



DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

1st Half 2009

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

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1 Market Environment

During the first half of 2009, the business environment continued to cope with the recession which has affected the world economy in the wake of the financial crisis which broke out in 2007.

The United States experienced a sharp slowdown in GDP, especially severe in the first quarter of 2009. Fears of a depression and deflation created an exceptional economic situation, through FED intervention in interest rate levels. Reference interest rates stood at levels close to zero, with the Fed Funds rates varying between 0% and 0.25%.

In the Euro Zone, the economy shrank by 2.5% in the first quarter of the year due fundamentally to falling investment and exports, representing the worst ever figures for the zone. According to more recent figures, the economy began to show signs of a recovery during the second quarter as the pace of economic contraction slowed. After 4 consecutive quarters of negative growth, Germany and France climbed back into positive territory between April and June. Nonetheless, total GDP for Euro Zone countries was 0.1% down on the first quarter of the year.

In June, the Euro Zone recorded negative annual inflation (-0.1%), caused essentially by falling energy and food prices, as commodity prices dropped back from the huge increases recorded in 2008, especially in the oil price. Crude prices hit an all-time high of 147 USD/barrel in July 2008, before falling back to a low of 28 USD/barrel in December.

The monetary authorities have stressed that the current rate of inflation is in line with expectations and reflects temporary factors. They estimate that this will be a short-lived phenomenon, and that the risks of deflation are minimized in the short term.

One of the main adverse effects of the financial crisis on the real economy has been on employment. By virtue of its nature, the employment market reacts to events in the economy with a certain time lag. In the United States, unemployment climbed to 9.5% in June, the highest level since mid-1983. In the Euro Zone, unemployment also hit 9.5% in May, a level not seen since 1999.

The latest estimates for 2009 Portuguese GDP point to a level of contraction in the economy only paralleled by the recession of 1975, i.e. in the order of 3.5%.

According to figures published by INE (National Institute of Statistics), in the period from January to May, output in the construction sector was down by 3.5% (production index for construction and public works). Demand for cement is estimated to have dropped by 17% during the first six months of the year, maintaining the clear downwards trend recorded in the first quarter.

During the first half of 2009, the EUR/USD exchange rate stood at 1.33 USD, down by 12.9% from the rate recorded in the same period in 2008. The euro hit a low of 1.26 USD in early March but then revealed a sustained recovery, rising to a peak of 1.42 USD in early June.

2 The Semapa Group – Operational Overview

Leading consolidated business indicators (IFRS)

Turnover: 700.1 million euros

EBITDA Total: 131.0 million euros

EBIT: 71.9 million euros

Net profit: 25.8 million euros

IFRS - accrued amounts (million euros)	Jun 09	Jun 08	09/08 (Var.%)
Turnover	700.1	746.1	-6.2%
Other income	26.5	31.7	-16.5%
Costs and losses	(595.6)	(592.7)	-0.5%
Total EBITDA	131.0	185.1	-29.3%
Recurrent EBITDA	130.2	181.2	-28.2%
Depreciation and impairment losses	(68.6)	(65.6)	-4.6%
Provisions (increases and reversals)	9.6	0.0	N/A
EBIT	71.9	119.5	-39.8%
Net financial profit	(21.9)	(27.6)	20.8%
Pre-tax profit	50.0	91.9	-45.6%
Tax on profits	(11.6)	(18.4)	36.8%
Retained profits for the period	38.4	73.5	-47.8%
Attributable to Semapa equity holders	25.8	55.7	-53.7%
Attributable to minority interests	12.6	17.7	-29.1%
Cash-flow	97.4	139.1	-29.9%
EBITDA margin (% Sales)	18.7%	24.8%	6.1 p.p.
Recurrent EBITDA margin (% Sales)	18.6%	24.3%	5.7 p.p.
EBIT margin (% Sales)	10.3%	16.0%	5.7 p.p.
	30-06-2009	31-12-2008	09/08 (Var.%)
Total net assets	3,318.7	3,280.5	1.2%
Equity (before MI)	814.8	821.3	-0.8%
Net debt	1,122.6	1,016.5	10.4%
Nr Employees	5,155	5,033	122

Notes:

Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions

Cash flow = Retained profits for the period + 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 – market value of treasury stock and other securities held

Analysis of Results

During the first half of 2009, the Semapa Group's different business areas were challenged by particularly difficult market conditions, due to significant falls in demand, triggered directly by the economic context of a serious global recession.

The paper and pulp markets experienced a significant reduction in demand, both in Europe and the USA, with apparent global consumption of UWF paper contracting by 16% in these markets in relation to the same period in the previous year.

In the cement business area (Secil Group), construction and cement consumption also declined significantly in most developed countries, including Portugal, one of the Secil Group's leading markets.

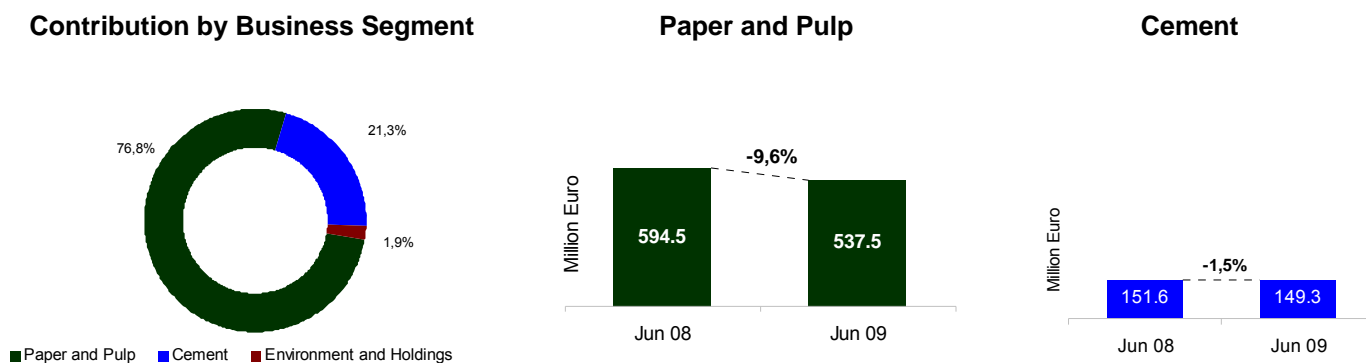
The ETSA Group was faced with a shortage of raw materials, caused by a reduction in levels of consumption in response to the economic crisis.

