

The Group uses derivative financial instruments to manage 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, economic aspects are the main focus of assessment. Derivative financial instruments are recognised in the balance sheet at fair value.

To the extent that they are considered efficient hedges, changes in the fair value are initially recorded as an offset to shareholders' equity and subsequently reclassified under the heading Net financial income – gains/ losses in hedging derivatives, on settlement date.

Accordingly, and in net terms, costs associated with hedged items are accrued at the inherent hedging transaction rate contracted. Gains or losses arising from the premature cancellation of this type of instrument are recognised in the income statement at the time they occur.

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 are recognised under the caption Gains/ losses in trading derivatives (Note 10).

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, 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 derivative financial instruments is included 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.

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 be reversed.

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

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

1.15 Inventory

Inventory is valued according to the following criteria:

i) Goods for resale and raw materials

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

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 realisable value.

Net realisable value represents the estimated selling price less estimated finishing and marketing costs. Differences between cost and net realisable value, if lower, are recorded as sold and consumed inventories.

1.16 Receivables and other current assets

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

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

1.17 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, banks deposits and other short-term investments with original maturities of 3 months or less, which can be mobilised 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 presented on the balance sheet in current liabilities under the heading of interest-bearing liabilities.

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, to 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 acquisition.

Treasury shares are accounted by their acquisition value, as a reduction of equity, under the heading treasury shares and the gains or losses related to its sale are recorded in other reserves. In accordance with the applicable commercial law, while treasury shares remain in the possession of the Company, a reserve by an amount equal to its acquisition cost has to become unavailable.

When a Group company purchases shares of the holding company (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted to equity attributable to the holding'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 taxes, is included in equity attributable to the Company's shareholders, under other reserves.

1.19 Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 recognised as financial costs, in accordance with the accrual basis (Note 10).

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

Capitalisation of these charges begins once preparation of asset's construction or development starts and is suspended after its utilisation begins or when the respective project is suspended or substantially completed.

Any financial income generated by loans that are directly associated to a specific investment is deducted to the referred asset cost.

1.21 Provisions

Provisions are recognised whenever the Group has a legal or constructive obligation, as a result of past events, an outflow of resources is likely to 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 the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, from those related to minimising energy consumption, atmospheric emissions, production of waste and noise, to those established for the execution of environmental rehabilitation plans) are capitalised when they are intended to serve the Group's business in a sustainable way, as well as those associated with future economic benefits and which increase the expected useful life, increase capacity or improve the safety or efficiency of other assets held by the Group (Notes 30 and 36).

Additionally, land used in the exploitation of quarries must be subject to environmental recovery. The Group's practice is to restore spaces freed up by quarries on a continuing and progressive basis, recognising incurred expenditures in the income statement of that period.

Concerning the quarries where recovery is only possible after exploitation ceases, the Group has requested independent and specialised entities to evaluate those liabilities, as well as the estimated period of exploitation, recognising provisions for this purpose (Note 30).

1.22 Pensions and other post-employment benefits

1.22.1 Pension obligations – defined benefit plans

Some Group subsidiaries have undertaken the responsibility to make payments to their employees under retirement pension supplements agreements covering old age, 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 part of 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.

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

Past service costs 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 disclosed in the balance sheet, deducted from the market value of the set funds, under the caption Pensions and other post-employment benefits, in non-current liabilities.

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 recognised when incurred, directly in equity (Note 27).

Gains and losses generated by a curtailment or settlement of a defined benefit pension plan are recognised in the income statement when occurred. A curtailment occurs when there is a material reduction in the number of employees or when the plan is modified in a way that allocated benefits are materially reduced.

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. assumed the liability to pay its employees (i) a retirement allowance for old age and disability, which represents three months of the last wage received and (ii) an allowance for death of the active worker, equal to one month of the last wage received.

Additionally, Portucel assumed liabilities for the payment of a retirement bonus, equivalent to a 6 months salary, for employees that retire at the regular date of retirement, 65 years old.

Long service award

The subsidiaries Secil – Companhia Geral de Cal e Cimento, S.A. and CMP – Cimentos Maceira e Pataias, S.A. assumed with their workers the commitment to pay bonuses: (i) at Secil to those attaining 25, 35 and 40 years of seniority; (ii) at CMP, to those attaining 20 and 35 years of seniority, calculated according to their monthly basic remuneration, up to 3 salaries.

Healthcare benefits

Secil – Companhia Geral de Cal e Cimento, S.A., CMP – Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Promadeira and Brimade provide their employees a healthcare benefit plan that is over and above Health and Social Security systems, which covers family members, retired workers and widows.

Under this scheme, the costs of certain health care are shared: (i) at Secil, through health insurance contracted by the company, (ii) at CMP, through “Cimentos – Federação das Caixas de Previdência”, for covered workers, as well as for the remaining workers, after company’s medical services prior approval and (iii) at Cimentos Madeira, Promadeira and Brimade, through the approval of healthcare expenses presented by pensioners.

1.22.3 Holidays, holiday allowances and bonuses

In accordance with prevailing legislation, workers are entitled to 25 days holiday each year, as well as one month of holiday allowances. This right is acquired in the year previous to its payment.

In accordance with the Management performance system in place, workers are entitled to a compensation benefit defined in the annual objectives, whose right is generally acquired in the year previous to its payment.

Hence, these liabilities are recorded in the period during which workers acquire the respective right, irrespective of the date of payment, and the balance to be paid as of the balance sheet date is presented under the heading Payables and other current liabilities.

1.23 Payables and other current liabilities

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

1.24 Government grants

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

Grants received to compensate the Group for costs incurred are recorded systematically on the income statement during the periods the respective costs 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 grant are met.

Government grants received to compensate the Group for capital expenditures are presented under the heading Payables and other current liabilities and are recognised in the income statement under the caption Other operating income throughout the estimated useful life of the related subsidised 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, interest included in rental payments and depreciation of the asset, calculated as described in Note 1.8, are recognised as costs in the income statement 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 recorded in the income statement over the period of the lease.

Leases included in contracts according to IFRIC 4

The Group recognises an operating or financial lease whenever entering an arrangement, comprising a transaction or a series of related transactions, which may not assume the legal form of a lease, that transmits the right to use the asset in return for a payment or series of payments.

1.26 Dividends distribution

The distribution of dividends to shareholders is recognised as a liability in the Group’s financial statements in the period dividends are approved by the 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 recognised net of taxes, discounts and other costs inherent to its completion, at the fair value of the amounts 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.

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

Group companies record their costs and income on accrual basis, 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 recognised as receivables and other current assets and payables and other current liabilities (Notes 24 and 32, respectively).

1.28 Contingent assets and contingent liabilities

Contingent liabilities in which an outflow of funds affecting future economic benefits is only possible are not recognised in the consolidated financial statements but disclosed in the notes to the financial statements, unless the possibility of an actual outflow of funds is remote, in which case they are not disclosed.

Provisions against liabilities that satisfy the conditions foreseen in Note 1.21 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 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 the 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.

1.30 New standards, amendments and interpretations of existing standards

The European Commission regulation n° 611/2007, of June 1, adopted the following standard:

New standard effective in the 1^o semester of 2008

New Standard in force	Effective date*
IFRIC 11 - Group and treasury share transactions *	March 1, 2007

* Periods beginning on or after

The adoption of this new standard has not resulted in a significant impact on the consolidated financial statements.

New standards not mandatory as at June 30, 2008

New Standards to be adopted in the future	Effective date*
IFRS 1 (Amendment) - First-time adoption of IFRSs **	January 1, 2009
IFRS 2 (Amendment) - Share-based payment **	January 1, 2009
IFRS 3 (Revised) - Business combinations **	July 1, 2009
IFRS 8 - Operating segments	January 1, 2009
IAS 1 (Revised) - Presentation of financial statements	January 1, 2009
IAS 23 (Amendment) - Borrowing costs **	January 1, 2009
IAS 27 (Revised) - Consolidated and separate financial statements **	July 1, 2009
IAS 32 (Amendment) - Financial instruments: disclosure and presentation **	January 1, 2009
IFRIC 12 - Service concession arrangements **	January 1, 2008
IFRIC 13 - Customer loyalty programmes **	July 1, 2008
IFRIC 14 / IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction **	January 1, 2008
IFRIC 15 - Agreements for the construction of real estate **	January 1, 2009
IFRIC 16 - Hedges of a net investment in a foreign operation **	October 1, 2008

* Periods beginning on or after

** Standards not yet approved by the European Commission

Up to the date of this report the Group has not concluded the analysis of the impacts arising from the adoption of those standards and interpretations, for which it has decided not to early adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

2. Risk management

2.1 Financial risk factors

Semapa, as a holding company, does not have any direct operational activities. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries.

The main asset of Semapa as a holding company is the shares representative of the share capital of subsidiaries companies.

Thus, the company depends on the eventual dividends distribution by participated companies, interests' payment, loans reimbursement and other cash-flows generated by those companies.

The ability of Semapa participated companies to make funds available will depend, partly, of their ability to generate positive cash flows and, on the other hand, of the respective earnings, available reserves and financial structure.

The Group maintains a management risk program focused on finance markets in order to minimise the potential adverse effects on its financial performance.

Risk management is driven by Financial Management of the holding and main subsidiaries, according to the policies approved by the respective Board of Directors.

An Internal Control Commission with specific functions over the operations risk control is established at Semapa level.

2.1.1 Foreign exchange risk

Fluctuations in the exchange rate of the euro against other currencies can affect revenues of Semapa Group in various ways.

On the one hand, regarding Portucel sub-Group, pulp price in the world market is traditionally fixed in US dollar, and thus the evolution of the euro evolution against US dollar can have an impact on this sub-Group's future sales. On the other hand, a significant

part of pulp and paper sales is set in different currencies other than the euro, mainly the US dollar. Thus, the evolution of the euro against these currencies can also have a significant impact on sales.

Secil sub-Group's foreign exchange risk results mainly from petcoke purchases paid in US dollar. Secil sub-Group accomplished the optimisation of intra-group flows in foreign currencies in order to improve the "natural hedging".

For non-naturally compensated flows, the risk has been analysed and covered by exchange options structures, which establish the maximum value payable and allow to partial benefiting of favourable evolutions in the exchange rate.

Secil sub-Group holds assets located in Tunisia, Angola and Lebanon, therefore currencies fluctuation in these countries may impact Semapa's balance sheet.

2.1.2 Interest rate risk

The cost of nearly all of the Group's financial debt is indexed to short-term reference interest 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 Group's earnings.

When the Board of Directors considers appropriate, interest rate risk is managed through derivative financial instruments, namely interest-rate swaps, with the purpose of fixing the interest rate of borrowings, within certain parameters.

Portucel sub-Group decided to fix interest rates in part of its medium-term loans through interest rate swap contracts.

Secil sub-Group decided to contract a partial hedging of interest rate risk through a derivative structure that establishes a maximum value for the financial costs related to long term debt with scheduled reimbursement. The remaining debt was held on a variable interest rate regime.

2.1.3 Credit risk

Global economic conditions worsening or issues affecting local economies may originate customers' incapacity to pay off their current liabilities resulting from products sales.

The credit insurance has been one of the instruments used by Semapa Group to reduce the negative impact of this risk (Note 24).

Sales not covered by credit insurance are subject to rules that ensure that sales are made to customers with an appropriate credit history and don't exceed the predefined and approved credit exposure limits for each customer.

2.1.4 Liquidity risk

The Group manages liquidity risk in two ways: by ensuring that its financial debt has a substantial medium and long-term component, with maturities appropriate to the characteristics of the industry in which it operates and by obtaining credit facilities from financial institutions that are available at all times.

2.2 Operational risk factors

2.2.1 Portucel subsidiary supply of raw materials

The supply of wood, namely eucalyptus, is subject to price fluctuations and difficulties in the supply of raw materials that could have a significant impact on the production costs of companies producing BEKP (Bleached Eucalyptus Kraft Pulp).

The planting of new areas of eucalyptus is subject to the authorisation of the relevant entities, so that increases in forest areas, or the substitution of some of the present areas do not depend on producers of cellulose pulp. If domestic production proved to be insufficient, the Group would have to place greater reliance on wood importation.

Furthermore, and considering the increase demand for eucalyptus, not easily satisfied by national forests, the Group has made the Government and the public opinion aware that it is necessary to guarantee that, whilst the internal production of this type of wood material does not significantly increase, its use as biomass for energy purposes should not prevail over its use for industrial purposes.

2.2.2 Paper and pulp market price

The market prices of pulp and paper have a significant impact on Portucel's revenue and on its profitability. Cyclical fluctuations in pulp prices mainly arise from changes in worldwide production capacity, creating imbalances in supply in the face of market demand.

In order to limit the risk associated with fluctuations in the price of pulp in the short-term, the Group carried out some hedging operations through forward sales agreements.

2.2.3 Demand for products - Portucel

Any decline in the demand for BEKP, printing and uncoated writing papers in the EU and US markets could have a severe impact on the Company's sales. Moreover, demand for pulp produced by the Group depends on the growth of worldwide paper production capacity, since paper producers are the Group's main pulp customers.

2.2.4 Construction sector

Secil's business performance depends on the construction sector activity in each of the geographical markets where it operates. The construction sector tends to be cyclical, essentially in stabilised economies, and is influenced by the level of residential and commercial construction, as well as of investments in infrastructures.

The construction sector is sensitive to factors as interest rates and an economical activity slow down may lead to a performance decrease of construction sector.

Although the company considers that its geographical diversification is the best way to stabilise its results, its activity, financial position and operational results may be negatively affected by construction sector slowdown in any significant market where it operates.

2.2.5 Demand for products – Secil

In stabilised economies demand for cement and other materials tend to be quite regular along the year. A demand reduction is just noticed during the month of December. The demand for Secil products is, in general, aligned with this pattern of behaviour.

2.2.6 Competition

Increased competition in the markets in which it operates could have a significant impact on prices and consequently in Group's profitability.

The competitive environment in the businesses where Semapa Group is involved can be significantly affected by regional factors, such as the number of competitors and the production capacity in each regional market, the proximity of natural resources to the regional market, economic conditions and product's demand in each market.

Additionally, pricing policy of competitors in regional markets where Semapa Group operates may negatively affect its activity, financial position and operational results.

2.2.7 Environmental legislation

In recent years, legislation in the EU has increased its constraints regarding the control of effluents.

The Group conforms to the prevailing legislation and has incurred in significant investments in recent years to ensure it continues to comply with the existing requirements. Although no significant changes in legislation are expected in the near future, there is the possibility that the Group may need to incur in increased expenditure in order to comply with any new requirements that may come into force.

2.2.8 Energy costs

Energy costs have significant weight in most activities of Semapa's subsidiaries.

The Group is partly protected against the risk of increase of energy price by the possibility of using alternative fuels in some of their plants as well as long-period energy supply contracts for some of the energy needs.

Despite these actions, significant changes in fuel and electricity costs may negatively affect the Group's activity, financial position and operational results.

2.2.9 Significant investments necessary for future new acquisitions

Semapa Group considers that may appear growth opportunities, either organic or throughout acquisitions.

3. Estimates and relevant accounting judgements

The preparation of the consolidated financial statements requires the Group's management to make judgments and estimates impacting on revenue, costs, assets, liabilities and disclosures on the 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 being able to carry out in the future. Though, actual translation results may differ from estimates.

The estimates and assumptions that include a significant risk of generating a material adjustment in assets and liabilities' net book value in the next period are presented below:

3.1 Impairment of Goodwill

Each year, the Group tests whether goodwill is impaired, in accordance with the accounting policy described in Note 1.10. 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 the income tax and on the provisions for taxes during the period in which such differences are identified.

3.3 Actuarial assumptions

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

3.4 Fair value of biological assets

In determining the fair value of biological assets is used the discounted cash flows method, considering assumptions about the nature of the assets being valued (Note 1.11). Changes in these assumptions may involve a valuation/ devaluation of those assets.

As of June 30, 2008, an increase of 0.5% on the used discount rate, of 5.5%, would depreciate these assets by Euro 4,595,392.

3.5 Credit risk

As mentioned before, the Group manages the credit risks of its receivables through credit risk analysis when granting credit to new customers and through regular review (Note 24).

Due to the nature of its customers, the Group's credit portfolio does not lend itself to general credit ratings based on classification and analysis in terms of a homogeneous population. Hence, the Group collects data on its customers' financial performance through regular contact, as well as through contacts with other entities with which the Group does business (e.g., sales agents).

At the same time, the sub-Groups Portucel and Secil have contracted with several credit insurance companies the inclusion of the majority of the referred receivables in insurance policies, reducing the exposure in these receivables to the retention portion to be paid in case of any incident, which varies according to customer's geographical location.

3.6 Recognition of provisions and adjustments

The Group is involved in several ongoing legal proceedings. Based on the opinion of its lawyers, the Group makes a judgement to determine whether a provision to those contingencies should be registered.

Adjustments to receivables are calculated essentially based on the aging of the receivables; the risk profile of the customers and their financial situation.

4. Segmental report

Segmental data is presented in relation to the identified business segments, namely Pulp and Paper and Cement and Derivatives. The revenues, assets and liabilities of each segment correspond to those directly attributed to them, as well as to those that can be reasonably attributed to those segments.