Despite the economic environment and particularly adverse market conditions, the Semapa Group continued to press ahead with its ambitious investment plan, helping to create wealth for the country and to expand employment. At the end of the 1st half of 2009, the Group had a total workforce of 5,155, up by 122 on the end of 2008.

The Semapa Group's consolidated results for the first half of 2009 include the contribution of a new business area – Environment (ETSA Group). As the ETSA Group was acquired in the course of the 4th quarter of 2008, the figures presented for the same period in the previous year do not include the contribution from this Group.

Consolidated turnover: 700.1 million euros

The Semapa Group recorded turnover of **700.1 million euros** in the first half of 2009, breaking down as follows by business area:



- Paper and Pulp - PORTUCEL Group**

The Portucel Group recorded a reduction of 9.6% in turnover in relation to the first half of 2008. Paper accounted for 77% of turnover, pulp for 15% and the remaining 8% may be essentially imputed to energy sales.

Paper output in the period in question stood at a level very close to that recorded in the 1st half of 2008.

Paper sales in volume compare very favourably those for the same period in the previous year, up by 3.8% in a significantly more difficult market situation. European paper prices moved downwards during the first half, but the Portucel Group was able to avoid the worst effects as prices for premium products proved highly resilient, dropping significantly less than the industry average.

Pulp output was down by 5.8% from the first half of 2008, due to maintenance stoppages at the Cacia and Figueira da Foz mills, not effected in 2008.

Performance in pulp business reflects drops in both volume and price in comparison with the first half of the previous year. The deep economic and financial crisis, experienced around the globe, resulting in shrinking demand, from the second half of 2008 onwards, especially in the fourth quarter of the year, as well as a fall of 27% in the average benchmark price for hardwood pulp.

- **Cement – SECIL Group**

The Secil Group recorded accrued sales in the 1st half of 2009 of **292.8 million euros**, of which the Semapa Group appropriated approximately **149.3 million euros**, slightly down on the figure recorded in the 1st half of 2008.

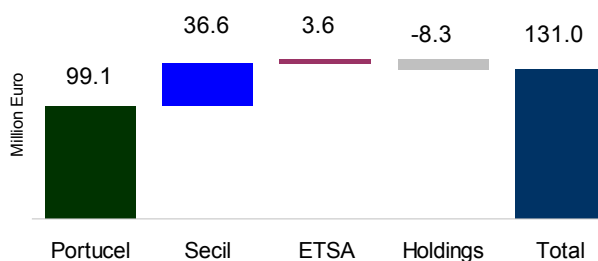
This performance was due mainly to the following factors: i) growth of 10% in sales in Tunisia, ii) an increase of 49% in sales in Lebanon, iii) growth of 50% in sales in Angola and iv) an increase in the cement price on the domestic market, which was not however sufficient to offset the drop in quantities of cement and clinker sales and in export prices.

- **Environment – ETSA Group**

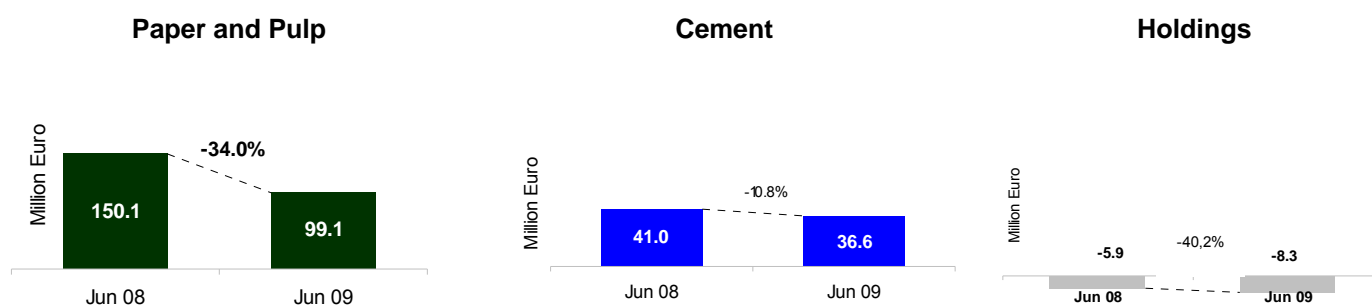
The ETSA Group contributed **13 million euros** to the Semapa Group's consolidated turnover.

Total Consolidated EBITDA: 131.0 million euros

The contribution to consolidated EBITDA by business area was as follows:



The following graphs compare EBITDA of the period with the one of the first half of the previous year:



- **Paper and Pulp – PORTUCEL Group**

EBITDA totalled **99.1 million euros**, down by 34% on the 1st half of 2008. The reduction in the main cost factors in the first half was insufficient to offset the drop in paper and pulp prices and the decrease in the volume of pulp placed on the market.

- **Cement – SECIL Group**

In the cement sector, EBITDA stood at **71.7 million euros**, of which the Semapa Group appropriated **36.6 million euros**, corresponding to a reduction in this indicator of approximately 11% in relation to the same period in 2008.

Despite improved performance in operations in Lebanon and Angola, this proved to be insufficient to cope with the less strong performance in cement business in Tunisia and in the business units operating from Portugal:

- regardless of the growth in turnover referred to above, operations in Tunisia were especially hard hit by rising thermal energy and power costs, which were not passed through to sales prices.
- the reduction in the average sales price combined with a decline in the quantities of cement and clinker placed on the market contributed to poorer performance in operations based in Portugal.