Business segments

Financial data by business segment for the six month period ended on June 30, 2008, is analysed as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Holdings	Consolidated
REVENUE	594,496,231	151,555,710	85,211	746,137,152
Operational results	94,785,533	30,909,323	(6,167,014)	119,527,842
Financing results	(10,663,849)	(3,448,748)	(13,946,208)	(28,058,805)
Profit in associated companies	-	413,824	-	413,824
Income tax	(17,368,745)	(7,153,417)	6,093,424	(18,428,738)
Ordinary activities results	66,752,939	20,720,982	(14,019,798)	73,454,123
Minority interests	(16,138,051)	(1,569,976)	-	(17,708,027)
Net profit for the year	50,614,888	19,151,006	(14,019,798)	55,746,096
OTHER INFORMATION				
Segment assets	2,522,643,826	506,528,336	234,703,453	3,263,875,615
Investments in associated companies	130,074	2,172,672	-	2,302,746
Total segmental liabilities	1,379,955,763	254,261,609	567,696,189	2,201,913,561
Amortization and impairment losses	55,255,647	10,307,621	73,458	65,636,726
Net provisions	19,170	-	(41,926)	(22,756)
Fixed capital expenditure	105,813,318	8,324,521	123,213	114,261,052

Financial data by business segment for the six month period ended on June 30, 2007, is analysed as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Holdings	Consolidated
REVENUE	566,365,786	136,258,601	88,578	702,712,965
Operational results	111,295,633	24,436,152	19,984,143	155,715,928
Financing results	(13,553,767)	(3,138,719)	(10,735,105)	(27,427,591)
Profit in associated companies	2,872	665,846	-	668,718
Income tax	(28,837,200)	(5,202,655)	(2,875,609)	(36,915,464)
Ordinary activities results	68,907,538	16,760,624	6,373,429	92,041,591
Minority interests	(19,438,879)	(1,054,109)	-	(20,492,988)
Net profit for the year	49,468,659	15,706,515	6,373,429	71,548,603
OTHER INFORMATION				
Segment assets	2,364,944,736	483,841,788	228,607,796	3,077,394,320
Investments in associated companies	700,241	1,803,240	-	2,503,481
Total segmental liabilities	1,256,276,584	241,701,536	477,557,905	1,975,536,025
Amortization and impairment losses	54,311,922	10,732,804	62,943	65,107,669
Net provisions	10,646,891	48,311	49,516	10,744,718
Fixed capital expenditure	8,449,379	9,015,988	49,094	17,514,461

Geographical segments

	Pulp and Paper		Cements and Derivatives		Total	
	1 st S2008	1 st S2007	1 st S2008	1 st S2007	1 st S2008	1 st S2007
Sales and services rendered:						
Portugal	104,252,325	76,336,275	99,702,681	93,312,751	203,955,006	169,649,026
Rest of Europe	407,664,352	394,804,381	3,303,160	3,238,529	410,967,512	398,042,910
America	37,359,470	44,588,285	-	-	37,359,470	44,588,285
Africa	-	-	26,289,250	21,828,020	26,289,250	21,828,020
Asia	-	-	12,509,070	10,162,200	12,509,070	10,162,200
Overseas	45,220,084	50,636,845	9,751,546	7,717,102	54,971,630	58,353,947
	594,496,231	566,365,786	151,555,707	136,258,602	746,051,938	702,624,388

The segment Cement and Derivatives (Secil sub-Group) is consolidated by the proportional method. Thus, the amounts presented above correspond only to 51% of total amounts presented by the sub-Group.

5. Other income

As of June 30, 2008 and 2007, other income was as follows:

Amounts in Euro	1 st S2008	1 st S2007
Reversion of adjustments (Note 22)	209,219	337,541
Reversion of impairment (Note 16 and 22)	-	1,594,000
Supplementary income	2,730,369	3,715,156
Gains on inventories	250,168	646,512
Gains on disposals of non-current assets	6,613,155	28,674,631
Gains on disposals of current assets	87,037	117,979
Grants - CO ₂ Emission Licences	17,669,451	562,907
Government Grants (Note 32)	-	636,959
Other operating income	4,153,794	2,577,724
	31,713,193	38,863,409

The amount under the heading of supplementary income relates to electricity, water and other forest products, amounting Euro 1,899,948 (2007: Euro 2,486,241), Euro 405,263 (2007: Euro 330,391) and Euro 425,158 (2007: Euro 578,823), respectively.

The amount of Euro 17,669,451 presented in the heading Grants – CO₂ emission licences, as of June 30, 2008, relates to the recognition of the grant, originated by the allocation of emission licences, free of charge (Note 1.6.1), in the proportion of the emissions made in the period (Note 6).

Gains on disposal of non-current assets

In the first semester of 2008 and 2007 gains on disposal of non-current assets have the following breakdown:

Amounts in Euro	1 st S2008	1 st S2007
Property, plant and equipment	137,127	245,881
Available-for-sale assets	-	25,647,955
CO ₂ licences disposals	3,543,096	2,777,731
Other non-current assets	2,932,932	3,064
	6,613,155	28,674,631

Gains on disposal of available-for-sale assets in the first semester of 2007 includes essentially the gain on the disposal of 19,223,117 shares of EDP – Energias de Portugal, SA, held by the Group.

In the first semester of 2008 the Group sold CO₂ emission licences, generating a gain of Euro 3,543,096 (2007: Euro 2,777,731).

Gains on other non-current assets, amounting Euro 2,932,932, relate to a positive adjustment on the sale of 49% of Secil's equity, by Semapa to CRH in the year of 2004, due to the success obtained in 2008 over litigation tax proceedings.

6. Costs

As of June 30, 2008 and 2007 costs were made up as follows:

Amounts in Euro	1 st S2008	1 st S2007
Cost of sales and services rendered		
Sold and consumed inventories	(288,023,513)	(234,027,446)
Consumed materials and services	(188,407,500)	(180,856,311)
Variation in production	(1,844,669)	(2,962,729)
Payroll costs		
Corporate bodies (Note 7)	(12,546,666)	(8,153,102)
Other remunerations	(52,765,224)	(49,132,457)
Pension costs	(5,688,580)	(5,741,123)
Other payroll costs	(19,567,923)	(16,405,276)
	(90,568,393)	(79,431,958)
Other operating costs		
Own work capitalized	167,029	193,640
Subscription fees	(441,829)	(595,149)
Donations	(490,651)	(152,446)
CO ₂ emission costs	(17,669,451)	(562,907)
Impairment losses on inventories and receivable	(459,676)	(323,707)
Losses on inventories	(239,721)	(356,956)
Indirect taxes	(2,080,266)	(2,066,744)
Losses on disposal of non-current assets	(28,888)	(83,328)
Other operating losses	(3,797,069)	(2,216,999)
	(25,040,522)	(6,164,596)
Net provisions (Note 30)	22,756	(10,744,718)
Total costs	(593,861,841)	(514,187,758)

6.1 Payroll costs

As of June 30, 2008 and 2007 payroll costs were made up as follows:

Amounts in Euro	1 st S2008	1 st S2007
Remunerations	(65,311,889)	(57,285,560)
Pensions	(5,688,580)	(5,741,123)
Social security	(10,408,872)	(9,701,604)
Healthcare benefits	(591,045)	(609,475)
Training	(636,645)	(570,186)
Social action	(1,967,565)	(1,728,869)
Insurance	(692,385)	(1,112,156)
Compensations for termination of contract	(274,296)	(162,013)
Other	(4,997,116)	(2,520,972)
Payroll costs	(90,568,393)	(79,431,958)

The heading Remunerations includes an amount of Euro 13,208,528 (1st semester 2008: Euro 8,483,783) related to accrued performance bonuses.

7. Remuneration of the corporate bodies' members

As of June 30, 2008 and 2007 the remuneration of the corporate bodies' members was made up as follows:

Amounts in Euro	1 st S2008	1 st S2007
Board of directors		
Semapa SGPS, S.A.	4,409,397	2,276,895
Board members of Semapa in other companies	2,202,536	2,217,269
Corporate bodies of other Group companies	5,934,733	3,658,938
	12,546,666	8,153,102

As of June 30, 2007, the remunerations of Semapa corporate bodies' members were deducted from an amount of Euro 2,770,304 related to an excess of estimate for bonuses accrued on December 31, 2006.

Additionally, Semapa's Board of Directors, as well as Portucel's, benefit from pension plans as described in Note 29.

8. Depreciation, amortisation and impairment

As of June 30, 2008 and 2007 depreciation, amortisation and impairment losses were as following:

Amounts in Euro	1 st S2008	1 st S2007
Property, plant and equipment depreciation		
Land	(499,728)	(662,750)
Buildings	(11,548,231)	(11,567,000)
Equipment	(51,783,410)	(48,312,646)
Other tangible assets	(1,573,147)	(4,285,777)
	(65,404,516)	(64,828,173)
Intangible assets depreciation		
Industrial property and other rights	(232,210)	(3,005)
	(232,210)	(3,005)
Impairment losses on intangible assets		
Goodwill (Notes 15, 20 and 22)	-	(276,491)
	-	(276,491)
	(65,636,726)	(65,107,669)

Depreciations are net of recognised government grants amounting Euro 6,244,245.

On July 12, 2006, Portcel sub-Group and API – Agência Portuguesa para o Investimento (currently designated AICEP) entered into four investment contracts comprising financial and tax incentives amounting to Euro 74,913,245 and Euro 102,038,801, respectively, related to a global investment of Euro 900,000,000.

Hence, to ensure the accrual basis when recognising these incentives, it was recognised in 2007, as accounts receivable, the balance representing incentives committed but not yet received, to the extent of the investments actually made. The portion of the financial incentive representing depreciation of the equipment assigned to the project and already partially booked during the period of eligibility (from 2002 to 2007), amounting Euro 18,014,811, was taken to the income statement, in accordance with the policy described in Note 1.24.

9. Profit in associated companies

During the first semester of 2008 and 2007, the Group's share of associates' net profit was as follows:

Amounts in Euro	1 st S2008	1 st S2007
Portucel sub-Group		
Portucel International Trading, SA a)	-	2,872
Secil sub-Group		
Ciment de Sibline S.A.L. a)	-	76,881
Chryso - Aditivos de Portugal, S.A.	(3,130)	(4,843)
Setefrete, SGPS, S.A.	421,807	435,000
Betão Liz, S.A.	-	125,372
Cimentação - Cimentos dos Açores, Lda. b)	-	35,466
Cimentos Madeira, Lda. a)	-	(2,015)
Be-Power, Serviços e Equipamentos, Lda	-	5,448
J.M. Henriques, Lda.	(4,853)	(5,463)
	413,824	668,718

a) Included, in 2008, by full consolidation method
b) Company disposed in 2007

The company doesn't recognise deferred taxes over these amounts since it considers not being applicable the article 46 of the Portuguese Corporate Tax Code.

10. Net financial costs

On June 30, 20078 and 2007 net financial costs were made up as follows:

Amounts in Euro	1 st S2008	1 st S2007
Interest paid on loans from shareholders	(212,762)	(213,329)
Interest paid on other loans	(37,364,214)	(30,562,903)
Interest earned on loans to associated companies	34,244	27,930
Other interest earned	10,119,459	6,406,658
Equity stakes income	34,439	15,298
Gains/ (losses) on financial instruments - trading	(864,546)	(449,395)
Gains/ (losses) on financial instruments - hedging	8,205,018	3,946,929
Accrual of options payments	(1,578,000)	(3,346,167)
Compensatory interest	(1,900,225)	(425,118)
Foreign exchange differences	(756,314)	(874,062)
Other financial costs	(1,226,535)	(2,006,197)
Other financial gains	(2,549,369)	52,765
	(28,058,805)	(27,427,591)

Gains on financial instruments designated as hedging (Note 33), amounting Euro 7,736,511, include:

- Gains on interest rate SWAPS of Euro 1,806,628 (2007: Euro 967,564);
- Losses on pulp price hedging of Euro 280,531 (2007: Euro 1,061,336); and
- Gains on foreign exchange options related to budget hedging of Euro 6,678,921 (2007: Euro 4,040,701).

Losses on financial instruments held for trading, amounting Euro 864,546 (2007: Euro 449,395), relate to foreign exchange forwards. Hence, the exchange rate changes in foreign currency receivables are included in exchange rate differences.

Compensatory interest is associated to additional tax assessments and tax contingencies.

11. Income tax

The groups Semapa, Portucel and Secil are subject to special tax regime applicable to Groups of companies comprising all entities whose capital is held 90% or more and which meet the conditions foreseen in article 63 and following of the Portuguese Corporate Income Tax Code.

Companies included in the group of companies subject to this regime, calculate and recognise 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 calculating the taxable income for the period.

Dividends are considered when determining the taxable income in the year in which they are received, if investments represent less than 10% of the share capital or if the assets are held less than one year, unless the acquisition costs exceeds Euro 20,000,000.

As of June 30, 2008 and 2007 the income tax heading presents the following breakdown:

Amounts in Euro	1 st S2008	1 st S2007
Current tax	30,687,574	29,943,370
Provision for current tax (Note 25)	(20,454,461)	6,507,050
Deferred tax	8,195,625	465,044
	18,428,738	36,915,464

As of June 30, 2008 and 2007, the heading Provision for current taxes presents the following breakdown:

Amounts in Euro	1 st S2008	1 st S2007
(Excess)/ insufficiency of income tax estimate	(3,982,680)	6,148,752
Net variation in current income tax provision	(16,471,781)	358,298
	(20,454,461)	6,507,050

The reconciliation of the effective income tax rate for the periods ended June 30, 2008 and 2007 is as follows:

Amounts in Euro	1 st S2008	1 st S2007
Profit before tax	91,882,861	128,957,055
Expected income tax	24,348,958	34,173,620
Differences (a)	2,528,644	2,708,434
Insufficiency of income tax estimate	-	3,594,586
Recoverable tax losses carried forward	-	(5,206,095)
Non-recoverable tax losses	1,346,632	420,819
Impairment and provisions reversal	-	(1,083,720)
Changes in tax rate	14,300,000	(164,383)
Provision for current tax	(20,454,461)	2,912,464
Adjustments in taxable income	(3,641,035)	(440,261)
	18,428,738	36,915,464
Effective tax rate	20.06%	28.63%

(a) This amount is made up essentially of:

Effects arising from the application of the equity method	(413,824)	(568,580)
Capital gains / (losses) for tax purposes	(3,638,081)	(898,864)
Capital (gains) / losses for tax accounting purposes	(3,216,004)	(3,056,082)
Adjustments and taxable provisions	6,417,853	20,078,051
Tax benefits	(699,496)	(279,998)
Dividends received from non-EU companies	3,210,569	165,170
Decrease of taxed provisions	(520,203)	(216,444)
Pensions fund	(256,343)	-
Others	8,657,582	(5,002,749)
	9,542,053	10,220,504
Tax effect (26.50%)	2,528,644	2,708,434

The provision for current taxes includes Euro 11,797,305 related to the write-off of a liability deriving from a correction made by the tax authorities in previous years. This correction disregarded, for tax purposes, the deduction to collection of tax incentives received by Portucel sub-Group for the construction of second paper machine, in the period from 1998 to 2000.

In February, 2008 was rendered a favourable judgment concerning the challenge of that decision by Portucel subsidiary. Thus, the write-off of the liability deriving from this correction was recognised in the period.

The amount also includes the reversal of a provision for current taxes, amounting Euro 2,551,023, related to a case pending with the Portuguese tax authorities, due to the request of withholding taxes reimbursement, due in Portugal by the Dutch subsidiary Interholding Investments BV (Ex - Semapa Investments BV) for dividends received from Portucel in 2005 and 2006. The tax authorities granted the referred request in June, 2008, being the amount reimbursed in last July.

The Portuguese income annual declarations are subject review and possible adjustments by the tax authorities during a 4 years period. However, if there are tax losses they may be subject to revision and payment by the tax

authorities for a 6 years period. In other countries where the group operates these periods are different, usually higher.

The Board of Directors believes that any adjustments to those statements as a result of revisions/ inspections by the tax authorities will have no material effect on the consolidated financial statements at June 30, 2008, being certain that the income tax returns up to 2005 have already been reviewed.

12. Earnings per share

Since there are no convertible financial instruments over Group shares, its earnings are undiluted.

Amounts in Euro	1 st S2008	1 st S2007
Profit attributable to shareholders	55,746,096	71,548,603
Weighted average number of ordinary shares	114,244,470	115,604,470
Basic earnings per share	0.488	0.619
Diluted earnings per share	0.488	0.619

The weighted average number of shares is deducted of 2,727,975 treasury shares owned by Seminv, S.A., subsidiary owned by Semapa, SGPS, S.A. as well as 2,720,000 treasury shares acquired by Semapa in July 2007.

13. Minority interests

As of June 30, 2008 and 2007 minority interests disclosed in the income statement were as follows:

Amounts in Euro	1 st S2008	1 st S2007
Portucel - Empresa de Pasta e Papel, SA	16,169,708	19,429,384
Raiz - Instituto de Investigação da Floresta e Papel	(31,657)	9,495
Grupo Secil Betões e Inertes	37,609	8,386
Société des Ciments de Gabès	25,407	21,502
Secil Martingança	11,682	11,220
Secil - Companhia de Cimento do Lobito, S.A.	143,378	(41,800)
Cimentos de Siblino, S.A.L.	1,097,829	832,788
Grupo Cimentos Madeira	237,583	192,654
Others	16,488	29,359
	17,708,027	20,492,988

As referred in previous reports, the subsidiary Secil – Companhia Geral de cal e Cimento, SA, in which the Group has a stake of 51%, started to be consolidated by the proportional method in 2007. For this reason, since then the Group doesn't recognise any profits affected to minority interests.

As of June 30, 2008 and 2007 minority interests disclosed in the balance sheet were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Portucel - Empresa de Pasta e Papel, SA	273,308,011	278,408,578
Raiz - Instituto de Investigação da Floresta e Papel	200,576	237,401
Grupo Secil Betões e Inertes	188,425	150,196
Société des Ciments de Gabès	679,837	687,707
Secil Martingança	145,433	133,754
Secil - Companhia de Cimento do Lobito, S.A.	2,936,595	2,995,600
Cimentos de Siblino, S.A.L.	17,291,363	19,042,136
Grupo Cimentos Madeira	2,732,915	2,564,120
Others	259,535	653,588
	297,742,690	304,873,080

During the six month period ended on June 30, 2008 and the year 2007, the following movements in minority interests have occurred:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Total
Balance as of January 1, 2007	306,770,779	218,504,308	525,275,087
Changes in the consolidation perimeter	(38,348,752)	19,992,984	(18,355,768)
Changes in the consolidation method	-	(211,507,450)	(211,507,450)
Dividends	(30,421,029)	(508,260)	(30,929,289)
Currency translation reserve	2,264	(2,848,453)	(2,846,189)
Financial instruments	671,402	-	671,402
Actuarial gains and losses	2,987,611	47,875	3,035,486
Other changes in equity	(3,137)	13	(3,124)
Profit for the year	36,986,841	2,546,084	39,532,925
Balance as of December 31, 2007	278,645,979	26,227,101	304,873,080
Goodwill	(13,327,186)	-	(13,327,186)
Dividends	(6,412,181)	(2,261,102)	(8,673,283)
Currency translation reserve	(19,002)	(1,254,164)	(1,273,166)
Financial instruments	(98,496)	-	(98,496)
Actuarial gains and losses	(1,383,199)	(4,122)	(1,387,321)
Other changes in equity	(35,379)	(43,587)	(78,966)
Profit for the period	16,138,051	1,569,976	17,708,027
Balance as of June 30, 2008	273,508,587	24,234,102	297,742,689

The movement presented under the heading Goodwill occurred in the segment of Pulp and Paper and results from the acquisition by the Group, in the first semester of 2008, of an additional minority interest of 1.1% in the subsidiary Portucel.

14. Application of previous year's net profit

Amounts in Euro	<i>Application of net profit for the year:</i>	
	2007	2006
Dividends distribution	29,481,173	27,216,463
Legal reserves	-	-
Other reserves	35,181,478	64,182,808
Retained earnings	57,287,910	-
Net profit for the year	121,950,561	91,399,271
Dividends per share	0.25	0.23

As of June 30, 2008 legal reserves are recorded at maximum amount, to which is added the reserve for share premiums.

15. Goodwill

During the first semester of 2008 changes under the heading Goodwill were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Opening balance	285,675,118	334,524,956
Changes in the consolidation perimeter	-	(729,507)
Transfers	(89,910)	-
Changes in consolidation method	-	(54,339,254)
Acquisitions	35,083	7,613,028
Exchange rate adjustments	(824,338)	(1,394,105)
Closing balance	284,795,953	285,675,118

In accordance with IFRS 1, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described on note 1.7.

As of June 30, 2008 and December 31, 2007 Goodwill was made up as follows:

Entity	Year of acquisition	30-06-2008	31-12-2007
Acquisitions made by sub-Group Semapa			
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, SA	2004	135,565,059	135,565,059
		223,628,520	223,628,520
Acquisitions made by sub-Group Secil			
CMP - Cimentos Maceira e Pataias, S.A.	1994	24,906,178	24,906,178
Société des Ciments de Gabès	2000	17,210,091	17,595,400
Grupo Secil Betões e Inertes	2000	6,796,620	6,796,620
Sud-Béton-Société de Fabrication de Béton du Sud	2001	1,023,019	1,045,923
Tecnosecil, S.A.R.L.	2005	769,321	823,830
IRP - Indústria de Reboco de Portugal, S.A.	2005	1,557,891	1,557,891
Sicobetão - Fabricação de Betão, S.A.	2005	421,747	421,747
Secil Cabo Verde Comércio e Serviços, S.A.	2006	71,117	71,117
Secil Betões e Inertes, SGPS, S.A.	2005	311,197	311,197
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	2006	1,570,227	1,570,227
Cimentos Madeira, S.A.	2007	924,103	924,103
Minerbetão, S.A.	2007	476,507	476,507
Cimentos de Sibline, S.A.L.	2007	5,094,332	5,545,858
Teporset, S.A.	2008	35,083	-
		61,167,433	62,046,598
		284,795,953	285,675,118

Goodwill is allocated to the Group's cash generating units (CGU's), identified in accordance with the country of operation and business segment, as follows:

Amounts in Euro	June 30, 2008		
	Cement and Derivatives	Pulp and Paper	Total
Portugal	125,063,014	135,565,059	260,628,073
Tunisia	18,233,110	-	18,233,110
Lebanon	5,094,332	-	5,094,332
Angola	769,321	-	769,321
Cape Verde	71,117	-	71,117
	149,230,894	135,565,059	284,795,953

Amounts in Euro	December 31, 2007		
	Cement and Derivatives	Pulp and Paper	Total
Portugal	125,027,931	135,565,059	260,592,990
Tunisia	18,641,323	-	18,641,323
Lebanon	5,545,858	-	5,545,858
Angola	823,830	-	823,830
Cape Verde	71,117	-	71,117
	150,110,059	135,565,059	285,675,118

For the purposes of impairment tests, the recoverable amount of the CGU's is determined based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for next year and projected cash flows for the next 4 years, based on a constant sales volume.

16. Other intangible assets

During the first semester of 2008 and 2007 changes under the intangible assets heading were as follows:

	Brands	Research and development expenditure	Industrial property and other rights	CO ₂ emission licences	Intangible assets under construction	Total
Amounts in Euro						
Acquisition cost						
Balance as of January 1, 2007	151,488,000	4,291,159	2,472,450	18,972,545	86,757	177,310,911
Changes in consolidation method	-	-	-	(8,280,397)	-	(8,280,397)
Changes in consolidation perimeter	-	-	-	-	-	-
Acquisitions	-	-	-	4,713,862	-	4,713,862
Disposals	-	-	-	(2,173,803)	-	(2,173,803)
Adjustments, transfers and write-offs	-	(4,291,159)	(144,256)	(11,510,441)	207,738	(15,738,118)
Exchange rate adjustments	-	-	-	-	-	-
Balance as of June 30, 2007	151,488,000	-	2,328,194	1,721,766	294,495	155,832,455
Changes in consolidation perimeter	-	-	-	-	-	-
Acquisitions	-	-	1,835,461	8,390	-	1,843,851
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	-	-	(2)	(126,843)	(294,495)	(421,340)
Exchange rate adjustments	-	-	-	-	-	-
Balance as of December 31, 2007	151,488,000	-	4,163,653	1,603,313	-	157,254,966
Changes in consolidation perimeter	-	-	-	-	-	-
Acquisitions	-	-	-	42,701,661	-	42,701,661
Disposals	-	-	-	(12,176,954)	-	(12,176,954)
Adjustments, transfers and write-offs	-	-	(2,265,551)	(59,796)	-	(2,325,347)
Exchange rate adjustments	-	-	-	-	-	-
Balance as of June 30, 2008	151,488,000	-	1,898,102	32,068,224	-	185,454,326
Accumulated depreciation and impairment losses						
Balance as of January 1, 2007	(1,594,000)	(4,291,159)	(2,427,925)	-	-	(8,313,084)
Changes in consolidation perimeter	-	-	-	-	-	-
Depreciation and impairment losses	-	-	(3,005)	(1,409,069)	-	(1,412,074)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	1,594,000	4,291,159	144,257	-	-	6,029,416
Exchange rate adjustments	-	-	-	-	-	-
Balance as of June 30, 2007	-	-	(2,286,673)	(1,409,069)	-	(3,695,742)
Changes in consolidation perimeter	-	-	-	-	-	-
Depreciation and impairment losses	-	-	(461,415)	(134,447)	-	(595,862)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	-	-	-	-	-	-
Exchange rate adjustments	-	-	-	-	-	-
Balance as of December 31, 2007	-	-	(2,748,088)	(1,543,516)	-	(4,291,604)
Changes in consolidation perimeter	-	-	-	-	-	-
Depreciation and impairment losses	-	-	(232,209)	-	-	(232,209)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	-	-	2,263,726	-	-	2,263,726
Exchange rate adjustments	-	-	-	-	-	-
Balance as of June 30, 2008	-	-	(716,571)	(1,543,516)	-	(2,260,087)
Net book value as of January 1, 2007	149,894,000	-	44,525	18,972,545	86,757	168,997,827
Net book value as of June 30, 2007	151,488,000	-	41,521	312,697	294,495	152,136,713
Net book value as of December 31, 2007	151,488,000	-	1,415,565	59,797	-	152,963,362
Net book value as of June 30, 2008	151,488,000	-	1,181,531	30,524,708	-	183,194,239

The amount of Euros 151,488,000 under the caption Brands relates to the initial evaluation performed by a specialised and independent entity, for trademarks Navigator and Soporset, using the respective cash-flow projections at an appropriate discount rate, after determined the fair value of Portucel's assets and liabilities, which is not subject to amortisation as its useful life is undefined (Note 1.6).

Impairment of this intangible asset is tested on an annual basis. The Group has valued it in the first semester of 2008, of which resulted a fair value of Euro 204,500,000, substantially above the initial evaluation amount, as referred in the preceding paragraph.

17. Property, plant and equipment

During the first semester of 2008 and 2007, changes in property, plant and equipment accounts, as well as in the respective depreciations and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipment and other tangibles	Assets under construction	Advances to suppliers	Total
Acquisition cost						
Balance as of January 1, 2007	228,430,922	759,381,674	3,829,373,884	20,315,261	1,442,538	4,838,944,279
Changes in consolidation perimeter	9,319,937	24,287,536	67,172,232	887,700	184,693	101,852,098
Changes in consolidation method	(62,535,049)	(150,281,209)	(498,837,859)	(5,657,840)	(691,556)	(718,003,513)
Acquisitions	28,436	168,059	5,435,343	11,722,631	159,992	17,514,461
Disposals	(118)	-	(2,880,896)	(47,674)	-	(2,928,688)
Adjustments, transfers and write-offs	-	831,130	6,109,922	(7,108,971)	(378,174)	(546,093)
Exchange rate adjustments	(1,111,720)	(1,159,041)	(3,945,520)	(85,451)	(6,319)	(6,308,051)
Balance as of June 30, 2007	174,132,408	633,228,149	3,402,427,106	20,025,656	711,174	4,230,524,493
Changes in consolidation perimeter	-	-	-	-	-	-
Acquisitions	427,049	525,127	13,085,487	41,239,923	733,030	56,010,616
Disposals	(5,667)	(1,531,192)	(6,382,939)	(34,341)	-	(7,954,139)
Adjustments, transfers and write-offs	(349,378)	4,055,603	(2,796,324)	(12,084,213)	(145,680)	(11,319,992)
Exchange rate adjustments	(974,604)	(1,823,139)	(5,484,491)	(78,711)	(60,498)	(8,421,443)
Balance as of December 31, 2007	173,229,808	634,454,548	3,400,848,839	49,068,314	1,238,026	4,258,839,535
Changes in consolidation perimeter	-	-	1,715	1,820,821	34,680	1,857,216
Acquisitions	726	196,579	3,913,396	109,155,831	994,520	114,261,052
Disposals	(6,174)	(8,206)	(2,384,375)	-	(84,720)	(2,483,475)
Adjustments, transfers and write-offs	113,487	549,152	7,577,500	(7,733,235)	(43,275)	463,629
Exchange rate adjustments	(1,194,122)	(1,562,822)	(5,054,822)	(102,310)	(63,089)	(7,977,165)
Balance as of June 30, 2008	172,143,725	633,629,251	3,404,902,253	152,209,421	2,076,142	4,364,960,792
Accumulated depreciation and impairment losses						
Balance as of January 1, 2007	(22,864,744)	(439,117,742)	(2,524,701,497)	-	-	(2,986,683,983)
Changes in consolidation perimeter	(777,562)	(11,972,256)	(29,616,633)	-	-	(42,366,451)
Changes in consolidation method	11,075,637	105,777,763	380,076,321	-	-	496,929,721
Acquisitions	(662,750)	(11,567,000)	(52,598,423)	-	-	(64,828,173)
Disposals	-	-	3,154,642	-	-	3,154,642
Adjustments, transfers and write-offs	-	198,781	(363,959)	-	-	(165,178)
Exchange rate adjustments	143,671	442,015	1,540,681	-	-	2,126,367
Balance as of June 30, 2007	(13,085,748)	(356,238,439)	(2,222,508,868)	-	-	(2,591,833,055)
Changes in consolidation perimeter	-	-	(524,061)	-	-	(524,061)
Acquisitions	(659,215)	(11,680,655)	(51,549,373)	-	-	(63,889,243)
Disposals	-	732,409	5,896,951	-	-	6,629,360
Adjustments, transfers and write-offs	(134,840)	(900,477)	10,397,095	-	-	9,361,778
Exchange rate adjustments	121,681	672,172	2,115,852	-	-	2,909,705
Balance as of December 31, 2007	(13,758,122)	(367,414,990)	(2,256,172,404)	-	-	(2,637,345,516)
Changes in consolidation perimeter	-	-	-	-	-	-
Acquisitions	(499,728)	(11,548,231)	(59,600,802)	-	-	(71,648,761)
Disposals	-	6,702	2,464,921	-	-	2,471,623
Adjustments, transfers and write-offs	184,191	238,390	757,527	-	-	1,180,108
Exchange rate adjustments	167,215	617,250	2,428,184	-	-	3,212,649
Balance as of June 30, 2008	(13,906,444)	(378,100,879)	(2,310,122,574)	-	-	(2,702,129,897)
Net book value as of January 1, 2007	205,566,178	320,263,932	1,304,672,387	20,315,261	1,442,538	1,852,260,296
Net book value as of June 30, 2007	161,046,660	276,989,710	1,179,918,238	20,025,656	711,174	1,638,691,438
Net book value as of December 31, 2007	159,471,686	267,039,558	1,144,676,435	49,068,314	1,238,026	1,621,494,019
Net book value as of June 30, 2008	158,237,281	255,528,372	1,094,779,679	152,209,421	2,076,142	1,662,830,895

The Group applies IFRIC 4 - Determining whether an arrangement contains a Lease. By following this interpretation, Property, plant and equipment – equipment and other tangibles was increased by Euro 44,003,950, from which the respective accumulated depreciation amounting Euro 24,935,572 (December 31, 2007: Euro 23,468,774), was deducted as of June 30, 2008. As of June 30, 2008 the net book value of these equipments amounts Euro 19,068,378 (December 31, 2007: Euro 20,535,176).

Land includes assets related with cork oaks, whose gross value as of June 30, 2008 was Euro 336,593. These assets are being depreciated during their expected useful life, thus their net book value, as of this date, amounts to Euro 30,615 (December 31, 2007: Euro 42,390).

18. Biological assets

During the first semester of 2008 and year of 2007, changes in biological assets were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Amount as of January 1	122,924,753	123,295,452
Changes in fair value		
Logging in the period	(6,313,513)	(16,928,309)
Growth	5,363,059	5,642,698
New plantations	1,312,678	2,092,508
Other Changes in fair value	813,840	8,822,404
Total of Changes in fair value	1,176,064	(370,699)
	124,100,817	122,924,753

The amounts presented as other changes in fair value correspond to changes (positive or negative) in the estimated volume of future wood harvests due to: new plantations, increase or decrease in the forest management efficiency and write-downs as result of fires.

19. Investments in associates

During the first semester of 2008 and year of 2007 changes in this heading were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Opening balance	1,878,882	41,455,988
Changes in consolidation perimeter	-	(11,757,624)
Changes in consolidation method	-	(20,059,243)
Acquisitions	-	26,010
Disposals	-	(6,023,184)
Apropriated net profit	413,824	611,427
Dividends received	-	(553,191)
Exchange rate adjustments	(33)	204,390
Impairment losses	-	(276,491)
Other changes	10,073	(1,749,200)
	2,302,746	1,878,882

The total value of investments in associates includes an amount of Euro 1,136,153 related to goodwill from acquisition of an equity stake in Setefrete, SGPS, SA..

As of June 30, 2008 and December 31, 2007 the value of investments in associated companies in the balance sheet, including goodwill, were as follows:

Associates and other investments	% held	Book value	
		30-06-2008	31-12-2007
Secil - Energia, Lda.	51.00%	27,219	27,219
Transecil, Lda.	16.83%	380	381
Chryso - Aditivos de Portugal, S.A.	20.40%	6,180	9,310
Setefrete, SGPS, S.A.	12.75%	1,890,294	1,468,485
MC - Materiaux de Construction	25.17%	1,393	1,424
J.M. Henriques, Lda.	25.50%	219,306	214,087
Be-Power, Serviços e Equipamentos, Lda	3.06%	27,899	27,900
Soporgen	8.00%	4,000	4,000
Liaison Technologie	1.52%	126,075	126,076
		2,302,746	1,878,882

20. Financial assets at fair value through profit and loss

During the first semester of 2008 and year of 2007 changes in this heading were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Fair value at the beginning of the period	-	-
Acquisitions	2,538,449	-
Disposals	-	-
Changes in fair value	(84,074)	-
Fair value at period end	2,454,375	-

21. Available-for-sale financial assets

During the first semester of 2008 and year of 2007 changes in available-for-sale financial assets were made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Fair value at the beginning of the period	1,427,137	79,230,810
Changes in consolidation method	-	(467,678)
Acquisitions	1,077	11,676
Disposals	-	(85,275,621)
Exchange rate adjustments	(21,856)	(195,355)
Changes in fair value	(351,757)	8,123,305
Fair value at period end	1,054,601	1,427,137

As of June 30, 2008 and December 31, 2007 available-for-sale financial assets' fair value was made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Angolan government bonds	272,131	291,412
EDP - Energias de Portugal, SA shares	298,350	402,300
Banco Espírito Santo, SA shares	478,762	724,665
Other shares	5,358	8,760
Fair value at period end	1,054,601	1,427,137

In 2007 the Group disposed 20,223,117 shares of EDP – Energias de Portugal, SA. From this operation resulted a gain amounting to Euro 26,217,374, as mentioned in Note 5.