- **Environment – ETSA Group**

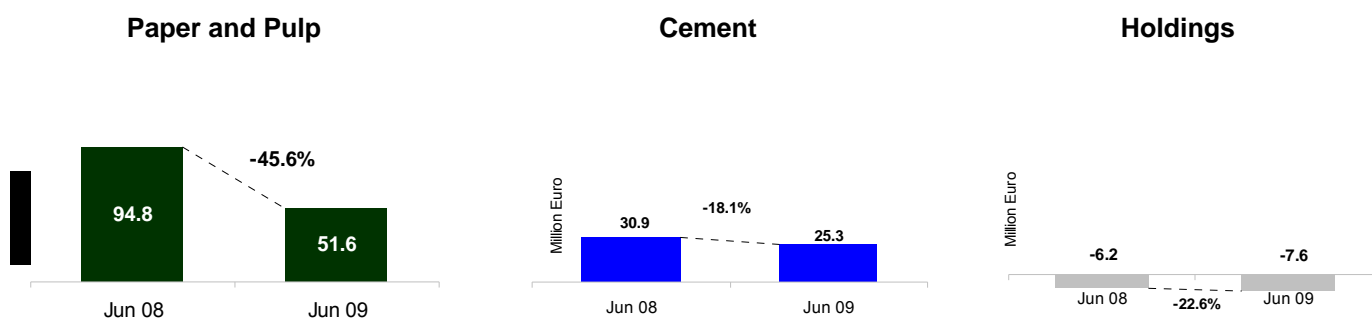
EBITDA in the environmental sector stood at **3.6 million euros**. In addition to a reduction in levels of consumption, the growing scarcity of raw materials was also due to changing patterns of consumption through increased use of some of the raw materials collected in human foodstuffs.

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

This sector made a negative contribution of **8.3 million euros**, comparing unfavourably with the figure of - **5.9 million euros** recorded in the first half of the previous year. In the 1st half of 2008, total accrued EBITDA was positively affected by adjustments to the price for the sale, in 2004, of 49% of Secil, due to the realization of assets which had been contingent at that date, specifically fiscal credits for international expansion, relating to acquisition of Société Ciments de Gabès. These adjustments had a value of approximately 3 million euros, not replicated in the first half of 2009.

In terms of recurrent EBITDA, the figure was similar to that recorded in the same period in 2008, reflecting the cost structure of Semapa and its instrumental sub-holdings.

Consolidated EBIT: 71.9 million euros

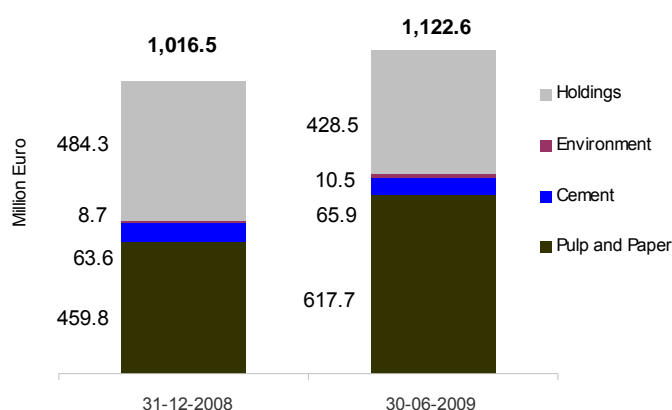


- **Paper and Paper Pulp:** a contribution of **51.6 million euros**, representing a drop of 45.6% in relation to the same period in 2008. Operating results for the first half of 2009 were positively influenced by 9.1 million euros relating to reversal of prior period provisions which are no longer necessary, a factor not present in the same period of the previous year.
- **Cement:** the contribution made by this segment was down by 18.1% on the first half of 2008, at a total of **25.3 million euros**. The reasons supplied for the reduction in EBITDA also explain the year-on-year reduction in EBIT.
- **Environment:** contributed **2.6 million euros** to consolidated EBIT.
- **Holdings:** EBIT stood at **-7,6 million euros**, down by 22.6% on the figure recorded in the same period in 2008

Consolidated net debt: 1,122.6 million euros

The Semapa Group's net debt grew by **106.1 million euros** in comparison with the figure recorded at year-end 2008, reflecting the accelerating pace of capital expenditure projects underway in the Group.

Breakdown of Net Debt by Business Segment



- **Paper and Paper Pulp:** net debt increased by **158 million euros** in relation to 31 December 2008, standing at a total of 617.7 million euros. Considering that Portucel distributed dividends during the first half of 2009 with a value of **80.6 million euros**, and in view of investment in fixed assets of **248.4 million euros**, the current level of indebtedness is evidence of the Group's capacity to generate cash flow.
- **Cement:** the contribution to net debt stood at **65.9 million euros**, representing a slight increase (2.3 million euros) on year-end 2008. These favourable figures also point to Secil's capacity to generate cash

flow, considering that it invested **22.2 million euros** in capex projects in 2009 and distributed dividends of **42 million euros** for the financial year of 2008.

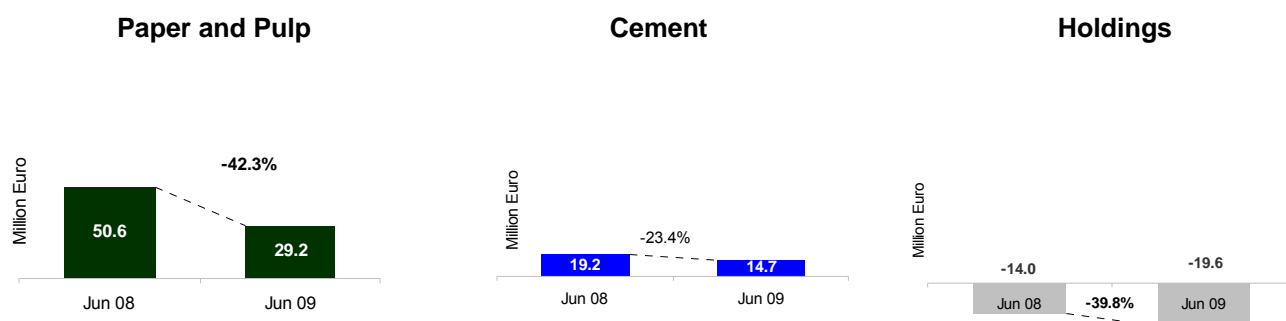
- **Environment:** The ETSA Group recorded a net debt of **10.5 million euros**, as compared with 8.7 million euros at year-end 2008. This increase was fundamentally due to implementation of the Group's investment plan for its existing business and for developing new lines of business.
- **Holdings:** at the end of the first half of 2009, net debt totalled **428.5 million euros**, down by **64.6 million euros** on the end of 2008.

This reduction was essentially due to the following factors: i) the differential between the dividends received from subsidiaries and dividends paid by Semapa SGPS to its shareholders; ii) receipt from CRH of the amount relating to adjustment of the price for the sale of Secil, in the light of events pending resolution and relating to facts prior to the date of the sale; iii) disposal of 20% of the ETSA Group to SGVR. These inflows outweighed financial charges and overheads borne by Semapa SGPS, and its instrumental sub-holdings, explaining the reduction in net debt.