22. Impairments in non-current and current assets

Over the first semester of 2008 and the year of 2007 changes in non-current assets impairments were as follows:

Amounts in Euro	Goodwill*	Intangible Assets	Tangible Assets	Investments in Associates	Total
As of January 1, 2007	17,825,419	1,594,000	19,357,083	18,172	38,794,674
Changes in consolidation method	(8,734,455)	-	-	(8,904)	(8,743,359)
Changes in consolidation perimeter	-	-	-	-	-
Exchange rate adjustments	(255,340)	-	-	-	(255,340)
Additions	-	-	-	-	-
Reversals	-	(1,594,000)	(11,724,990)	-	(13,318,990)
Direct utilizations	-	-	-	-	-
Transfers	-	-	-	-	-
As of December 31, 2007	8,835,624	-	7,632,093	9,268	16,476,985
Changes in consolidation perimeter	-	-	-	-	-
Exchange rate adjustments	(165,311)	-	-	-	(165,311)
Additions (Note 8)	-	-	-	-	-
Reversals (Note 5 and 16)	-	-	-	-	-
Direct utilizations	-	-	-	-	-
Transfers	-	-	-	-	-
As of June 30, 2008	8,670,313	-	7,632,093	9,268	16,311,674

* Goodwill impairment related to subsidiaries and associated companies

Over the first semester of 2008 and the year of 2007 changes in current assets impairments were as follows:

Amounts in Euro	Inventories	Trade debtors	Related companies	Other receivables	Total
As of January 1, 2007	2,179,711	20,316,955	2,305,010	7,974,664	32,775,340
Changes in consolidation method	(912,627)	(7,074,777)	(1,129,455)	(3,799,818)	(12,916,777)
Changes in consolidation perimeter	1,309,245	1,812,001	-	56,776	3,178,022
Exchange rate adjustments	(192,156)	(70,424)	-	(3,906)	(266,486)
Additions	1,087,944	696,049	68,876	129,298	1,982,167
Reversals	(126,939)	(580,428)	-	(2,623)	(709,990)
Direct utilizations	-	(394,056)	-	-	(394,056)
Transfers	-	29,262	-	(680,769)	(651,507)
As of December 31, 2007	3,344,178	14,734,582	1,244,431	3,673,522	22,996,713
Changes in consolidation perimeter	-	-	-	-	-
Exchange rate adjustments	(101,705)	(38,267)	-	(2,033)	(142,005)
Additions (Note 6)	52,655	360,785	15,597	30,639	459,676
Reversals (Note 5)	(16,125)	(193,052)	-	(42)	(209,219)
Direct utilizations	-	(384,333)	-	(117,615)	(501,948)
Transfers	-	(13,080)	-	1,050,144	1,037,064
As of June 30, 2008	3,279,003	14,466,635	1,260,028	4,634,615	23,640,281

23. Inventory

As of June 30, 2008 and December 31, 2007 inventories were made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Raw materials	149,038,220	119,904,813
Work in progress	9,872,271	11,966,041
Byproducts and waste	598,627	199,683
Finished and intermediate products	40,922,987	39,817,730
Goods for resale	18,170,948	4,673,999
Advances to suppliers	3,986,694	872,250
	222,589,747	177,434,516

Note: Values are presented net of impairment losses (Note 22)

24. Receivables and other current assets

As of June 30, 2008 and December 31, 2007, receivables and other current were detailed as follows:

Amounts in Euro	30-06-2008	31-12-2007
Trade debtors	269,830,929	268,249,339
Derivative financial instruments (Note 33)	21,237,649	14,562,920
Other receivables	66,798,913	87,794,052
Accrued income	3,218,226	2,326,226
Deferred costs	6,057,617	2,392,100
	367,143,334	375,324,637

Nota: Os valores apresentados encontram-se líquidos de perdas por imparidade (nota 22)

As of June 30, 2008 and December 31, 2007, accounts receivable balances had the following aging structure, considering as reference the due date of the open receivables:

Amounts in Euro	30-06-2008	31-12-2007
Not overdue	234,451,034	220,323,598
From 1 to 180 days	36,924,838	49,936,984
From 181 to 360 days	3,428,676	2,215,294
From 361 to 540 days	470,615	665,314
From 541 to 720 days	113,181	413,047
More than 720 days	8,909,220	9,429,684
Trade debtors - gross amount	284,297,564	282,983,921
Accumulated impairment (Note 22)	(14,466,635)	(14,734,582)
Trade debtors - net of impairment	269,830,929	268,249,339
Credit insurance limit	411,656,786	380,615,821

The presented values respect to open amounts, considering the contracted maturity dates. In spite of delays in the payment of certain amounts considering those dates, no impairment losses were identified beyond those considered through the respective losses.

These losses are determined based on data regularly collected about financial behaviour of Group's customers, which allows, together with the experience obtained with portfolio analysis and the history of unpaid receivables, on the part not attributable to the insurance company, to define the amount of losses to recognise in the period.

As of June 30, 2008 and December 31, 2007 the heading Other debtors was detailed as follows:

Amounts in Euro	30-06-2008	31-12-2007
Related parties		
Group companies (Note 34)	2,962	2,386
Other related parties (Note 34)	2,146,951	628,477
	2,149,913	630,863
Other debtors		
Advances to suppliers	1,176,845	626,611
IAPMEI grants	178,500	3,850,409
AICEP - Financial incentives to receive	55,023,282	71,343,438
Others	8,270,373	11,342,731
	64,649,000	87,163,189
	66,798,913	87,794,052

As of June 30, 2008 and December 31, 2007 accrued income and deferred costs were made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Accrued Income		
Interest receivable	2,148,172	737,191
Discounts in purchases	111,944	87,538
Grants	484,893	485,646
Insurance compensations	-	369,797
Other	473,217	646,054
	3,218,226	2,326,226
Deferred costs		
Interest payable	162,914	-
Major repairs	217,706	-
Insurance costs	809,539	95,791
Other	4,867,458	2,296,309
	6,057,617	2,392,100
	9,275,843	4,718,326

25. State entities

As of June 30, 2008 and December 31, 2007 there were no overdue debts to state entities.

Balances with these entities were as follows:

Current assets

Amounts in Euro	30-06-2008	31-12-2007
State entities		
Corporate income tax	9,876,210	6,640,724
Value added tax	5,030,305	9,758,465
Value added tax - refunds requested	27,257,420	26,553,624
Other	217,021	1,207,722
	42,380,956	44,160,535

On June 30, 2008 the amount of requested reimbursements is detailed as follows, per company and per month:

Amounts in Euro	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Total
Enerpulp	887,348	904,797	856,890	823,018	781,285	4,253,438
Portucel	-	-	4,408,544	5,488,826	4,519,814	14,417,184
Soporcel	-	-	-	2,237,257	3,777,416	6,014,673
SPCG	-	354,704	-	-	-	354,704
Setipiel	-	-	32,946	-	-	32,946
PortucelSoporcel Cogeração de Energia	-	1,007,176	-	-	-	1,007,176
Sociedade Vinhos da Herdade de Espirra	-	56,517	-	-	-	56,517
Enerforest	-	509,969	56,958	-	-	566,927
Aflomec	-	543,204	-	-	-	543,204
Tecnipapel	-	10,651	-	-	-	10,651
	887,348	3,387,018	5,355,438	8,549,101	9,078,515	27,257,420

Part of this amount was received up to the date of this report, amounting Euro 9,799,825.

On December 31, 2007 the amount of requested reimbursements is detailed as follows, per company and per month:

Amounts in Euro	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
Enerpulp	931,757	718,001	820,763	842,966	1,078,333	4,391,820
Portucel	2,280,696	2,522,905	3,010,962	3,167,416	5,191,271	16,173,250
Soporcel	-	-	-	2,923,501	2,811,924	5,735,425
Viveiros Aliança	-	-	110,915	-	-	110,915
Raiz	-	-	-	-	142,214	142,214
	3,212,453	3,240,906	3,942,640	6,933,883	9,223,742	26,553,624

The total amount was received during the first semester of 2008.

Current liabilities

Amounts in Euro	30-06-2008	31-12-2007
State entities		
Corporate income tax	35,147,470	29,826,133
Personal income tax withheld on salaries	2,087,058	2,646,079
Value added tax	7,188,997	5,753,828
Social security	3,954,533	2,784,354
Additional tax liabilities	43,696,440	57,644,398
Other	167,487	1,424,331
	92,241,985	100,079,123

As of June 30, 2008 and December 31, 2007, the heading Corporate income tax is made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Income tax for the period	31,302,055	46,623,428
Exchange rate adjustment	(15,067)	(72,278)
Payments made in advance of income tax	(300,656)	(12,859,645)
Withholding tax	(2,143,595)	(3,277,635)
Income tax to be recovered - prior years	6,304,733	(587,737)
	35,147,470	29,826,133

The heading Additional tax liabilities, as of June 30, 2008 and December 31, 2007, presented the following breakdown:

Amounts in Euro	30-06-2008	31-12-2007
Income tax		
Additional assessments 1998 - Portucel Group	-	2,544,659
Additional assessments 1999 - Portucel Group	-	8,019,119
Additional assessments 2000 - Portucel Group	-	1,393,034
Additional assessments 2001 - Portucel Group	-	188,408
Additional assessments 2002 - Secil Group	4,737,613	4,613,275
Additional assessments 2003 - Portucel Group	3,000,333	4,600,804
Additional assessments 2004 - Portucel Group	225,121	282,959
Additional assessments 2005 - Portucel Group	2,007,911	4,087,313
Additional assessments 2005 - Portucel Group	122,985	-
Tax inspection 2005 - special regime of Portucel Group	18,948,939	18,948,939
Tax claim related to tax benefit PM2 - Soporcel	-	5,503,293
Others	14,653,538	7,462,595
	43,696,440	57,644,398

26. Share capital and treasury shares

As of June 30, 2008 the share capital of Semapa was fully subscribed and paid in, being represented by 118,332,445 shares with a nominal value of Euro 1.

As of June 30, 2008 and December 31, 2007 corporate holders with significant positions in the company's share capital were as follows:

Name	No. of shares	%	
		30-06-2008	31-12-2007
Credit Suisse Group	23,600,000	19.94	19.94
Sodim, SGPS, S.A.	23,455,971	19.82	19.75
Longapar, SGPS, S.A.	20,769,300	17.55	16.90
Cimo - Gestão de Participações, SGPS, S.A.	13,442,410	11.36	12.01
Banco BPI, SA	12,009,004	10.15	10.02
Banco Espírito Santo, SA	6,191,854	5.23	5.23
Bestinvest Gestión, SGIIC, S.A.	5,928,783	5.01	2.21
Morgan Stanley	3,159,859	2.67	2.67
Seminv - Investimentos, SGPS, S.A.	2,727,975	2.31	2.31
Treasury shares	2,720,000	2.30	2.30
Sonaca - Sociedade Nacional de Canalizações, S.A.	1,630,590	1.38	1.38
Other shareholders with participation below 2%	2,696,699	2.28	5.29
	118,332,445	100.00	100.00

Seminv Investimentos, SGPS, S.A. is a subsidiary of Semapa Group. Thus, the 2,727,975 Semapa shares held by the company are disclosed as treasury shares in the Group's consolidated financial statements.

Additionally, on July 4, 2007 Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. acquired on stock exchange 2,720,000 treasury shares, corresponding to 4.6% of its share capital.

27. Reserves and Retained earnings

As of June 30, 2008 and December 31, 2007, the headings Fair value reserves, Currency translation reserve and Other reserves presented the following breakdown:

Amounts in Euro	30-06-2008	31-12-2007
Fair value of financial instruments	5,197,097	5,443,476
Fair value of available-for-sale assets	242,266	594,023
Control acquisition revaluation	(1,281,742)	(1,281,742)
Fair value reserves	4,157,621	4,755,757
Currency translation reserve	(17,435,849)	(14,378,266)
Legal reserve	23,666,489	23,666,489
Other reserves	626,083,716	590,902,238
Other reserves	649,750,205	614,568,727
Total of Reserves	636,471,977	604,946,218

Justo valor de Instrumentos financeiros

The amount of Euro 5,197,097, net of deferred tax amounting Euro 1,873,783, presented in the heading Fair value of financial instruments, relates to the appropriated part of fair value changes in financial instruments designated as hedging, from the subsidiary Portucel, which, on June 30, 2008, was valued at Euro 10,466,836 (Note 33), accounted for in accordance with the policy described in Note 1.13.

Fair value of available-for-sale assets

The amount of Euro 242,266 relates to:

- Group's appropriation of the Angolan government bonds' fair value, in the amount of Euro 316,386;
- negative change in the fair value of 90,000 shares held by the Group in EDP, amounting Euro 25,710; and
- negative change in the fair value of shares held by the Group in Banco Espírito Santo, in the amount of Euro 48,410.

Control acquisitions revaluation

The negative amount of Euro 1,281,742 relates to the fair value attributed to the assets of the subsidiary Ciment de Sibline, in 2007, in the proportional part to the participation already held before the acquisition of control.

Currency Translation Reserve

The amount of Euro 17,435,849 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, essentially Tunisia, Lebanon, Angola, USA and United Kingdom.

Legal reserve

Commercial law establishes that a minimum of 5% of annual net profits must be transferred to a legal reserve until it reaches 20% of share capital, what is verified on December 31, 2007.

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 equity.

Other reserves

The amounts refer to reserves available for distribution to shareholders and were constituted by transfer from retained earnings.

Due to the purchase of 2,720,000 treasury shares in 2007 and hold of 2,727,975 shares by the subsidiary Seminv, a reserve amounting Euro 47,164,986, equivalent to the global acquisition cost of the referred shares, has become unavailable, in accordance with the applicable commercial law. This reserve has to be maintained until the disposal of the referred shares.

Distributable reserves

As of June 30, 2008, the amount of reserves liable to distribution to the shareholders is made up as follows:

Amounts in Euro	30-06-2008
Equity attributable to Semapa's shareholders	764,219,364
Share capital	(118,332,445)
Share premium account	(3,923,459)
Legal reserve	(23,666,489)
Distributable reserves	618,296,971

Retained earnings

During the year ended December 31, 2006, the Group recorded in this heading an amount of Euro 26,535,335 related to the difference between the additional stake (of 4.7%) acquired by the Group in the equity of subsidiary Portucel and the respective cost of acquisition. This treatment corresponds to the one stated on IFRS 3 – Concentration of Entrepreneurial Activities (revised), although this standard has not yet been approved by the European Union.

In 2007, the Group reinforced in 3.4% its shareholder position in Portucel, through the acquisition of 26,067,336 shares on the stock exchange, which resulted in a positive acquisition difference amounting Euros 30,369,562, registered directly in retained results.

Under this caption are equally recorded actuarial deviations, arising from the differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred (as well as changes made to those assumptions and the difference between the expected return on the assets of the funds and their actual yield) as described in Note 1.22.1.

During the first semester of 2008, the Group registered actuarial deviations of Euro 2,639,343 (Note 29), of which Euro 1,252,022 were appropriated by the Group, corresponding to their proportion on the impacts occurred in Semapa and its subsidiaries.

28. Deferred taxes

During the first semester of 2008, changes in deferred tax assets and liabilities of each sub-Group were as follows:

Amounts in Euro	January 1, 2008	Exchange rate adjustment	Income statement		Retained earnings	Transfers	Changes in perimeter	June 30, 2008
			Increases	Decreases				
Temporary differences originating deferred tax assets								
Portucel sub-Group								
Intangible assets adjustments	799,755	-	-	(799,755)	-	-	-	-
Taxed provisions	2,851,446	-	814,683	(2,539,174)	-	-	-	1,126,955
Fixed assets adjustments	3,209,850	-	10,082,724	(3,442,251)	-	-	-	9,850,323
Underfunding of the pension plan	16,984,612	-	2,368,172	-	7,112,432	-	-	26,465,216
Financial instruments	-	-	2,843,883	-	-	-	-	2,843,883
Deferred accounting gains in inter-group transactions	2,394,419	-	1,086,530	-	-	-	-	3,480,949
Valuation of biological assets	43,885,262	-	-	(27,387,981)	-	-	-	16,497,281
Depreciation in assets booked under IFRIC 4	3,921,014	-	-	(39,500)	-	-	-	3,881,514
Tax incentives to investment	14,522,414	-	1,418,227	(6,851,332)	-	-	-	9,089,309
Secil sub-Group								
Taxed provisions	8,062,595	(25,938)	169,328	(613,412)	-	-	-	7,592,573
Tax losses carried forward	9,867,581	-	20,777	(4,282,468)	-	-	-	5,605,890
Retirement benefits obligations	486,344	-	22,266	(12,716)	(38,491)	-	-	457,403
Long service award obligations	718,772	-	35,379	(20,274)	(71,465)	-	-	662,412
Underfunding of the pension plan	683,765	-	71,407	-	(46,850)	(545,098)	-	163,224
Retirement benefits not covered by autonomous fund	6,175,580	-	224,717	(374,280)	(92,820)	-	-	5,933,197
Derecognition of government grants	2,896,402	-	-	(34,182)	-	-	-	2,862,220
Healthcare benefits obligations	7,068,813	-	244,385	(159,427)	(695,925)	-	-	6,457,846
Deferred accounting gains in inter-group transactions	989,854	-	-	(113,891)	-	-	-	875,963
Other temporary differences	3,089,108	(133,569)	22,102	(1,390,448)	-	-	(205,836)	1,381,357
	128,607,586	(159,507)	19,424,580	(48,061,091)	6,166,881	(545,098)	(205,836)	105,227,515
Temporary differences originating deferred tax liabilities								
Portucel sub-Group								
Revaluation of fixed assets	(23,992,358)	-	(7,271,430)	1,255,357	-	-	-	(30,008,431)
Retirement benefits	(1,187,392)	-	(30,734)	5,414	186,487	-	-	(1,026,225)
Financial instruments	(10,551,043)	-	-	-	469,207	-	-	(10,081,836)
Fair value of fixed assets - Soporcel	(243,288,481)	-	-	1,753,016	-	-	-	(241,535,465)
Extension of the useful lives of tangible fixed assets	(90,156,785)	-	(16,205,435)	-	-	-	-	(106,362,220)
Deferred losses in inter-group transactions	(53,151,223)	-	(22,894,620)	12,896,854	-	-	-	(63,148,989)
Harmonization of depreciation criteria	(14,579,836)	-	-	-	-	-	-	(14,579,836)
Fair value of intangible assets - Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Fair value of fixed assets - Portucel	(273,656,488)	-	-	12,438,928	-	-	-	(261,217,560)
Secil sub-Group								
Change in depreciation criteria	(50,324,665)	104,072	(5,961,972)	1,186,600	-	-	-	(54,995,965)
Fair value of subsidiaries	(66,229,468)	1,084,943	-	1,130,392	-	-	-	(64,014,133)
Deferred losses in inter-group transactions	(20,380,544)	-	-	467,069	-	-	-	(19,913,475)
Financial instruments	(494,693)	-	-	(3,190)	-	-	-	(497,883)
Deferred tax on capital gains	(753,519)	-	-	41,409	-	-	-	(712,110)
Increase in depreciations	(1,463,728)	33,050	(85,662)	-	-	-	-	(1,516,340)
Overfunding of the pension plan	(661,560)	-	(797,201)	625,024	177,461	545,098	-	(111,178)
Other temporary differences	(190,736)	11,874	(164,123)	8,680	-	-	-	(334,305)
Other companies								
Deferred losses in inter-group transactions	(14,561,331)	-	-	13,621,672	-	-	-	(939,659)
	(1,017,111,850)	1,233,939	(53,411,177)	45,427,225	833,155	545,098	-	(1,022,483,610)
Amounts presented on the balance sheet								
Deferred tax assets	33,704,431	(20,126)	5,135,999	(12,602,895)	1,637,819	(144,451)	(25,791)	27,684,986
Deferred tax liabilities	(272,965,603)	366,469	(14,120,362)	13,391,633	216,272	144,451	-	(272,967,140)

Tax losses with deferred tax asset

Deferred taxes on tax losses are recognised as assets to the extent that there is a reasonable assurance of the tax benefit realisation, through the existence of future taxable earnings. The deferred tax assets recognised by the Group relate to tax losses that can be deducted to future earnings, as follows:

Amounts in Euro	30-06-2008	31-12-2007	Data limite
Secilpar, SL	5,233,085	9,515,461	2019
Ecoresíduos, Lda.	273,003	273,093	2010
Minerbetão, S.A.	99,802	79,027	2011
	5,605,890	9,867,581	

During the year of 2007, changes in deferred tax assets and liabilities of each sub-Group were as follows:

	January 1, 2007	Change in consolidation method	Exchange rate adjustment	Income statement		Retained earnings	Transfers	Changes in perimeter	December 31, 2007
Amounts in Euro				Increases	Decreases				
Temporary differences originating deferred tax assets									
Portucel sub-Group									
Intangible assets adjustments	799,755	-	-	-	-	-	-	-	799,755
Taxed provisions	8,163,405	-	-	150,000	(5,461,959)	-	-	-	2,851,446
Fixed assets adjustments	14,468,241	-	-	64,953	(11,323,344)	-	-	-	3,209,850
Underfunding of the pension plan	35,154,141	-	-	29,840	(2,655,203)	(15,544,166)	-	-	16,984,612
Financial instruments	-	-	-	-	-	-	-	-	-
Deferred accounting gains in inter-group transactions	5,529,002	-	-	-	(3,134,583)	-	-	-	2,394,419
Valuation of biological assets	54,016,754	-	-	-	(10,131,492)	-	-	-	43,885,262
Valuation of costs with forestry	36,842,876	-	-	-	(36,842,876)	-	-	-	-
Depreciation in assets booked under IFRIC 4	3,859,215	-	-	61,799	-	-	-	-	3,921,014
Tax incentives to investment	-	-	-	14,522,414	-	-	-	-	14,522,414
Secil sub-Group									
Taxed provisions	16,148,598	(7,912,813)	(41,145)	594,893	(1,158,951)	-	-	432,012	8,062,594
Tax losses carried forward	32,857,214	(16,100,035)	-	583,071	(7,570,169)	-	-	97,500	9,867,581
Retirement benefits obligations	928,737	(455,081)	-	72,415	(32,623)	(27,104)	-	-	486,344
Long service award obligations	1,443,723	(707,424)	-	70,804	(43,743)	(44,588)	-	-	718,772
Underfunding of pension plan	3,631,508	(1,779,439)	-	272,114	(65,782)	77,135	(1,451,771)	-	683,765
Retirement benefits not covered by autonomus fund	12,890,239	(6,316,217)	-	423,514	(840,701)	(329,136)	-	347,880	6,175,579
Derecognition of government grants	5,521,683	(2,705,625)	-	80,344	-	-	-	-	2,896,402
Healthcare benefits obligations	-	-	-	519,018	(361,192)	(487,861)	-	95,965	(234,070)
Deferred accounting gains in inter-group transactions	-	-	-	-	(232,340)	-	-	-	(232,340)
Other temporary differences	14,319,379	(7,016,496)	(555,394)	29,666	(3,378,198)	-	-	8,215,230	11,614,187
	246,574,470	(42,993,130)	(596,539)	17,474,845	(83,233,156)	(16,355,720)	(1,451,771)	9,188,587	128,607,586
Temporary differences originating deferred tax liabilities									
Portucel sub-Group									
Revaluation of fixed assets	(31,157,665)	-	-	-	6,614,632	550,675	-	-	(23,992,358)
Retirement benefits	(999,297)	-	-	(46,780)	17,197	(158,512)	-	-	(1,187,392)
Financial instruments	(7,464,582)	-	-	-	-	(3,086,461)	-	-	(10,551,043)
Fair value of fixed assets - Soporcel	(246,794,514)	-	-	-	3,506,033	-	-	-	(243,288,481)
Extension of the useful lives of tangible fixed assets	(48,887,412)	-	-	(41,269,373)	-	-	-	-	(90,156,785)
Deferred losses in inter-group transactions	(73,100,049)	-	-	-	19,948,826	-	-	-	(53,151,223)
Harmonization of depreciation criteria	(14,579,836)	-	-	-	-	-	-	-	(14,579,836)
Fair value of intangible assets - Brands	(149,894,000)	-	-	(1,594,000)	-	-	-	-	(151,488,000)
Fair value of fixed assets - Portucel	(298,534,351)	-	-	-	24,877,863	-	-	-	(273,656,488)
Secil sub-Group									
Revaluation of fixed assets	(17,755,098)	8,699,998	-	(376)	2,425,426	-	11,261,140	(732,313)	3,898,777
Change in depreciation criteria	(79,902,200)	39,152,078	140,275	(10,279,538)	-	-	(3,334,057)	-	(54,223,442)
Fair value of subsidiaries	(136,583,897)	66,926,110	1,731,267	-	2,353,746	-	-	(656,694)	(66,229,468)
Deferred losses in inter-group transactions	(25,170,219)	12,333,407	-	-	346,950	-	(7,890,682)	-	(20,380,544)
Financial instruments	(1,089,350)	533,782	-	-	60,875	-	-	-	(494,693)
Deferred tax on capital gains	(7,038,883)	3,449,053	-	-	2,872,712	-	(36,401)	-	(753,519)
Increase in depreciations	(2,795,024)	1,369,562	48,689	(198,906)	111,951	-	-	-	(1,463,728)
Overfunding of pension plan	-	-	-	(578,374)	306,678	(1,329,982)	1,451,771	(511,653)	(661,560)
Other temporary differences	-	-	13,304	(204,040)	51,000	-	-	(51,000)	(190,736)
Other companies									
Deferred losses in inter-group transactions	(31,775,587)	-	-	-	17,214,256	-	-	-	(14,561,331)
	(1,173,521,964)	132,463,990	1,933,535	(54,171,387)	80,708,145	(4,024,280)	1,451,771	(1,951,660)	(1,017,111,850)
Amounts presented on the balance sheet									

Amounts presented on the balance sheet

Deferred tax assets	66,187,428	(11,780,148)	(90,473)	4,639,460	(21,849,754)	(4,332,046)	(384,719)	1,314,683	33,704,431
Deferred tax liabilities	(313,834,584)	36,500,284	571,849	(29,800,920)	34,684,923	(1,063,109)	384,719	(408,765)	(272,965,603)

Tax losses without deferred tax asset

Tax losses carried forward as of June 30, 2008 for which the Group considers there is no capacity to recover through future taxable earnings, and therefore without any deferred tax asset, are detailed as follows:

	Total	Reportable period						without limit
		2008	2009	2010	2011	2012	2013	
Semapa and other Holdings								
Semapa SGPS	18,325,643	4,374,315	5,120,440	8,830,888	-	-	-	-
Seminv SGPS	15,730,099	-	7,987,025	7,743,074	-	-	-	-
Seinpart SGPS	8,777,351	1,395	1,889	3,996,548	4,249,157	528,362	-	-
Cimentospar SGPS	593,484	-	-	-	593,484	-	-	-
Verdeoculto SGPS	1,566	-	-	-	-	1,566	-	-
Portucel sub-Group								
Portucel Florestal	13,915,018	5,989,592	7,925,426	-	-	-	-	-
Tecnipapel	152,048	152,048	-	-	-	-	-	-
Secil sub-Group (51%)								
Betomadeira	430,653	-	-	-	-	379,106	51,547	-
Costa Verde	182,242	-	-	-	-	179,274	2,968	-
Ecoresíduos	273,003	-	-	-	-	273,003	-	-
Maderbritas	20,996	-	-	-	-	18,254	2,742	-
Minerbetão	99,803	-	-	-	-	79,028	20,775	-
Promadeira	111,371	-	-	-	-	60,926	50,445	-
Secilpar	5,233,085	-	5,233,085	-	-	-	-	-
Secil Prêbetão	446,533	-	-	-	-	363,578	82,955	-
Silonor	3,198,143	-	-	-	-	-	-	3,198,143
Sobioen	731,456	63,982	161,326	-	325,930	180,218	-	-
Tecnosecil	4,250,856	4,027,500	-	223,356	-	-	-	-
Total	72,473,350	14,608,832	26,429,191	20,793,866	5,168,571	2,063,315	211,432	3,198,143

29. Pensions and other post-employment benefits

As mentioned in Note 1.30 the Group grants to its employees and their family several post-employment benefits. The evolution of responsibilities assumed with post-employment benefits, reflected in the consolidated balance sheet as of June 30, 2008 is as follows:

Amounts in Euro	Opening balance	Increase/ (decrease) in responsab.	Payments	Contributions for the funds	Closing balance
Post-employment benefits					
Pensions assumed by the Group	98,003,020	80,263	(651,523)	-	97,431,760
Under/(overfunding) of pension plans	13,783,781	11,658,474	(1,222,719)	(200,000)	24,019,536
Death and retirement	3,033,898	(131,942)	(12,715)	-	2,889,241
Healthcare benefits	7,068,814	(451,540)	(159,428)	-	6,457,846
Long service award	718,772	(36,088)	(20,274)	-	662,410
	122,608,285	11,119,167	(2,066,659)	(200,000)	131,460,793

Concerning costs incurred with pensions, the breakdown as of June 30, 2008 can be presented as follows:

Amounts in Euro	Current services	Interest cost	Expected return on plan assets	Impact on net profit for the period
Post-employment benefits				
Pensions assumed by the Group	204,886	2,522,342	-	2,727,228
Pensions with autonomous fund	2,191,628	4,114,298	(3,646,604)	2,659,322
Death and retirement	9,026	13,240	-	22,266
Healthcare benefits	59,545	184,840	-	244,385
Long service award	15,688	19,691	-	35,379
	2,480,773	6,854,411	(3,646,604)	5,688,580

The responsibilities and costs presented correspond to several existing plans in companies that make part of the Group.

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, which can only be exercised when the directors resign. This allowance reaches a maximum of 80% of directors' monthly salary at the date of ceasing functions, when they worked at least 20 years as directors, and a minimum of 27.2%, corresponding to 8 years in that position. However, these amounts are deducted from the values received by the beneficiaries through the Social Security system.

Once the Company's statutes determine that members of the corporate bodies' mandates correspond to a four years period, the responsibility is calculated and recorded on the beginning of the second mandate.

As of June 30, 2008 the liabilities of the plan amount to Euros 91,490,636. Up to this date, no pension fund was established to finance this responsibility which was taken by the Group.

Portucel sub-Group

Currently, there are several plans for retirement, retirement premiums and survivor pension supplements within the whole of the consolidated companies. Thus, to certain categories of current employees, there are

plans which are over and above those below described, also with autonomous assets to cover those additional responsibilities.

Under the prevailing Social Benefit Regulation, permanent employees of Portucel and its main subsidiaries with more than five years service (ten years service to Soporcel, Aliança Florestal and Raíz) are entitled, after retirement or disability, to a monthly retirement pension or disability supplement. 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 retirement and the years of service, up to a limit of 30 (limit of 25 to Soporcel, Aliança Florestal and Raíz), being also guaranteed survivor pensions to the spouse and to direct descendants.

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

Furthermore, some Group companies assumed the liability of a retirement bonus payment, which is equal to 6 months of salary, if the employee retires on the regular retirement age (65 years).

As of June 30, 2008 the amount of liabilities assigned to plans of post-employment benefits, concerning four administrators of Portucel sub-Group, amounts to Euro 3,801,596.

Secil sub-Group

Secil sub-Group implemented the following defined post-employment benefit plans:

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

LIABILITIES FOR RETIREMENT AND SURVIVOR PENSIONS SUPPLEMENTS

Secil and its subsidiaries:

- (i) CMP – Cimentos Maceira e Pataias, S.A.;
- (ii) Unibetão – Industrias de Betão Preparado, S.A.;
- (iii) Cimentos Madeira, Lda.;

The companies assumed the commitment to pay cash benefits to their employees as supplements for retirement, disability, anticipated retirement and survivor pensions. Liabilities resulting from these plans are ensured by autonomous funds, managed by third parties. These liabilities are estimated every six months, on the date of closing of the interim and annual accounts, by a specialised and independent entity in accordance with the Projected Unit Credit actuarial cost method.

(ii) Defined benefit plans 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, December 31, 1987, are the sole obligation of Secil. Likewise, the responsibility assumed by some its subsidiaries, in Portugal, which operate 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 HEALTHCARE BENEFITS

Secil and its subsidiaries CMP- Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Lda., Brimade – Sociedade de Britas da Madeira, S.A. and Promadeira – Sociedade Técnica de Construção da Ilha da Madeira, Lda., have assumed to provide its employees healthcare benefits, which are over and above those provided by the state's health and social security system and are extended to family members, retired staff and widows. Under this scheme, costs of certain healthcare services have been assumed:

- (i) in Secil, through the Health insurance agreed by the company;
- (ii) in CMP, through the entity "Cimentos - Federação das Caixas de Previdência", for the affiliated workers, as well as for all the other employees, with approval of company's medical office; and
- (iii) in subsidiaries Cimentos Madeira, Brimade and Promadeira, through approval of companies' medical office.

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 benefit by death of the active worker, equal to 1 month of their last salary.

LIABILITIES FOR LONG SERVICE AWARD

The subsidiaries Secil and CMP – Cimentos Maceira e Pataias, S.A., assumed the commitment to pay bonuses to those employees who:

- (i) at Secil, achieve 25, 35 and 40 years; and
- (ii) in CMP, achieve 20 and 35 years of service at the mentioned companies. Those premiums are paid in the year in which the worker reaches that number of years at company's service.

These liabilities are directly ensured by the companies.

ACTUARIAL ASSUMPTIONS USED

Actuarial studies carried out by independent entities for determining the accumulated liabilities as of June 30, 2008 and December 31, 2007 were based on the following assumptions:

	30-06-2008	31-12-2007
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Salary increases	2.50%	2.50%
Discount rate	5.25%	5.25%
Pension increases	2.25%	2.25%
Estimated average cost of healthcare benefits - Secil	465.02	465.02
Estimated average cost of healthcare benefits - CMP	498.42	510.00

Pension plans assets

During the first semester of 2008 and year of 2007 the evolution of funds assets was as follows:

	30-06-2008		31-12-2007	
Amounts in Euro	Autonomous fund	Covered amount	Autonomous fund	Covered amount
Plan assets at the beginning of the period	145,637,604	1,040,085	156,950,033	-
Change in consolidation method	-	-	(19,811,248)	-
Changes in consolidation perimeter	-	-	-	969,537
Contributions in the period	200,000	31,196	8,981,100	31,529
Expected return on plan assets in the period	3,619,087	27,518	6,772,941	131,511
Expected return on plan assets (in Equity)	(7,409,226)	2,302	(3,415,332)	-
Benefits/ premiums paid	(1,860,838)	(182,609)	(3,839,890)	(92,492)
Plan assets at period end	140,186,627	918,492	145,637,604	1,040,085

As of June 30, 2008 and December 31, 2007 funds assets were detailed as follows:

Amounts in Euro	30-06-2008	31-12-2007
Shares	28,300,989	27,561,293
Bonds	74,639,745	77,112,980
Index Linked Bonds	6,018,055	4,806,086
Real estate	74,668	72,612
Cash	27,816,455	32,180,213
Other short-term investments	3,336,715	3,904,420
	140,186,627	145,637,604

Pension plans obligations

As of June 30, 2008 and December 31, 2007 Group's liability with retirement and survivor pension plans were as follows:

Amounts presented in the balance sheet	30-06-2008				31-12-2007			
	Autonomous fund	Insurance policy	Assumed by the group	Total	Autonomous fund	Insurance policy	Assumed by the group	Total
Amounts in Euro								
Liabilities for past services								
- Active employees	112,988,394	494,197	97,357,251	210,839,842	110,742,892	505,211	92,132,248	203,380,351
- Early retirement	325,638	-	-	325,638	618,168	-	-	618,168
- Retired employees	51,324,351	-	66,582	51,390,933	48,595,200	-	5,870,772	54,465,972
Market value of the pension fund	(140,186,627)	(918,492)	-	(141,105,119)	(145,637,604)	(1,040,085)	-	(146,677,689)
Underfunding/ (overfunding)	24,451,756	(424,295)	97,423,833	121,451,294	14,318,656	(534,874)	98,003,020	111,786,802

Amounts presented in the income statement	1 st S2008				1 st S2007			
	Autonomous fund	Insurance policy	Assumed by the group	Total	Autonomous fund	Insurance policy	Assumed by the group	Total
Amounts in Euro								
Current services	2,172,289	19,339	204,886	2,396,514	2,265,097	-	153,776	2,418,873
Interest cost	4,266,039	13,477	2,514,415	6,793,931	4,013,610	-	2,027,397	6,041,007
Expected return on plan assets	(3,619,087)	(27,518)	-	(3,646,605)	(3,275,927)	-	-	(3,275,927)
Plan curtailments	(349,920)	-	-	(349,920)	-	-	-	-
Actuarial (gains)/ losses	141,679	-	-	141,679	154,579	-	-	154,579
	2,611,000	5,298	2,719,301	5,335,599	3,157,359	-	2,181,173	5,338,532

Changes in liabilities presented in the balance sheet	30-06-2008				31-12-2007			
	Autonomous fund	Insurance policy	Assumed by the group	Total	Autonomous fund	Insurance policy	Assumed by the group	Total
Amounts in Euro								
Liabilities at the beginning of the period	159,956,260	505,211	98,003,020	258,464,491	194,629,139	-	96,843,477	291,472,616
Change in consolidation method	-	-	-	-	(21,590,686)	-	(6,316,221)	(27,906,907)
Changes in consolidation perimeter	-	-	-	-	-	457,884	347,879	805,763
Costs recognized in the income statement	6,088,408	32,816	2,719,301	8,840,525	12,476,402	38,998	4,403,283	16,918,683
Actuarial (gains)/ losses (equity)	454,553	127,138	(2,646,965)	(2,065,274)	(21,775,324)	8,329	4,015,654	(17,751,341)
Liabilities transferred to the fund	-	-	-	-	56,618	-	(56,618)	-
Pensions paid	(1,860,838)	(170,968)	(651,523)	(2,683,329)	(3,839,889)	-	(1,234,434)	(5,074,323)
	164,638,383	494,197	97,423,833	262,556,413	159,956,260	505,211	98,003,020	258,464,491

Other post-employment benefits obligations

As of June 30, 2008 and December 31, 2007 Group's liability with retirement and death, as well as long service award and healthcare benefits, were as follows:

Amounts presented in the balance sheet	30-06-2008				31-12-2007			
	Healthcare benefits	Retirement and death	Long service award	Total	Healthcare benefits	Retirement and death	Long service award	Total
Amounts in Euro								
Liabilities for past services								
- Active employees	2,593,745	2,889,240	662,412	6,145,397	2,901,051	2,547,555	718,772	6,167,378
- Retired employees	3,864,102	-	-	3,864,102	4,167,762	486,343	-	4,654,105
	6,457,847	2,889,240	662,412	10,009,499	7,068,813	3,033,898	718,772	10,821,483