Financial Results: -21.9 million euros

- **Paper and Paper Pulp:** financial results improved by 23% in relation the same period in 2008, with this business sector contributing – **8.2 million euros**, despite the increase in net debt referred to above. This improvement was essentially due to reversal of the allocation to periods of interest on fiscal contingencies for prior periods, which were not realized.
- **Cement:** Secil's contribution stood at **-1.4 million euros**, down by 1.7 million euros on the figure for the first half of 2008, due essentially to lower interest rates.
- **Environment:** contribution of **-0.3 million euros**.
- **Holdings:** a financial result of **-12 million euros**, representing an improvement on the result for the first half of 2008, thanks to falling interest rates.

Consolidated Net Profits: 25.8 million euros



Consolidated net profits before minority interest stood at **38.4 million euros**, of which **25.8 million euros** is attributable to Semapa equity holders:

- **Paper and Paper Pulp:** contribution of **29.2 million euros**, as compared with 50.6 million euros recorded in the first half of 2008. The reduction is explained essentially by the factors described above. Net profits for the first half were also positively influenced by the reduction in corporation tax (IRC) for the period, due to a reduction in the effective rate of tax, as a consequence of the reversal of provision for priori period taxes which ceased to be necessary.
- **Cement:** the Secil Group recorded net profits of **28.8 million euros**, of which the Semapa Group appropriated approximately **14.7 million euros**, down by 4.5 million euros on the figure recorded in the first half of 2008.
- **Environment:** a contribution of **1.6 million euros**.
- **Holdings:** a contribution of **-19.6 million euros**, as compared with -14.0 million euros recorded in the same period in 2008, for the reasons explained above.

Highlights – Contribution by business segment

IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Enviornment	Holdings	Consolidated
Sales	537.5	149.3	13.0	0.3	700.1
Total EBITDA	99.1	36.6	3.6	(8.3)	131.0
Recurrent EBITDA	99.1	36.5	3.6	(9.0)	130.2
Depreciation and impairment losses	(56.6)	(11.1)	(0.8)	(0.1)	(68.6)
Provisions (increases and reversals)	9.1	(0.2)	(0.2)	0.8	9.6
EBIT	51.6	25.3	2.6	(7.6)	71.9
Net financial profit	(8.2)	(1.4)	(0.3)	(12.0)	(21.9)
Pre-tax profits	43.4	23.9	2.3	(19.6)	50.0
Tax on profits	(5.5)	(5.5)	(0.7)	(0.0)	(11.6)
Retained profits for the period	37.9	18.4	1.6	(19.6)	38.4
Attributable to Sermapa equity holders	29.2	14.7	1.6	(19.6)	25.8
Attributable to minority interests	8.7	3.7	0.1	-	12.6
Cash-flow	85.4	29.7	2.7	(20.4)	97.4
EBITDA margin (% Sales)	18.4%	24.5%	27.7%	-	18.7%
Recurrent EBITDA margin (% Sales)	18.4%	24.4%	27.7%	-	18.6%
EBIT margin (% Sales)	9.6%	17.0%	19.7%	-	10.3%
Net total assets	2,518.0	491.9	26.7	282.1	3,318.7
Net debt	617.7	65.9	10.5	428.5	1,122.6
Nr Employees	2,279	2,681	174	21	5,155

- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments
- The 51% holding in Secil owned by the Semapa Group is consolidated by the proportional method

3 Principal Developments

Holdings – Semapa SGPS and instrumental sub-holdings

- Semapa paid out a dividend of 25.5 cents per share, on 23 April, representing a total dividend of **29.5 million euros**.
- In early April, the Semapa Group sold 20% of the ETSA Group to SGVR - Serviços de Gestão e Valorização de Resíduos, establishing a partnership with the potential to develop new business for the Semapa Group in the environmental sector.
- Semapa informed the market that it has decided, for the time being, not to proceed with its plans with a view to establishing a partnership to study the possibility of submitting a joint bid with other entities in the tendering procedure which the Portuguese Government has been intending to launch for privatization of ANA – Aeroportos de Portugal and for the design and construction of the new Lisbon International Airport.

Paper and Paper Pulp - PORTUCEL Group

- Portucel paid out a dividend of 10.5 cents per share, on 6 April, representing a total dividend of **80.6 million euros**.
- Investment in fixed assets in the first half of 2009 totalled **248.4 million euros**, explained by acceleration in pace of spending on the ambitious investment plan currently underway, of which the centrepiece is the new Setúbal paper mill, and consisting also of projects in the energy sector, including a new natural gas combined cycle co-generation plant, two new biomass power plants and a new turbine for the biomass co-generation plant.
- In the course of the 1st half of 2009, Portucel, acting through its subsidiary Portucel Florestal, S.A., acquired 1,707,911 of its own shares, representing total investment of **2.4 million euros**. At 30 June 2009, Portucel's consolidated accounts recorded a total of 15,054,358 own shares corresponding to 1.96% of its share capital.

Cement and Derivatives – SECIL Group

- Secil paid out a dividend of 84 cents per share, on 16 April, representing a total dividend of 42 million euros.
- Acquisition of an additional holding in AVE – Gestão Ambiental e Valorização Energética, bringing its stake up to 70%.
- Acquisition of a 100% stake in Quimipetra, located in Sesimbra.

Environment – ETSA Group

- The company's General Meeting, held on 6 April 2009, resolved to distribute a total dividend of 2.1 million euros.
- In June 2009, ITS, in a consortium with Luís Leal e Filhos SA, was awarded a contract by IFAP for collection, transport, processing and disposal, in Portuguese territory, of animal carcasses (bovine, equine, sheep, goats and pigs).