Amounts presented in the income statement	1 st S2008				1 st S2007			
	Healthcare benefits	Retirement and death	Long service award	Total	Healthcare benefits	Retirement and death	Long service award	Total
Amounts in Euro								
Current services	59,545	59,976	15,688	135,209	138,015	17,235	32,445	187,695
Interest cost	184,840	13,240	19,692	217,772	184,697	11,843	18,356	214,896
	244,385	73,216	35,380	352,981	322,712	29,078	50,801	402,591

Changes in liabilities presented in the balance sheet	30-06-2008				31-12-2007			
	Healthcare benefits	Retirement and death	Long service award	Total	Healthcare benefits	Retirement and death	Long service award	Total
Valores em Euros								
Liabilities at the beginning of the period	7,068,813	3,033,898	718,772	10,821,483	7,302,687	473,655	736,299	8,512,641
Changes in consolidation perimeter	-	-	-	-	95,965	-	-	95,965
Costs recognized in the income statement	244,385	73,216	35,380	352,981	510,747	72,414	70,804	653,965
Actuarial (gains)/ losses (equity)	(695,925)	(205,158)	(71,465)	(972,548)	(487,861)	2,520,451	(44,588)	1,988,002
Benefits paid	(159,426)	(12,716)	(20,275)	(192,417)	(352,725)	(32,622)	(43,743)	(429,090)
	6,457,847	2,889,240	662,412	10,009,499	7,068,813	3,033,898	718,772	10,821,483

Actuarial studies assumptions	30-06-2008			31-12-2007		
	Healthcare benefits	Retirement and death	Long service award	Healthcare benefits	Retirement and death	Long service award
General assumptions						
Disability table	EKV 80	EKV 80	EKV 80	EKV 80	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90	TV 88/90	TV 88/90	TV 88/90	TV 88/90
Salary increases	-	3.30%	3.30%	-	3.30%	3.30%
Discount rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Healthcare costs increases	4.60%	-	-	4.60%	-	-

Actuarial gains and losses recognised under Equity in the period

Actuarial gains and losses directly recognised under equity during the first semester of 2008, as described in Note 1.22, were as follows:

Amounts in Euro	Actuarial gains and (losses)		Gross amount	Deferred tax	Impact on equity 30-06-2008
	Other	Return of assets expected vs real			
Post-employment benefits					
Liabilities for pensions assumed by the group	2,646,965	-	2,646,965	(21,478)	2,625,487
Liabilities for pensions with autonomous fund	(581,691)	(7,406,924)	(7,988,615)	1,964,308	(6,024,307)
Liabilities for death and retirement	205,158	-	205,158	(10,200)	194,958
Liabilities for healthcare benefits	695,925	-	695,925	(183,933)	511,992
Liabilities for long service award	71,465	-	71,465	(18,938)	52,527
	3,037,822	(7,406,924)	(4,369,102)	1,729,759	(2,639,343)

30. Provisions

During the first semester of 2008 and year of 2007, the following movements occurred under the provisions headings:

Amounts in Euro	Legal claims	Tax claims	Environmental recovery	Others	Total
January 1, 2007	1,775,946	13,919,015	751,011	20,659,507	37,105,479
Changes in perimeter	-	-	-	2,459,909	2,459,909
Change in consolidation method	-	-	(367,995)	(3,809,489)	(4,177,484)
Additions (Note 6)	269,867	18,992,445	158,947	9,608,976	29,030,235
Reversals (Note 6)	(736,223)	(2,806,045)	(142,452)	(12,799,560)	(16,484,280)
Utilizations	-	-	(56,896)	(1,043,103)	(1,099,999)
Exchange rate adjustment	-	-	-	(313,320)	(313,320)
Transfers	-	-	-	(65,620)	(65,620)
December 31, 2007	1,309,590	30,105,415	342,615	14,697,300	46,454,920
Changes in perimeter	-	-	-	(249,935)	(249,935)
Additions (Note 6)	14,941	83,312	116,507	978,585	1,193,345
Reversals (Note 6)	(33,375)	(706,000)	-	(476,726)	(1,216,101)
Utilizations	-	-	(14,500)	(188,247)	(202,747)
Exchange rate adjustment	-	-	-	(145,833)	(145,833)
Transfers	-	-	-	-	-
June 30, 2008	1,291,156	29,482,727	444,622	14,615,144	45,833,649

As of June 30, 2008 provisions for tax claims include contingencies outside Portugal, concerning the subsidiaries Portucel and Soporcel, as well as in Portugal, related to VAT, income tax and stamp duty.

31. Interest-bearing liabilities

As of June 30, 2008 and December 31, 2007 Group's net debt was as follows:

Amounts in Euro	30-06-2008	31-12-2007
Interest-bearing liabilities		
Non-current	1,193,700,726	1,208,813,407
Current	78,038,820	117,794,596
	1,271,739,546	1,326,608,003
Cash and cash equivalents		
Cash on hand	213,607	290,104
Short-term bank deposits	6,578,829	37,434,621
Other short-term assets	334,729,038	401,018,174
	341,521,474	438,742,899
Interest-bearing net debt	930,218,072	887,865,104

Non current interest-bearing liabilities

As of June 30, 2008 and December 31, 2007 non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Non-current		
Bond loans	920,400,000	920,400,000
Commercial paper	56,050,000	55,500,000
Bank loans	223,672,471	240,073,263
Costs with issuing of loans	(6,800,444)	(7,522,896)
Interest-bearing bank debt	1,193,322,027	1,208,450,367
Finance lease	272,579	256,919
Other loans - POE	106,120	106,120
Other interest-bearing debts	378,699	363,039
Non-current interest-bearing liabilities	1,193,700,726	1,208,813,406

Bond loans

As of June 30, 2008 and December 31, 2007 non-current bond loans were made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Bond loans		
Portucel 2005 / 2008	25,000,000	25,000,000
Portucel 2005 / 2010	300,000,000	300,000,000
Portucel 2005 / 2010 II	25,000,000	25,000,000
Portucel 2005 / 2012	150,000,000	150,000,000
Portucel 2005 / 2013	200,000,000	200,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
Semapa 1998 / 2008	-	2,244,591
SBI 2007	20,400,000	20,400,000
	945,400,000	947,644,591

Amounts in Euro	Amount	Maturity	Interest rate
Bond loans			
Portucel 2005 / 2008	25,000,000	December 2008	Euribor 6m
Portucel 2005 / 2010	300,000,000	March 2010	Euribor 6m
Portucel 2005 / 2010 II	25,000,000	December 2010	Euribor 6m
Portucel 2005 / 2012	150,000,000	October 2012	Euribor 6m
Portucel 2005 / 2013	200,000,000	May 2013	Euribor 6m
Semapa 2006 / 2016	175,000,000	April 2016	Euribor 6m
Semapa 2006 / 2016	50,000,000	May 2016	Euribor 6m
SBI 2007	20,400,000	December 2017	Euribor 6m
	945,400,000		

Portucel sub-Group's bond loans, made through private subscription and bearing interest at a variable rate corresponding to the Euribor for six months, in the total amount of Euro 700,000,000, will be repaid in a single instalment.

Two of the above mentioned bond loans, amounting to Euro 300,000,000 and Euro 150,000,000, are listed in Euronext Lisbon under the designations "Obrigações Portucel 2005/2010" and "Obrigações Portucel 2005/2012". As of June 30, 2008 their unit values were Euro 100.21 and Euro 99.99, respectively (2007: Euro 100.71 and Euro 100.26, respectively).

Additionally, in 2006 Semapa SGPS, SA have restructured its debt, issuing two bond loans amounting Euro 50,000,000 and Euro 175,000,000 with 10 years maturity, led by Banco BPI, SA and Banco Espírito Santo de Investimento, SA, jointly with Caixa BI, respectively. This last one is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", whose unit value, as of June 30, 2008, amounts Euro 99.50.

Commercial paper

Semapa contracted a commercial paper program, up to the maximum amount of Euro 175,000,000, with 10 years maturity, with a bank syndicate lead by Banco Espírito Santo de Investimento, S.A. and Caixa – Banco de Investimento, S.A., of which an amount of Euro 56,050,000 is in use, as of June 30, 2008.

Bank loans

As of June 30, 2008 and December 31, 2007, current and non-current bank loans were made up as follows:

Amounts in Euro	30-06-2008	31-12-2007	Interest rate
Non-current			
Semapa and Holdings			
Caixa Geral de Depósitos	133,079,000	133,079,000	Euribor 6m
Credit Suisse	18,726,084	18,726,084	Euribor 3m
Caixa Galicia	25,000,000	25,000,000	Euribor 3m
Secil sub-Group			
Banco BCP Investimentos	7,968,750	3,984,528	Euribor 6m
Banco BPI, SA	6,232,479	3,434,223	Euribor 3m
Banco Fomento de Angola	1,169,485	692,888	Libor 6m
Other loans	12,746,673	33,298,710	Various
Portucel sub-Group			
Caja Duero	18,750,000	21,857,830	Euribor 6m
	223,672,471	240,073,263	
Current			
Secil sub-Group			
Banco BCP Investimentos	7,968,750	15,937,500	Euribor 6m
Banco BPI, SA	6,868,447	13,100,927	Euribor 3m
Banco BCP Investimentos	4,886,773	4,911,107	Euribor 1m
Banco Espírito Santo	3,848,250	1,537,937	Euribor 3m
Other loans	14,457,678	151,722	Various
Portucel sub-Group			
Caja Duero	6,250,000	35,716,665	Euribor 6m
	44,279,898	71,355,858	
Closing balance	267,952,369	311,429,121	

Other loans – POE

The amount presented under the heading Other loans – POE relates to interest-free repayable loans received by the Group, within the scope of SIME program.

The maturity of the non-current amounts, registered under bond loans, bank loans and other loans, is as follows:

Amounts in Euro	30-06-2008	31-12-2007
1 to 2 years	344,323,022	42,991,352
2 to 3 years	61,452,238	373,426,668
3 to 4 years	7,934,037	9,730,556
4 to 5 years	351,285,754	154,656,614
More than 5 years	379,183,540	579,774,193
	1,144,178,591	1,160,579,383

Current interest-bearing liabilities

As of June 30, 2008 and December 31, 2007 current interest-bearing liabilities were detailed as follows:

Amounts in Euro	30-06-2008	31-12-2007
Current		
Bond loans	25,000,000	27,244,590
Bank loans	44,279,898	71,355,858
Interest-bearing bank debt	69,279,898	98,600,448
Short-term loans from shareholders	6,202,903	12,429,256
Finance lease	203,756	434,102
Other loans - POE	2,352,263	6,330,791
Other interest-bearing debts	8,758,922	19,194,149
Current interest-bearing liabilities	78,038,820	117,794,597

Liabilities related to financial leases

As of June 30, 2008 and December 31, 2007 Group's debt repayment plans concerning financial leases, except for Equipment – Soporgen, were detailed as follows:

Amounts in Euro	30-06-2008	31-12-2007
Less than 1 year	213,602	452,689
1 to 2 years	171,055	162,519
2 to 3 years	58,628	65,788
3 to 4 years	55,897	35,428
4 to 5 years	1,529	9,277
More than 5 years	-	-
	500,711	725,701
Future interest	(24,376)	(34,680)
Present value of liabilities	476,335	691,021

As of June 30, 2008 the Group uses the following goods acquired under finance lease plans:

Amounts in Euro	Acquisition value	30-06-2008 Accumulated depreciation	Net book value
Machinery and other equipment	2,769,245	(627,111)	2,142,134
Soporgen equipment (IFRIC 4)	44,003,950	(24,935,572)	19,068,378
Transport equipment	305,503	(249,470)	56,033
Administrative equipment	88,939	(88,939)	-
	47,167,637	(25,901,092)	21,266,545

The group holds a stake of 8% in Soporgen - Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen), a company whose main activity is the production of electricity and steam sold mainly to the subsidiary Soporcel. Soporcel has the purchase option to the capital that does not holds in Soporgen by the amount of expected cash flows present value of the company until the contract of steam electricity supply expiry between Soporgen and Soporcel.

On June 30, 2008 and December 31, 2007 credit facilities available and not used, were as follows:

Amounts in Euro	30-06-2008	31-12-2007
Portucel sub-Group	286,660,713	176,648,693
Secil sub-Group	607,481,796	267,815,427
Semapa SGPS, SA	165,056,078	197,570,523
	1,059,198,587	642,034,643

Financial Covenants

For certain type of financing operations there are commitments to maintain certain financial ratios, whose limits were previously negotiated.

32. Payables and other current liabilities

As of June 30, 2008 and December 31, 2007 the heading Payables and other current liabilities presented the following breakdown:

Amounts in Euro	30-06-2008	31-12-2007
Accounts payable to trade creditors	164,694,038	161,982,839
Accounts payable to related parties (Note 34)	693,171	619,642
Accounts payable to fixed assets suppliers	13,130,494	10,145,916
Other creditors - CO ₂ emission licences	14,332,824	42,542
Derivative financial instruments (Note 33)	-	284,968
Other creditors	14,148,527	9,399,389
Accrued costs	87,174,760	70,774,716
Deferred income	73,471,047	62,776,877
	367,644,861	316,026,889

The amount of Euro 14,332,824 presented in the heading Other creditors – CO₂ emission licences, as of June 30, 2008, relates to the fair value of CO₂ emission licences delivered for the emissions carried through in 2007 by Secil sub-Group, which were allocated free of charge to the Group under the National Plan for the Allocation of Emission Licences (PNALE).

As of June 30, 2008 and December 31, 2007 the headings Accrued costs and Deferred income were made up as follows:

Amounts in Euro	30-06-2008	31-12-2007
Accrued costs		
Insurance	114,058	95,620
Payroll	42,825,954	39,388,829
Interest payable	22,714,674	20,312,756
Electricity	8,469,655	4,230,888
Transport services	895,262	543,069
Other	12,155,157	6,203,554
	87,174,760	70,774,716
Deferred income		
Government grants	53,071,807	62,607,105
Grants - CO ₂ emission licences	20,263,513	29,813
Other	135,727	139,959
	73,471,047	62,776,877

Changes in Government grants

Amounts in Euro	30-06-2008	31-12-2007
Opening balance	62,607,105	17,921,364
Changes in consolidation perimeter	-	244,460
Changes in consolidation method	-	(7,003,875)
Exchange rate adjustment	(27,757)	(45,474)
Grants received in the period	-	243,773
Grants recognized in the income statement (Notes 5 and 8)	(11,339,845)	(19,694,076)
Estimate for additional grants to receive (Note 24)	1,832,304	70,940,933
Closing balance	53,071,807	62,607,105

Changes in Grants – CO₂ emission licences

Amounts in Euro	30-06-2008	31-12-2007
Opening balance	29,813	579,401
Grants received in the period	41,139,908	1,387,266
Changes in consolidation method	-	(119,720)
Licences sold	(6,561,710)	(400,274)
Licences surrendered	(27,334)	(94,959)
Grants recognized in the income statement	(14,317,164)	(1,236,532)
Changes in fair value	-	(85,369)
Closing balance	20,263,513	29,813

Changes in CO₂ emission licences – quantities (tonnes)

Unit: CO ₂ Ton	30-06-2008	31-12-2007
Opening balance	34,279	89,414
Changes in consolidation method	-	(18,475)
Allocations	1,902,946	609,304
Licences surrendered - PNALE I	(34,279)	-
Consumption	(117,958)	(263,964)
Sales	(531,049)	(382,000)
	1,253,939	34,279

33. Financial assets and liabilities

Analysis of financial assets and liabilities

As of June 30, 2008 the reconciliation of the consolidated balance sheet with the several categories of financial assets and liabilities included in it, is detailed as follows:

Amounts in Euro	FI held for trading Note 33	Derivative FI designated as hedging Note 33	Credit and receivables Note 24	FA at fair value through P&L Note 20	Available-for-sale FA Note 21	Other financial liabilities Note 32	Non-financial assets/liabilities
2008							
Assets							
Financial assets at fair value through P&L	-	-	-	2,454,375	-	-	-
Available-for-sale assets	-	-	-	-	1,054,601	-	-
Other non-current assets	-	-	-	-	-	-	2,551,701,631
Cash and receivables	10,770,813	10,466,836	678,151,316	-	-	-	9,275,843
Total assets	10,770,813	10,466,836	678,151,316	2,454,375	1,054,601	-	2,560,977,674
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,193,700,726	-
Other liabilities	-	-	-	-	-	20,025,587	542,503,567
Current interest-bearing liabilities	-	-	-	-	-	78,038,820	-
Payables	-	-	-	-	-	152,866,230	174,976,631
Total liabilities	-	-	-	-	-	1,464,431,363	717,482,196

Net gains on financial assets and liabilities

The impact of financial assets and liabilities on net profit for the period is analysed as follows:

Amounts in Euro	1 st S2008	1 st S2007
Gains/ (losses) on loans and receivables	(756,316)	(874,062)
Gains/ (losses) on other financial liabilities	8,205,018	3,946,929
Gains/ (losses) on financial instruments - trading	(864,546)	(449,395)
Dividends received:		
From investments classified as held for trading	-	-
From investments classified as available-for-sale	34,439	-
Interest earned:		
From available-for-sale financial assets	-	-
From loans and other receivables	10,153,703	6,434,588
Interest paid:		
From financial liabilities measured at amortised cost	(37,576,976)	(30,776,232)
Other	(1,578,000)	(3,426,175)
Net gains and losses	(22,382,678)	(25,144,347)

Derivative financial instruments

To manage the exchange rate risk associated to receivables were made forward rate agreements that will expire during 2008.

In 2008, following previous years' practice, in order to reduce the associated risk with prices of pulp sales fluctuations planned in 2008, was hired a financial instrument coverage who expires throughout this year.

Additionally, to cover the interest rate risk, are hired since 2005, interest rate swaps associated to some of the bank loans and bond loans.

As of June 30, 2008 and December 31, 2007 fair value of derivative financial instruments presented the following breakdown:

		30-06-2008		31-12-2007	
Amount in Euros	Currency	Nominal value	Maturity	Fair value	Fair value
Financial instruments held for trading					
	USD	19,206,000	18-Ago-08	103,816	96,264
	GBP	3,350,000	3-Out-08	(12,359)	143,709
Foreign exchange forwards					
	USD	40,700,000	13-Nov-08	340,188	570,727
	GBP	10,700,000	11-Nov-08	(30,166)	458,515
Transactions over CO ₂ emission licences	EUR	-	31-Dec-08	9,871,450	-
Interest rate options	EUR	29,093,000	28-Feb-10	207,120	184,227
Interest rate swaps	EUR	29,093,000	28-Feb-10	290,764	310,467
Closing balance				10,770,813	1,763,909

Changes in derivative financial instruments

Fair value of derivative financial instruments is included under the heading Current payables (Note 32), if negative, and under the heading Current receivables (Note 24), if positive.