4 Paper and Paper Pulp Business Area - PORTUCEL

4.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Jun 09	Jun 08	09/08 (Var. %)
Sales	537.5	594.5	(10%)
Other income	17.0	12.1	40%
Costs and losses	(455.4)	(456.6)	0%
EBITDA	99.1	150.1	(34%)
Recurrent EBITDA	99.1	149.2	(34%)
Depreciation and impairment losses	(56.6)	(55.3)	(2%)
Provisions (increases and reversals)	9.1	(0.0)	N/D
EBIT	51.6	94.8	(46%)
Net financial profit	(8.2)	(10.7)	23%
Pre-tax profit	43.4	84.1	(48%)
Tax on profits	(5.5)	(17.4)	69%
Retained profits for the period	37.9	66.8	(43%)
Attributable to Portucel equity holders *	38.0	66.8	(43%)
Attributable to minority interests (IM)	(0.0)	(0.0)	(4%)
Cash-Flow	85.4	122.0	(30%)
EBITDA margin (%)	18.4%	25.2%	(27%)
EBT margin (%)	9.6%	15.9%	(40%)
	30-06-2009	31-12-2008	09/08 (Var. %)
Total net assets	2,518.0	2,489.4	1%
Equity (before MI)	1,127.3	1,174.2	(4%)
Net debt	617.7	459.8	34%

* of which 76,95% is attributable to Semapa

4.2 Business Developments

The Portucel Group's main markets – Europe and the United States – recorded a significant economic downturn, with sharp reductions in employment and advertising budgets, key indicators for the evolution of the UWF paper market.

In this environment, apparent total consumption of UWF was down by 16% year-on-year in the first half of 2009, in both Europe and the United States.

During the first half of 2009, the industry continued to feel the impact of the process of closure of production capacity for this type of paper, with an estimated capacity of 500 thousand tons being shut down in Europe and 300 thousand tons in the USA, in relation to the same period in 2008.

4.2.1 Paper

The Group's total paper sales grew by 3.8% in the first half of 2009 in relation to the same period in 2008, corresponding to an increase of 20 thousand tons.

This increase in sales was sustained in markets outside Europe, which have represented an increasingly important component of the Group's paper sales, with a mix of formats which compares very favourably with the European industry.

In terms of segmentation by quality, sales of premium products continued to represent more than two thirds of total sales in Europe, an unrivalled figure for a producer of the Group's size and particularly relevant in the current economic situation. Despite the year-on-year reduction in sales, the Group's performance in Europe was considerably better than the market average and enabled it to increase its European market share by a further 42,000 tons.

The Group's own brands represent the bulk of its cut-size sales, and as a proportion of sales to European markets were up by one percentage point from the first half of 2008 to the first half of 2009.

In particular, the Navigator brand, already world leader in the premium segment, made fresh gains, despite the difficult business environment, achieving growth of 10% in European markets over the same period in 2008.

4.2.2 Pulp

In the pulp market, demand fell away in the European markets, and pulp consumption was down by 4.5% in the second quarter of 2009 in relation to the previous quarter, due directly to the slowdown in all segments and markets. Of all the main consumer markets, only the Chinese market managed to outperform the previous year, sustaining global growth in deliveries by hardwood producers of around 10%. Spot prices in China were up by approximately 100 USD from the start of April to the end of the first half.

During the first half of the year, no less than 5 million tons of pulp output was withdrawn from the market, corresponding to around 10% of capacity at year-end 2008. This and the healthy performance of the Chinese market contributed to a sharp drop in the abnormally high level of stocks recorded at the end of the first quarter.

4.3 Development

The Group has pressed ahead with its development programme, keeping to its pre-established schedule. Capital expenditure totalled € 284.4 million in the first half, up by 135.4% over the first half of 2008.

Investment in the new Setúbal Paper Mill has naturally led the way, representing 71% of total investment. Investment in the energy sector accounted for 22% of expenditure, making this an important area in the Group's current development plans.

Work on the new plant is now at the final stages, and the mill is set to start operating in mid-August.

The new paper machine, which will have an annual production capacity of 500 thousand tons, a length of 200 metres, a maximum speed of 1800 metres per minute and a sheet width of 11.1 metres, will be the largest and most sophisticated paper machine in the world for the production of uncoated printing and writing paper.

The paper processing area is equipped with three printing format cutting machines and three office paper cutting machines, two of them with capacity to produce 16 reams simultaneously, making these too the

largest yet produced anywhere in the world.

The paper reel store is fully automated and measures 93.2 m in length and 28.4 m in height, with capacity for 6000 reels. The store operates with an inflow rate of 186 reels/hour and an outflow rate of 164 reels/hour.

The storage of paper pallets is also fully robot and computed operated, in a warehouse measuring 122 m in length and 28.4 m in height, with capacity for approximately 32,000 pallets and an inflow rate of 215 pallets/hour and an outflow rate of 320 pallets/hour.

The new paper mill also features a new container park with an area of 35,000 m² and capacity for approximately 1000 containers, and is equipped with 20 loading platforms as well as an internal double-track railway line, providing a high capacity and extremely flexible logistical platform.

In the energy sector, the investment projects underway consist of the construction of three new power plants and a new turbine for the biomass cogeneration plant at the Figueira da Foz industrial complex, representing total investment of approximately € 175 million. These projects will increase the Group's power generation capacity by more than 800 GWh/year.

Most significant amongst the new power plants will be the combined cycle natural gas cogeneration plant, designed to generate and supply steam to the new paper machine and to supply power to the national grid. This plant will start up prior to the new mill.

The other two plants are biomass power plants, located at the Setúbal and Cacia industrial sites, designed to make use of forestry waste, generating power for the national grid. These two plants will start up during the fourth quarter of 2009.

Finally, the capital expenditure project in the new biomass cogeneration turbine at the Figueira da Foz industrial complex is due to come online during the third quarter of 2010.

Once up and running, these investment projects in the energy sector will result in an increase of around 80% in the power generation capacity of the Group, which will then account for approximately 5% of total power generation in Portugal.

4.4 Sustainability

4.4.1 Environment and Management Systems

In the second quarter of 2009, all Group plants maintained or improved their good levels of environmental performance.

At the Cacia mill, with conversion to fluidized bed technology for the biomass boiler, starting up in March, significant improvements were achieved in atmospheric emissions and consumption of fossil fuels.

In the field of management systems, and external audit was conducted in the second quarter of the FSC Chain of Responsibility System, which was expanded to take in the company About the Future and the marketing company Portucel Soporcel Sales & Marketing NV.

The Group has stepped up its support for forestry producer organizations, with a view to enhancing the value of their members' assets, through measures leading to forestry certification and increased productivity.