Changes in balance sheet related to financial instruments, in the first semester of 2008, present the following breakdown:

Amount in Euros	Bonuses paid	Changes in fair value (negotiation)	Changes in fair values (hedging)	Total
Balance as of January 1, 2007	6,276,500	1,716,549	7,464,582	15,457,631
Changes in consolidation method	-	(841,108)	-	(841,108)
New agreements	1,963,000	-	-	1,963,000
Maturity	(6,276,500)	-	(15,544,559)	(21,821,059)
Increase in fair value	-	888,468	18,631,020	19,519,488
Balance as of December 31, 2007	1,963,000	1,763,909	10,551,043	14,277,952
New agreements	-	9,871,450	-	9,871,450
Maturity (Note 10)	(1,578,000)	-	(8,205,018)	(9,783,018)
Increase in fair value	-	-	7,735,811	7,735,811
Decrease in fair value (Note 10)	-	(864,546)	-	(864,546)
Balance as of June 30, 2008	385,000	10,770,813	10,081,836	21,237,649
Gain/ loss on financial results	(1,578,000)	(864,546)	8,205,018	5,762,472
Gross change in equity	-	-	(469,207)	(469,207)

Financial assets at fair value through profit and loss

These amounts are recognised at fair value, which corresponds to their market value (Note 20).

Available-for-sale financial assets

These amounts are recognised at fair value, which corresponds to their nominal value, deducted of possible impairments (Note 21).

Credits and receivables

These amounts are recognised at fair value, which corresponds to their nominal value, deducted of possible impairments identified through credit risk analysis of credit portfolios held (Notes 22 e 24).

Other financial liabilities

These amounts are recognised at amortised cost, which corresponds to the respective cash-flows value, deducted by effective interest rate associated to each liability (Note 31).

34. Balances and transactions with related parties

As of June 30, 2008 and December 31, 2007 balances with related parties are made up as follows:

Amounts in Euro	Current interest-bearing liabilities	
	30-06-2008	31-12-2007
Shareholders		
Cimo SGPS, SA	207,872	3,239,252
Longapar, SGPS, SA	5,327,216	8,868,168
Sonaca, SA	667,815	321,836
	6,202,903	12,429,256

Amounts in Euro	30-06-2008		31-12-2007
	Other debtors	Other creditors	Other debtors
Associated companies and joint ventures			
Secil, S.A.	1,230,515	-	-
Chryso Portugal, S.A.	-	213,423	-
J.M. Henriques, Lda.	50,400	-	51,455
Viroc Portugal	-	12,891	-
Secil Unicon - S.G.P.S., Lda	188,109	-	3,500
Be-power	6,170	25,858	6,170
Inertogrande	108,647	-	116,389
Secil Prebetão	-	11,145	-
Soporgen	319,992	-	319,992
TASC	2,743	-	2,743
Other related parties	240,375	429,854	128,228
Total	2,146,951	693,171	628,477

During the first semester of 2008 and 2007 transactions with related parties are made up as follows:

Amounts in Euro	1 st S2008		1 st S2007	
	Purchase of services	Financial costs	Purchase of services	Financial costs
Shareholders				
Cimianto SGPS, SA	53,870	-	53,870	-
Cimo SGPS, SA	-	130,253	-	59,001
Longapar, SGPS, SA	-	174,709	-	60,602
Sonaca, SA	-	34,169	-	15,982
	53,870	339,131	53,870	135,585

Amounts in Euro	1 st S2008			
	Purchase of services	Services rendered	Operacional income	Financial costs/ (income)
Other shareholders in joint ventures				
Irish Cement, Ltd.	-	1,653,930	4,519	-
CRH, plc	912,900	-	-	-
Seribo, S.A.	-	-	-	2,971
Other shareholders	-	-	-	206
Associated companies and joint ventures				
Secil, S.A.	-	85,210	-	(28,896)
Viroc Portugal, S.A.	375	362,551	4,453	34,244
Chryso Portugal, S.A	447,381	-	49,666	-
Setefrete, S.A.	6,957	-	-	-
Secil Prebetão, S.A.	12,480	152,985	32,184	1,481
Other	-	-	638	-
	1,380,093	2,254,676	91,460	10,006

35. Changes in consolidation perimeter

Secil acquired, on June 27, 2008, a 50% stake in Teporset, by the amount of Euro 250,000. This company is currently in an investment phase. The impact on Group's consolidated assets amounted Euro 1,868,901.

36. Expenditures on environmental issues

In order to carry out its business, the Group incurs in environmental costs which, in accordance with their nature, are capitalised or recognised as operating costs for the period.

Environmental expenditures 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 to increase capacity, safety or efficiency of other assets held by the Group.

Expenditures capitalised and expensed during the first semester of 2008 are detailed as follows:

Areas	Registered as cost	Capitalised	Total
Emissions into the atmosphere	514,736	473,145	987,881
Management of wastewater	2,008	-	2,008
Management of solid waste	244,958	1,371,873	1,616,831
Soils and underground waters protection	19,658	12,278	31,936
Nature protection	58,165	47,067	105,232
Recovery boiler	-	1,384,205	1,384,205
Effluent treatment	3,609,529	354,955	3,964,484
Recycling of materials	830,185	-	830,185
Sewerage system	29,332	-	29,332
Solid waste landfill	159,709	-	159,709
Other environmental protection activities	420,755	2,227,580	2,648,335
	5,889,035	5,871,103	11,760,138

CO₂ emission licences

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 creation of an active market for CO₂ emission licences. This Directive has been transposed to the Portuguese legislation, with effect from January 1, 2005, applicable to cement and pulp and paper industries, among others.

As a result of the conclusion of the National Plan for the Allocation of CO₂ Emission Licences (PNALE) negotiations, for the period 2008-2012, the Group assured licences in sufficient amount to satisfy its CO₂ emission needs.

37. Audit fees

During the first semester of 2008 and 2007 expenses with statutory audit and other audits were as follows:

Amounts in Euro	1 st S2008	1 st S2007
Statutory auditors services	206,342	184,935
Tax consultancy services and other	141,865	232,599
	348,207	417,534

The services described as tax consultancy and other, mainly comprise the support in complying with tax obligations, in Portugal and abroad, as well as services, surveys of operational business processes, from which did not result in any advice for redesign of existing practices, procedures or controls.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through careful definition of the work to be awarded.

38. Average number of employees

As of June 30, 2008 and December 31, 2007 the average number of employees working for the various Group companies, by business segment, was as follows:

Segment	30-06-2008	31-12-2007
Pulp and Paper	2,112	1,952
Cement and Derivatives	2,745	2,391
Holdings	20	21
	4,877	4,364

39. Commitments

As of June 30, 2008 and December 31, 2007 commitments assumed by the Group were as follows:

Entity	30-06-2008	31-12-2007
Garantias		
DGT - Direcção Geral do Tesouro	50,000,000	50,000,000
IAPMEI (POE)	2,604,531	6,329,702
IVA - reimbursement requests	4,937,062	-
DGCI - Direcção Geral dos Impostos	7,598,790	25,247,206
Soporgen financing	777,778	888,889
Câmara Municipal de Setúbal	492,101	487,700
APSS - Admi. dos Portos de Setúbal e Sesimbra	189,959	189,959
Direcção Geral de Alfândegas	408,000	408,000
APDL - Administração do Porto de Leixões	297,736	297,736
OMMP e Elfouladh	-	40,817
Simria	514,361	514,361
Instituto de Conservação da Natureza - Arrábida	481,771	338,645
INGA - Instituto Nacional de Garantia Agrícola	94,520	94,521
IAPMEI (PEDIP)	50,878	65,937
Commerzbank (Lebanon)	-	2,816,649
Comissão de Coord. e Desenv. Reg. Centro	402,478	400,591
Comissão de Coord. e Desenv. Reg. Lisboa e Vale do Tejo	463,475	-
BankMed (Lebanon)	-	24,487,456
BNA (Tunisia)	125,327	237,237
Chaussee	78,036	-
Trade creditors (Lebanon)	909,130	-
Other	1,114,010	3,937,440
	71,539,943	116,782,847
Other commitments		
To purchase	569,091,756	110,637,607
Mortgaged property related to loans	25,858,688	-
Unmatured discounted notes	191,314	-
	595,141,758	110,637,607
	666,681,701	227,420,454

The subsidiary Seinpart – Participações SGPS, issued a bank guarantee to the tax authorities in 2004, by Euro 50,000,000, valid for five years. This guarantee has the purpose of covering the fulfilment of all obligations assumed by this subsidiary, in accordance with the terms established in chapter IV of the “Term of references” approved by Resolution 194/2003, of December 30, concerning the privatisation of Portucel.

During the year 2006, Semapa and Semapa Inversiones, SL, as its guarantor, celebrated with a financial institution a promise agreement of credit, until an amount of Euro 200,000,000, with the purpose of financing the acquisition of shares listed in Euronext Lisbon integrating the index PSI-20 and/or the acquisition of Portucel shares.

With the availability of funds related to the referred agreement, Semapa and/or the Guarantor are obliged to give in pledge the corresponding acquired shares and/or Portucel shares held, or alternatively to constitute a deposit with a covering ratio never below 1.1.

On June 30, 2008, as on December 31, 2007, the amount of Euro 133,079,000 had been used from this credit line, being given in pledge 42,930,076 Portucel shares, 86,386 EDP shares and 2,720,000 treasury shares of Semapa SGPS.

Investment contract – AICEP

On July 12, 2006 Portucel, Soporcel and AICEP (Portuguese agency for investment and foreign business) entered into contracts for ongoing and future investments. These contracts comprise tax incentives amounting to Euro 22,480,095 and financial incentives amounting to Euro 102,038,801, corresponding to a total amount of Euro 124,518,896.

In 2008 and 2007 have already been used tax incentives of Euro 2,163,914 Euro 4,434,524, respectively.

Due to the stage of development of the projects, the Group recognised up to June 30, 2008 gains on financial incentives related to eligible investments of Euro 5,550,455. It has also recognised a receivable of Euro 55,023,282 (Note 21) related to the incentive for investments already made but not yet funded. Under these contracts, Portucel and Soporcel will still have to invest a total amount of Euro 95,227,000.

Additionally, a contract was signed with the subsidiary About the Future, S.A., for investments initially estimated at Euro 482 millions in 2007 and 2008. This contract foresees tax incentives amounting to Euro 52,433,150.

All contracts were approved by national and EU authorities, the last of which, related to Soporcel, was approved in June 2007.

40. Other commitments assumed by Group companies

Pledges

In the year 2000, Secil contracted bank loans with maturity in 2010 to finance the acquisition of Société des Ciments de Gabès, in Tunisia.

Under the terms of those loans, Secil provided an irrevocable power of attorney to the banks, enabling them to pledge the shares of the referred company in the event of non-compliance with its obligations.

The subsidiary Société des Ciments de Gabès contracted with a Tunisian financial institution a loan in the amount of TND 15,000,000 (Euro 8,823,529), for the acquisition of equipment for its plant.

Under the terms of this loan, the subsidiary Société des Ciments de Gabès provided an irrevocable power of attorney to the bank, enabling it to pledge the above-mentioned equipment in the event of non-compliance with its obligations.

In April 2005, Secil Martingança, Lda. contracted a bank loan with maturity in 2012 to finance the acquisition of the subsidiaries IRP – Indústrias de Rebocos de Portugal, S.A. and Lusocil – Sociedade Portuguesa de Cimento Cola, S.A..

Under the terms of this loan, Secil Martingança provided an irrevocable power of attorney to the bank, enabling it to pledge the shares of those companies, in the event of non-compliance with its obligations.

Comfort letters

Secil issued, in 1993, a comfort letter as a guarantee of obligation compliance with the financings contracted by its associate Viroc Portugal, S.A., in the amount of Euro 2,574,082.

Investment in a new plant in Angola

Under the terms of the agreement memorandum between the Angolan government and the subsidiary

Secil, of April 2004, the company Secil – Companhia de Cimento do Lobito, S.A. was founded on November 29, 2005. Its share capital is held in 51% by Secil sub-Group and in the remaining 49% by the Angolan government. The company started to operate on January 1, 2006, thus ending the transfer contract for exploitation of Encime do Lobito plant, signed between the Angolan government and TecnoSecil and in force since September 2000.

Share capital of Secil Lobito, amounting USD 21,274,286, was carried out through the transfer of tangible and intangible assets from TecnoSecil and Encime U.E.E., by Secil sub-Group and the Angolan government, respectively. The amount was determined by an independent international auditing firm in October 2003.

Within a horizon of 36 months from the realisation date of the above-mentioned share capital, Secil Lobito will build a cement factory in Lobito.

41. Contingent assets

Secil sub-Group

Revaluation under the Privatisation process

In 1995, Secil performed a revaluation of its assets in accordance with the directive 22/92 of February 14 with respect to tangible assets as of December 31, 1993.

The tax basis for the periods of 1995 to 1999 have been corrected as regards the depreciation amounts, allegedly in excess, related to the virtual part assigned to the year of 1994, giving rise for additional payments of corporate income tax, received and fully paid to the state.

The Board of Directors is convinced to succeed in the present matter, which effect amounts to Euro 2,235,907.

The company lost the case in court related to 1995 (Euro 820,148), having raised objection in the Supreme Court, that overruled the decision of the court of first instance and called for revision of the action related to 1995, having, however, confirmed the conviction of the court of first instance for 1996 (Euro 795,311).

As regards the actions of 1997 (Euro 282,262), 1998 (Euro 327,323) and 1999 (Euro 10,464), they already started in 2004 in the court of first instance, still pending of decision.

CMP' Pension Plan

The Group recorded in its financial statements as of December 31, 1995 a total adjusted amount of Euro 5,598,358, receivable from the Portuguese government, result from the actuarial study of the liabilities with retirements, reported as of December 31, 1993 and evaluated by a third specialised entity, under the privatisation process of the CMP subsidiary.

As a result of this evaluation, errors were detected and, in 1996, CMP's Administration requested the Portuguese State the settlement of the amount above mentioned.

On September 16, 1999, Secil's Board of Directors opened a procedure against the Portuguese government, claiming the payment of this amount including interest, anticipating conviction of the constitutional court, with reasoning having started in the last quarter of 2004. Judgment in First Instance was concluded in the first semester of 2007 and the sentence is expected to be declared.

Portucel sub-Group

2001 income tax – Euro 314,340

In May 2005, during the tax audit of the 2002 fiscal year, Portucel received a notification of the adjustments arising from the analysis of the 2001 income tax return. This in turn gave rise to an additional assessment of income tax, which was paid, with penalty interest of Euro 314,340. However, this assessment was appealed on the grounds that the tax authorities had failed to comply with the legal formalities, namely the absence of a prior hearing and the expiry of the right of assessment as of March 18th, 2004, as the 2001 tax audit had already been carried out by the Tax authorities and had already given rise to an additional assessment in 2003, which was also paid.

2002 income tax – Euro 270,025

On November 15, 2006 Soporcel claimed an additional income tax assessment, meanwhile paid, amounting to Euro 270,025. On May 14, 2007 the claim was subject to tacit refusal, and therefore on August 13, 2007 the proper contestation was presented.

In January 2008 Soporcel was notified by the Finance Directorate of Coimbra that part of the referred claim had been accepted, in the amount of Euro 108,682. However, the Court decision concerning the referred contestation is still pending.

2003 aggregated income tax – Euro 3,158,530

On October 15, 2007 Portucel submitted a claim for a partial refund of corporate income tax of Euro 3,000,615, of which Euro 2,607,145 was tax and Euro 393,480 was penalty interest, having then paid Euro 157,915, of which Euro 131,807 was tax and Euro 26,108 was penalty interest.

The amount claimed was netted on November 5, 2007, against a pending VAT refund request for August 2007, of Euro 2,242,329, the remaining amount, Euro 1,032,317, was guaranteed on November 26, 2007. Portucel filed a claim against this compensation and on January 15, 2008 by decision of Almada's Administrative and Fiscal Court the compensated amount has been refunded.

The assessment pertains essentially to the tax impact of restructuring measures decided by the state in its capacity as shareholder, in the context of Portucel's

privatisation, to which the regime of tax neutrality foreseen under the corporate income tax law was improperly applied. This was because Soporcel had not ceased its forestry activities, and because there were no valid economic reasons for its having extracted immediate capital gains from the disposal of part of the capital received in exchange for the transferred assets.

Having elapsed the period for tacit refusal without any answer from tax authorities on April 15, 2008, on May 14, 2008 Portucel filed an appeal and up to October 15, 2008 will present the proper contestation.

2004 aggregated income tax – Euro 1,167,629

On December 10th, 2007, Portucel paid an additional tax assessment of Euro 1,078,403 and respective penalty interest of Euro 89,227, which will be partly reclaimed within the time limits allowed by law.

From total adjustments to the tax liability of Euro 3,538,759, the amount of Euro 1,961,515 will be claimed, representing adjustments to logs, losses on the disposal of additional paid-in capital, deduction of income from the Portucel's share in the liquidation and benefits from the first employment to young employees.

2005 aggregated income tax – Euro 10,498,592 (tax estimate)

As a result of the tax audit to the 2005 income tax return, in which the aggregate tax loss was Euro 30,381,815, the tax authorities issued its audit reports dated December 28, 2007 and September 8, 2007 for Portucel and Soporcel, respectively. These presented adjustments to the taxable income of the two entities of Euro 67,612,268 and Euro 6,865,841, respectively, whose respective tax liabilities are adequately reflected on the balance sheet.

Of the overall amount adjusted, Euro 66,636,141 and Euro 6,817,635 represent a loss on the disposal of financial investments, including additional paid-in capital, which the tax authorities believe to constitute portions of capital in accordance with the concept embodied in no. 5 of article 23 of the Corporate Income Tax Law.

The company disagrees with this view, and is supported by expert legal opinions, but also by the wording of law, particularly the drafting introduced by the Government Budget for 2006 to article 42 of the corporate income tax law, or in the interdiction of assumptions clearly embodied in the Constitution of the Portuguese Republic, particularly in its article 103, on what concerns article 23, numbers 5 and 6 of the Corporate Income Tax Law.