4.4.2 Wildfire Prevention

In keeping with its consistent policy of woodlands conservation, the Group has planned to maintain its level of involvement in prevention and support for fire fighting in the 2009 season at the same level as previous years. Approximately 60% of the resources allocated are earmarked for prevention, and the remaining 40% is channelled to supporting fire fighting activities. The Portucel Group is by far the private entity which allocates the most resources to this important aspect of forestry protection.

In the field of prevention, important steps have been taken to raise the awareness of local communities in the areas of greatest risk, together with strategic management of forest fuel in critical landscape areas, pruning and thinning in more than 1200 hectares of softwood plantations, maintenance work in more than 10,000 hectares and conservation of approximately 5000 km of fire breaks and paths in the forests under Group management.

With regard to support for fire-fighting operations, the Group continues to participate in the national system for wildfire defence, through the work of Afocelca, the industry organization in which the Group is the main shareholder, which actively supports fire fighting efforts, mostly in woodlands not belonging to the Group.

The Group's concern for issues relating to the prevention and fighting of forest fires is clearly reflected by the fact that it has contributed, through Afocelca, to reintroducing in Portugal fire fighting techniques using manual equipment, which have become common practice in the theatre of operations.

The 2009 campaign involves more than 300 people, coordinated from an operational headquarters working round the clock, and a vast array of physical resources including 4 helicopters transporting special brigades, 6 watch towers, 35 light vehicles for primary intervention and 16 semi-heavy vehicles, with their respective teams of firemen, in addition to 40 employees in member companies mobilized in vehicles equipped with kits containing 600 litres of water.

For the third year running, the Portucel Soporcel Group has put its weight behind Movimento ECO – Industry against Fires. This is a private sector organization launched in 2007 as a partnership between companies/brands, the Ministry of Internal Administration and the Ministry of Agriculture, Rural Development and Fisheries. The organization's main goal is to inform the public and to change attitudes in the area of forest fire prevention and fire fighting.

5 Cement and Derivatives Business Area – SECIL

As mentioned above, the **Semapa Group** owns a **51% holding in the Secil Group**, which is included in its accounts using the proportional method on the basis of that percentage.

In order to provide a clearer understanding of the real developments in the business activities of Secil and its subsidiaries, we have opted, **in this chapter only**, to present figures representing **100% of Secil** (after consolidation adjustments), instead of the percentage actually held by Semapa.

5.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Jun 09	Jun 08	09/08 (Var.%)
Sales	292.8	297.2	(1.5%)
Other income	16.2	32.6	(50%)
Costs and losses	(237.2)	(249.3)	5%
EBITDA	71.7	80.4	(10.8%)
Recurrent EBITDA	71.6	80.2	(10.8%)
Depreciation and impairment losses	(21.8)	(20.2)	(8%)
Provisions (increases and reversals)	(0.3)	0.4	(181%)
EBIT	49.7	60.6	(18.1%)
Net financial profit	(2.7)	(6.0)	54%
Pre-tax profit	46.9	54.7	(14%)
Tax on profits	(10.8)	(14.0)	23%
Retained profits for the period	36.1	40.6	(11%)
Attributable to Secil equity holders *	28.8	37.6	(23%)
Attributable to minority interests (IM)	7.3	3.1	139%
Cash-flow	58.2	60.4	(4%)
EBITDA Margin (%)	24.50%	27.1%	(9%)
EBIT Margin (%)	17.0%	20.4%	(17%)
	30-06-2009	31-12-2008	09/08 (Var.%)
Total net assets	964.5	965.9	(0%)
Equity (before MI)	456.2	476.4	(4%)
Net debt	129.3	124.7	4%

* of which 51% is attributable and integrated to DF's consolidated of Semapa

5.2 Leading Operating Indicators

The following table presents the leading operating indicators for the first half of 2009:

	Unit	Jun 09	Jun 08	09/08 (%)
Annual cement production capacity	1 000 t	6,850	6,850	0%
Sales grey cement	1 000 t	2,585	2,742	(6%)
Sales white cement	1 000 t	46	43	7%
Sales artificial lime	1 000 t	32	33	(5%)
Sales clinker	1 000 t	168	108	56%
Ready-mixed	1 000 m3	990	1,227	(19%)
Aggregates	1 000 t	1,388	1,116	24%
Precast concrete	1 000 t	81	71	14%
Mortars	1 000 t	195	224	(13%)
Hydraulic lime	1 000 t	11	17	(36%)
Mortar fixative	1 000 t	2	3	(13%)

5.3 Business Developments

Analysis of Sales

The first half of 2009 was characterized by the impact of the global economic recession, which started in 2008, on the economies of developed countries and, to a lesser extent, on the economies of emerging countries.

Business in the construction industry and demand for cement both fell off significantly around the world, due to the economic crisis, with the greatest impact on the more developed countries, including Portugal, which is one of the Secil Group's key markets.

In this adverse environment, the Secil Group's consolidated turnover stood at **292.8 million euros**, down by 1.5% on the same period in 2008.

Figures for the first half show growth in turnover in cement business in Angola, Tunisia and Lebanon, enabling the Group to offset the decline in business in Portugal.

EBITDA stood at **71.7 million euros**, down by 10.8% on the same period in 2008. The performance recorded by cement operations in Lebanon and Angola fell short of what was needed to offset the less favourable performance of cement operations in Tunisia and business in Portugal.

Net profits attributable to Secil equity holders stood at **28.8 million euros**.