2003 VAT – Euro 2,509,101

Soporcel was subject to an additional VAT assessment of Euro 2,509,101, including penalty interest of Euro 227,759 on September 19, 2006. This was netted against pending VAT refund requests during the time limit allowed for the claims. The company believes that the assessment is incorrect, since it relates to

adjustments of VAT deducted relative to forestry to which article 24 of the VAT Code does not apply because these assets are not fixed assets.

Accordingly, on March 27, 2007 Soporcel submitted a claim for the referred assessment. On September 27, 2007, having elapsed the period for decision without any answer from tax authorities, the claim was considered to be refused. Thus, Portucel appealed on October 29, 2007 and on December 26, 2007 the proper contestation was presented.

2004 VAT – Euro 225,121

On October 3, 2007, Portucel claimed an additional VAT assessment in the amount of Euro 206,580 and respective penalty interest of Euro 18,541, which was guaranteed with a bank guarantee of Euro 284,215 on October 23, 2007. On July 2, 2008 Portucel contested the tacit refusal of the claim in Almada's Administrative and Fiscal Court. However, on July 27, 2008 the Tax Authorities approved the referred claim.

Of the total income tax amount, Euro 20,227 relates to accounting write-downs of spare parts, which had not yet been physically destroyed, since its book value had been written-back in 2005 and an impairment loss set up.

The remaining Euro 186,363 relate to adjustments to logs, of which Euro 170,401 relates to periods prior to January 1, 2004.

Withholding tax in Spain – Euro 516,729

ENCE – Empresa Nacional de Celulose, S.A., a company in which Portucel had an 8% stake until 2004 paid, between 2001 and 2004, dividends amounting to Euro 3,444,862, which were subject to withholding tax of Euro 516,729.

Portucel challenged the amount withheld on the basis that it violated the right of free establishment foreseen in the Treaty of Rome (dividends paid to an entity resident in Spain are not subject to withholding tax). The claim was rejected in 2007, and the company appealed to court in 2008.

Additionally, and during this period, the European Commission made a formal request to Spain to change the law regulating withholding tax for non-residents, specifically relative to dividends, since it violates community law as a discriminatory practice in light of that which regulates the taxation of income of the same nature when paid between companies resident for tax purposes in Spain; it has even filed suit for that purpose with the EU Supreme Court. Finally, in 2007, the EU Supreme Court issued the Amurta Judgment, which supports the company's position.

Stamp duty over loans – Euro 451,180

On October 2, 2007 Soporcel claimed part of the assessment for stamp duty of Euro 793,164 and penalty interest of Euro 98,454, for the portion relating to the period from January 1 to June 30, 2004, of Euro 451,180, of which Euro 401,363 is tax and Euro 49,817

is penalty interest, for which a bank guarantee of Euro 575,870 was put in place on October 19, 2007. The tacit refusal of the referred claim occurred on April 1, 2008, therefore the Company presented the proper contestation on June 30, 2008.

Tax was assessed because allegedly Soporcel have not documented the cash shortages of Portucel SGPS, for which reason Soporcel SGPS's treasury transactions were considered to be tax-exempt.

Since Portucel SGPS (now merged with Parpública) is the economic beneficiary of the transaction and the holding company of Soporcel on a date prior to privatisation (June 3, 2004), with an indirect equity holding of 55.72%, the tax assessed was imputed to Portucel, having already been received, from the total paid amount of Euro 440,038, the corresponding part of Euro 394,002.

Similarly, the amount of tax considered to be due by the Court is also responsibility of Parpública.

Stamp duty over equity – Euro 77,000

On April 7, 2008 SPCG and Portucel Soporcel Cogeração de Energia S.A. presented to the Almada's Administrative and Fiscal Court claim over stump duty paid, amounting to Euro 50,000 and Euro 27,000, respectively charged for the increases in share capital of the referred companies, because the assessment is contrary to the defined in Community Directive 69/335/CEE, of July 17, 1969, according to Community Directive 85/303/CEE, of June 10, 1985.

The referred companies are currently waiting for the Court decision.

Public Debt Regularisation Fund

According to Decree-Law 36/93 of February 13, tax debts of privatised companies related to periods prior to privatisation are responsibility of the Public Debt Regularisation Fund.

On April 16, 2008 Portucel presented an application to the Public Debt Regularisation Fund requesting the payment of tax debts assessed by the Tax authorities.

Thus, the total amount of Euro 10,302,222 will be responsibility of the referred Fund, of which have been claimed and guaranteed Euro 2,631,384 and the remaining paid. The amount of Fund's responsibility is detailed as follows:

Company	Tax	Year	Open amount*
Portucel	Income tax	2001	314,340
Portucel	Income tax	2002	625,033
Portucel	VAT	2002	2,697
Portucel	Income tax	2003	1,573,165
Portucel	Income tax	2003	3,158,530
Portucel	Withholding tax	2004	3,160
Portucel	Income tax	2004	1,167,629
Portucel	VAT	2004	225,121
			7,069,675
Soporcel	Income tax	2002	270,025
Soporcel	VAT	2003	2,509,101
Soporcel	Stamp duty	2004	451,180
Soporcel	Withholding tax	2005	2,241
			3,232,547
			10,302,222

VAT Germany

Portucel and Soporcel are being subject to tax inspections by German Tax authorities concerning the treatment given, in terms of VAT, to pulp and paper sales made to Germany between 1998 and 2003. In January 2008 the companies were noticed about the official position of German Tax authorities, which call into question the procedures adopted by the companies in those years and preview additional VAT assessments.

Portucel believes that the Portuguese government is responsible for tax debts of privatised entities related to periods prior to privatisation, as mentioned in Decree-Law 36/93 of February 13. Thus, possible additional VAT assessments have to be held by the Portuguese government.

42. Exchange rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to euros at the exchange rate prevailing on June 30, 2008.

The income statement captions for the period were translated at the average rate for the period. The differences arising from the application of these rates as compared with the balance prior to the conversion were reflected under the Currency translation reserve in shareholders' equity.

The rates used in the first semester of 2008 and 2007, against the Euro, were as follows:

	1 st S2008	1 st S2007	2007	Increase/ (decrease)
TND (tunisian dinar)				
Average exchange rate for the period	1.8099	1.7532	1.7498	(3.23%)
Exchange rate at the end of the period	1.8312	1.7743	1.7911	(2.24%)
LBN (lebanese pound)				
Average exchange rate for the period	2,307.10	2,003.60	2,066.00	(15.15%)
Exchange rate at the end of the period	2,376.40	2,035.90	2,192.00	(8.41%)
USD (american dollar)				
Average exchange rate for the period	1.5304	1.3291	1.3705	(15.15%)
Exchange rate at the end of the period	1.5764	1.3505	1.4721	(7.09%)
GBP (sterling pound)				
Average exchange rate for the period	0.7752	0.6747	0.6843	(14.90%)
Exchange rate at the end of the period	0.7923	0.6740	0.7334	(8.04%)

43. Other information

New potencial businesses – Environmental sector

As opportunely disclosed to the market, Verdeoculto – Investimentos, SGPS, S.A., a company fully held by Semapa, agreed to buy ETSA Group, which will allow the entrance of the Group in environmental sector, an emergent area in great expansion, and the consequent diversification of its investments portfolio.

During the year of 2007, ETSA Group registered a consolidated turnover (non-audited) of Euro 23.3 million, EBITDA of Euro 3.9 million and net bank debt of Euro 8.6 million.

The transaction will be made with the assumption of an Enterprise Value of Euro 59.9 million, as of November 30, 2007, which represents an Equity Value, including shareholders' loans, of Euro 47.9 million.

The completion of the transaction is still subject to certain conditions agreed between the parties, including the conduction of a due diligence on ETSA Group. Thus, the final acquisition price will be adjusted, as a result of ETSA Group continuing activity up to the date of transmission and conclusion of the referred due diligence.

Subsidies to investment

As previously referred, Portucel sub-Group has signed contracts with AICEP for incentives granted by this agency for investments being developed in its industrial units.

On January 10, 2008, it was received the first part of the financial incentive attributed to the co-financing of the investments in Cacia unit, amounting Euro 9,239,308. The second part, on the same amount, was received on July 8, 2008.

Regarding the investments in Setúbal unit, it was completed in January 2008 the process for submission of expenditure documentation under these contracts for the request of the first part of the financial component of the incentives granted, which was received on March 3, 2008.

The process for submission of expenditure documentation relative to the request of the second part is being prepared.

Regarding the investments in Figueira da Foz unit, it was concluded on March 31, 2008 the process for submission of expenditure documentation under these contracts for the request of the first and second parts of the financial component of the incentives granted, amounting Euro 13,493,492, which is expected to be received.

The process for submission of expenditure documentation relative to the request of the third part has already been delivered, relating to eligible expenditure amounting Euro 75,882,888, which represents a financial incentive to receive of Euro 9,366,706.

Subsidiary Portucel, SA reprivatisation process

With the publication of Decree-Law 6/2003 of January 15, the Portuguese government set up the model for the second phase of the Company's reprivatisation process, foreseeing its completion in two stages. The first stage, which took place in May of 2004, consisted of a public tender for the sale of a single indivisible lot of shares, representing 30% of Portucel's share capital. The winning bidder was Semapa Group, acquiring these shares through Seinpart – Participações, SGPS, S.A.

The above-mentioned Decree-Law also contemplates a second stage, corresponding to the direct sale of up to 115,125,000 of the Company's shares to a syndicate of financial institutions, for subsequent distribution to institutional investors.

With the publication of Decree-Law 143/2006, of July 28, the Portuguese government defined the model for the third phase of the Company's reprivatisation, which consisted on the disposal of shares representing up to 25.72% of the Company's share capital, which occurred via Public Offering, on November 14, 2006, after which the company became fully privatised.

44. Subsequent events

In July 2008, the referred acquisition of ETSA Group had the assent of the Competition Authority.

Additionally, the sub-Group Portucel, after the interim closing of accounts, acquired until July 16, 2008, 1,773,692 treasury shares, with an acquisition cost of Euro 3.4 million.

45. Companies included in consolidation

Name	Head office	Direct and indirect % of equity held by Semapa		
		Direct	Indirect	Total
Parent-company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon	-	-	-
Subsidiaries:				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
Cimentospar - Participações Sociais, SGPS, Lda.	Lisbon	-	100.00	100.00
Seinpart, SGPS, S.A.	Lisbon	49.00	51.00	100.00
Verdeoculto, SGPS, S.A.	Lisbon	100.00	-	100.00
Seinpar Investments, B.V.	Amsterdam	100.00	-	100.00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amsterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00

Subsidiary companies of sub-Group Portucel – included by full consolidation method

Name	Head office	Direct and indirect % of equity held by subsidiary Portucel			% of equity actually held by Semapa
		Direct	Indirect	Total	
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	-	-	-	76.08
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	76.08
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56.00	44.00	100.00	76.08
Soporcel España, SA	Spain	-	100.00	100.00	76.08
Soporcel International, BV	Netherlands	-	100.00	100.00	76.08
Soporcel France, EURL	France	-	100.00	100.00	76.08
Soporcel United Kingdom, Ltd	United Kingdom	-	100.00	100.00	76.08
Soporcel Italia, SRL	Italy	-	100.00	100.00	76.08
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	76.08
Soporcel North America Inc.	USA	-	100.00	100.00	76.08
Soporcel Deutschland, GmbH	Germany	-	100.00	100.00	76.08
Soporcel Handels, GmbH	Austria	-	100.00	100.00	76.08
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.08
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.08
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	76.08
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	76.08
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	76.08
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	76.08
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	76.08
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	76.08
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	100.00	-	100.00	76.08
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	76.08
Setipel – Serviços Técnicos para a Indústria Papeleira, SA	Setúbal	-	100.00	100.00	76.08
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	76.08
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	76.08
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50.00	50.00	100.00	76.08
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	38.04
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	43.00	51.00	94.00	71.51
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	76.08
Aflotrans - Empresa de Exploração Florestal, Lda	Figueira da Foz	-	100.00	100.00	76.08
About the Future - Empresa Produtora de Papel, SA	Setúbal	0.02	99.98	100.00	76.08
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	76.08
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	76.08
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91.15	91.15	69.34
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	93.84	93.84	71.39
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	69.59
ImpactValue - SGPS, SA	Setúbal	100.00	-	100.00	76.08
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	76.08
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	76.08
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	76.08
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	76.08
Atlantic Forests, SA	Setúbal	-	100.00	100.00	76.08
Portucel International GmbH	Germany	100.00	-	100.00	76.08
Afoelca - Agrupamento complementar de empresas para protecção contra incenc	Portugal	-	64.80	64.80	49.30
Bosques do Atlantico, SL	Spain	-	100.00	100.00	76.08
PortucelSoporcel Sales & Marketing NV	Belgium	5.00	95.00	100.00	76.08

Subsidiary companies of sub-Group Secil – included by proportional consolidation method

Name	Head office	Direct and indirect % of equity held by subsidiary Secil			% of equity actually held by Semapa
		Direct	Indirect	Total	
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	-	-	-	
Subsidiaries:					0.00
Parcim Investments, B.V.	Amsterdam	100.00	-	100.00	51.00
Secilpar, SL	Madrid	-	100.00	100.00	51.00
Somera Trading Inc.	Panama	-	100.00	100.00	51.00
Hewbol, SGPS, Lda.	Funchal	-	100.00	100.00	51.00
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	51.00
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	31.88
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100.00	-	100.00	51.00
Seciment Investments, B.V.	Amsterdam	100.00	-	100.00	
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	Lisbon	58.40	-	58.40	29.78
Silonor, S.A.	Dunkerque - France	100.00	-	100.00	51.00
Société des Ciments de Gabès	Tunis	98.72	-	98.72	50.35
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	50.35
Zarzis Béton	Tunis	-	78.97	78.97	40.28
Tercim- Terminais de Cimento, S.A.	Lisbon	100.00	-	100.00	51.00
Secil Angola, SARL	Luanda	100.00	-	100.00	51.00
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51.00	51.00	26.01
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Setúbal	91.85	8.15	100.00	51.00
Britobetão - Central de Betão, Lda.	Évora	-	73.00	73.00	37.23
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100.00	100.00	51.00
Secil Britas, S.A.	Penafiel	-	100.00	100.00	51.00
Camilo Lopez, Lda.	Alcochete	-	100.00	100.00	51.00
Carcubos-Granitos, Lda.	Satão	-	100.00	100.00	51.00
Sicobetão - Fabricação de Betão, S.A.	Pombal	-	100.00	100.00	51.00
Minerbetão - Fabricação de Betão Pronto, Lda.	Leiria	-	100.00	100.00	51.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	97.00	-	97.00	49.47
IRP - Industria de Rebocos de Portugal, S.A.	Lisbon	-	97.00	97.00	49.47
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	50.00	50.00	100.00	51.00
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	100.00	-	100.00	51.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.87	90.87	46.34
Sobioen- Soluções de Bioenergia, S.A.	Lisbon	-	51.00	51.00	26.01
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	51.00	51.00	26.01
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisbon	-	100.00	100.00	51.00
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos, Lda.	Lisbon	-	100.00	100.00	51.00
Prescor Produção de Escórias Moidas, Lda.	Lisbon	-	100.00	100.00	51.00
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	100.00	-	100.00	51.00
Cimentos de Sibline, S.A.L.	Beirut	28.64	22.03	50.67	25.84
Premix-Leban	Beirut	-	50.67	50.67	25.84
Soime	Beirut	-	50.67	50.67	25.84
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	29.14
Betomadeira - Betões e Britas da Madeira, S.A.	Funchal	-	57.14	57.14	29.14
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57.14	57.14	29.14
Sanimar Madeira, Sociedade de Materiais de Construção, Lda.	Funchal	-	57.14	57.14	29.14
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57.14	57.14	29.14
Madebritas - Sociedade de Britas da Madeira, Lda.	Funchal	-	29.14	29.14	14.86
Pedra Regional - Transformação e Comercialização de Rochas Ornamentais, Lc	Funchal	-	29.14	29.14	14.86
Secil Unicon - S.G.P.S., Lda.	Lisbon	50.00	-	50.00	25.50
Secil Prébetão, S.A.	Montijo	-	50.00	50.00	25.50
Teporset-Terminal portuário de Setúbal, S.A.	Oeiras	-	50.00	50.00	25.50

Companies not included in consolidation

Name	Head office	Direct and indirect % of equity held by subsidiary Portucel			% of equity actually held by Semapa
		Direct	Indirect	Total	
Portucel Brazil	Brasil	99.00	-	99.00	75.32

As of June 30, 2008, the process of liquidation and dissolution of Portucel Brazil was nearly concluded. The consolidated balance sheet at this date includes the identified and quantifiable liabilities resulting from this process. The Group may incur in additional costs with the conclusion of these procedures, however they are not estimated to be material.

BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
Chairman

Fernando Maria Costa Duarte Ulrich
Member

Maria Maude Mendonça de Queiroz Pereira Lagos
Member

Joaquim Martins Ferreira do Amaral
Member

Carlos Eduardo Coelho Alves
Member

José Alfredo de Almeida Honório
Member

Francisco José Melo e Castro Guedes
Member

Carlos Maria Cunha Horta e Costa
Member

José Miguel Pereira Gens Paredes
Member

Paulo Miguel Garcês Ventura
Member

Rita Maria Lagos do Amaral Cabral
Member

António da Nóbrega de Sousa da Câmara
Member

António Paiva de Andrada Reis
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 As required by article 245 of the Portuguese Securities Market Code, we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2008 of Semapa – Sociedade de Investimento e Gestão, SGPS, SA included in the Report of the Board of Directors, consolidated balance sheet (which shows total assets of €3,263,875,615 and a total shareholders' equity of €1,061,962,054, including total minority interests of €297,742,690 and a net profit of €55,746,096), consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of changes in shareholders' equity 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 the International Accounting Standard 34 as adopted by the European Union and which is complete, true, timeliness, clear, objective and licit as required by the Portuguese 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 Portuguese Securities Market Code, and to issue a professional and independent report based on our work.

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 Report of the Board of Directors with the remaining documents referred to 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, 2008 is not free of material misstatements that affect its conformity with the International Accounting Standard 34 as adopted by the European Union and the information contained therein is not complete, true, timeliness, clear, objective and licit.

Lisbon, August 21, 2008

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

[This is a translation, not to be signed]

Abdul Nasser Abdul Sattar, R.O.C.