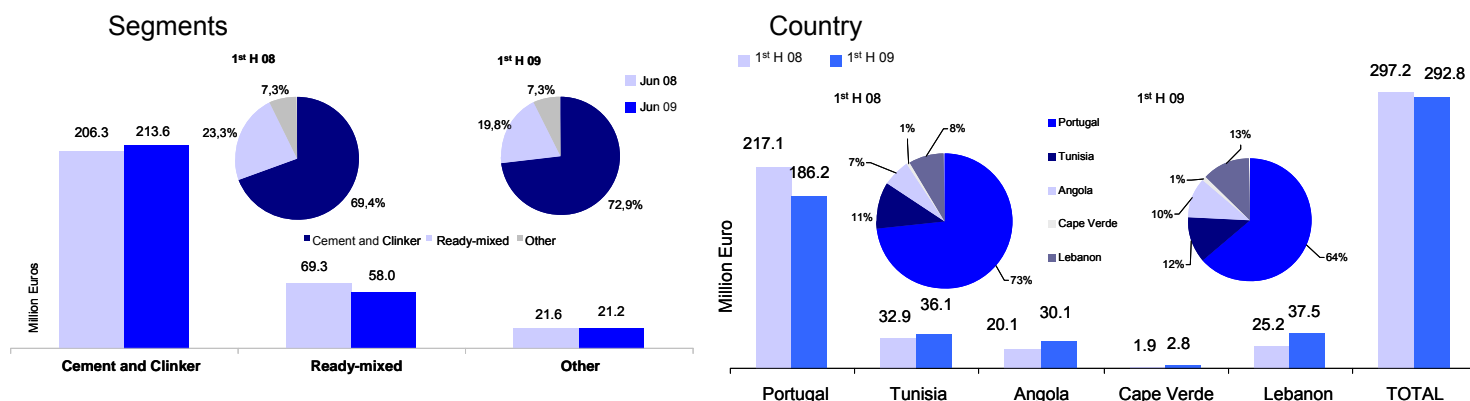
Capital expenditure totalled **22.2 million euros**, of which **13.9 million euros** was channelled to operational projects and **8.3 million euros** to acquisitions or holding in subsidiaries.

At 30 June 2009, net debt stood at **129.1 million euros**, up from the figure recorded at the end of the previous year (125 million euros).

Breakdown of Sales by Segment and Country

Sales in cement and clinker business grew by 3.5% over the same period in 2008, thanks to the performance achieved by business units operating in Lebanon and Angola. In Tunisia and Portugal, sales of cement and clinker fell in absolute terms in relation to the figures recorded in the first half of 2008.

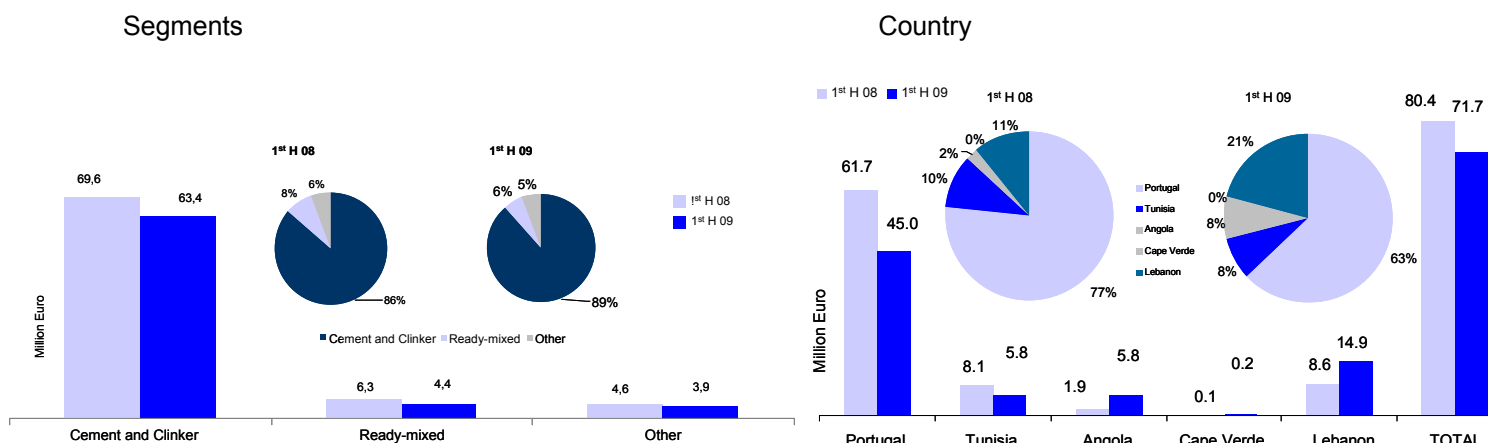
Turnover deriving from operations outside Portugal represented approximately 36.4% of total turnover, with Angola and Lebanon accounting for a larger proportion of sales.



Breakdown of EBITDA by Segment and Country

In relative terms, the cement and clinker segment accounted for a larger share of business, contributing to approximately 89% of total EBITDA formation for the Secil Group.

In terms of geographical distribution, EBITDA was more widely dispersed than in the same period in the previous year, with operations outside Portugal representing approximately 37.3% of the Secil Group's total EBITDA.



5.3.1 Portugal

Overall indicators for the Secil Group's business in Portugal, in the first half of 2008 and 2009, are shown in the following table:

Portugal (in million euros)	Turnover			EBITDA			Quantities sold (ton)			
	Jun 09	Jun 08	09/08 (%)	Jun 09	Jun 08	09/08 (%)	Unit	Jun 09	Jun 08	09/08 (%)
Cement and clinker	115.4	132.3	-0.1	38.1	51.5	-25.9%	1.000 t	1,379.8	1,642.0	-16.0%
Ready-mixed	50.2	63.7	-0.2	3.2	5.8	-44.8%	1.000 m3	830.6	1,089.7	-23.8%
Aggregates	6.7	5.7	0.2	2.2	2.4	-9.2%	1.000 t	1,353.4	1,091.2	24.0%
Mortars	9.1	10.6	-0.1	1.5	2.1	-28.1%	1.000 t	209.0	244.3	-14.5%
Pre-cast	4.8	4.7	0.0	0.0	-0.1	-102.8%	1.000 t	72.5	59.6	21.6%
Total	186.2	217.1	-0.1	45.0	61.7	-27.0%				

During the 1st half of 2009, the economy remained in recession, continuing the negative growth recorded since the 4th quarter of 2008.

Activity in the civil construction sector continued to decline as a result of the economic recession and contraction of the residential construction segment. In the period from January to May, output in the construction sector was down by 3.5% (Production index for construction and public works – INE July 2009).

Demand for cement was lower than in the first half of 2008, down by an estimated 17% (a reduction equal to that recorded in the 1st quarter of this year).

In this difficult environment, cement business in Portugal recorded performance lower than in the same period in 2008, with EBITDA standing at **38.1 million euros**, 27% down on the figure for the first half of 2008.

Performance in this business unit was hampered by reductions in the quantities of cement and clinker sold and in unit prices on the foreign market, down in the order of 19% and 22% respectively. On the positive side, the unit price for cement on the domestic market increased in January, and the coke price has come down, at the same time as the Group has stepped up its use of alternative fuels and pressed ahead with cost cutting measures.

Concrete, aggregates and pre-cast business in Portugal all recorded performance down on the first half of 2008, due to the prolonged crisis in the residential construction sector.

5.3.2 Tunisia

Tunisia (in million euros)	Turnover			EBITDA		
	Jun 09	Jun 08	09/08 (%)	Jun 09	Jun 08	09/08 (%)
Cement and clinker	32.4	29.9	8.4%	5.0	7.7	-36.0%
Ready-mixed	3.6	2.7	31.5%	0.8	0.4	119.5%
Pre-cast	0.2	0.3	-36.8%	0.0	0.0	5.4%
Total	36.1	32.9	9.9%	5.8	8.1	-28.9%

During the first half of this year, the effects of the world financial and economic crisis began to be felt in Tunisia, and the IMF estimated a downturn in growth in the Tunisian economy to 3%, as compared to 4.5% in 2008.

In line with economic slowdown and as a result of the crisis in the property and tourism sectors, construction business slowed during the first half of the year, and cement consumption was down by approximately 0.5% in relation to the same period in the previous year.

Total cement and clinker sales stood at **37.37 million euros**, up by 8.36% on the same period in 2008. The growth in turnover was achieved thanks to the combination of price rises and growth in sales volumes.

In the first half of 2009, EBITDA for this business unit stood at **5.0 million euros**, down by -35.97% on the same period in the previous year.

Successful commercial performance, resulting in growth in sales and price increases, was insufficient to offset (i) the appreciable rise in energy costs – thermal fuels and electricity, and (ii) high petcoke prices, due to the fact that the Group is consuming stocks acquired in 2008 at a higher cost.

It should be noted that the Tunisian Government has imposed severe restrictions on exports, where the margins are higher than on the domestic market.

5.3.3 Lebanon

Lebanon (in million euros)	Turnover			EBITDA		
	Jun 09	Jun 08	09/08 (%)	Jun 09	Jun 08	09/08 (%)
Cement and clinker	33.4	22.4	49.3%	14.5	8.5	71.2%
Ready-mixed	4.2	2.8	47.2%	0.5	0.2	189.0%
Total	37.5	25.2	49.1%	14.9	8.6	73.4%

According to figures published by the IMF, the Lebanese economy is thought to have growth by approximately 4% in 2009, down from the figure of 8% recorded in 2008.

Despite an environment characterized by the economic downturn, the construction sector continues to grow.

During the first half of 2009, turnover from cement business in Lebanon stood at approximately **33.37 million euros**, up by 49.22% on the same period in the previous year. This was achieved thanks to (i) an increase in sales on the domestic and foreign markets, and (ii) an appreciation of around 12.9% in the US dollar against the euro over the same period in 2008.

EBITDA stood at approximately **14.5 million euros**, representing an increase of 71.25% in relation to the previous year. The growth in this indicator was due to excellent commercial and industrial performance, lower thermal energy costs due to the reduction in coal and coke prices and the effect of the dollar rising against the euro.

5.3.4 Angola

Angola (in million euros)	Turnover			EBITDA		
	Jun 09	Jun 08	09/08 (%)	Jun 09	Jun 08	09/08 (%)
Cement and clinker	30.1	20.1	49.8%	5.8	1.9	203.2%

In view of Angola's dependence on oil, the economy is expected to contract by 3.6% in 2009, according to IMF figures. However, the construction sector continues to record positive growth.

In this context, cement business in Angola recorded improved performance in relation to the same period in the previous year.

Turnover stood at approximately **30.12 million euros** in the first half of 2009, up by 49.77% on the figure recorded in the first half of 2008.

As a result of increased business and the effect of the dollar climbing against the euro, EBITDA stood at **5.82 million euros**, 203.22% higher than the figure recorded in the same period in 2008.

6 Environmental Business Area – ETSA

As Semapa's acquisition of ETSA took place in the 4th quarter of 2008, we present only figures for the 1st half of 2009.

6.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Jun 09
Sales	13.0
Other income	0.6
Costs and losses	(9.9)
EBITDA	3.6
Recurrent EBITDA	3.6
Depreciation and impairment losses	(0.8)
Provisions (increases and reversals)	(0.2)
EBIT	2.6
Net financial profit	(0.3)
Pre-tax profit	2.3
Tax on profits	(0.7)
Retained profits for the period	1.6
Attributable to ETSA equity holders *	1.7
Attributable to minority interests (MI)	(0.0)
Cash-Flow	2.7
EBITDA margin (%)	27.7%
EBIT margin (%)	19.7%
30-06-2009	
Total net assets	26.7
Equity (before MI)	6.7
Net debt	10.5

* of which 80% is attributable to Semapa

6.2 Leading Operating Indicators

	Unit	Jun 09
Collection of raw materials – Animal waste (categories 1 and 2)	1 000 t	22.2
Collection of raw materials – Animal waste (category 3)	1 000 t	34.2
Sales – animal fats	1 000 t	6.0
Sales – meal	1 000 t	5.2
Sales – Frozen products for pet food	1 000 t	7.3

6.3 Business Developments

The ETSA Group carried on its business in a difficult market environment.

Upstream, it contended with a sharp reduction in the level of raw material collection due to the economic recession, which has led to a slowdown in food consumption and changes in consumer habits. There was also an increase in the use of some of the raw materials collected by the ETSA Group in human foodstuffs

Downstream, demand from the petfood and biodiesel industries contracted.

New business lines were developed during the period, including new partnerships for collecting waste from retail chains and the selection by IFAP of the ITS/Luís Leal consortium as its new contractor for the collection, transport, processing and disposal of animal by-products in the Portuguese market through to 2011 (incorporating animal species not previously processed). All this will provide ETSA with new revenue sources.

7 Semapa Group Human Resources

The Semapa Group's human resources policy is geared to continuous improvement in productivity through developing employee skills and expertise, in conjunction with streamlining and rationalization.

The commitment to a highly skilled workforce, with specialized professional careers, continues to be one of the key features of the Group's human resources policy, reflected in professional development and training activities and programmes.

The workforce of the Semapa Group rose from 5,033 at year-end 2008 to 5,155 at the end of June 2009, as may be seen in the following table:

Segment	Dec-09	Jun 09	09/08
Paper and Pulp	2,164	2,279	115
Cement	2,674	2,681	7
Environment	174	174	0
Holdings	21	21	0
TOTAL	5,033	5,155	122

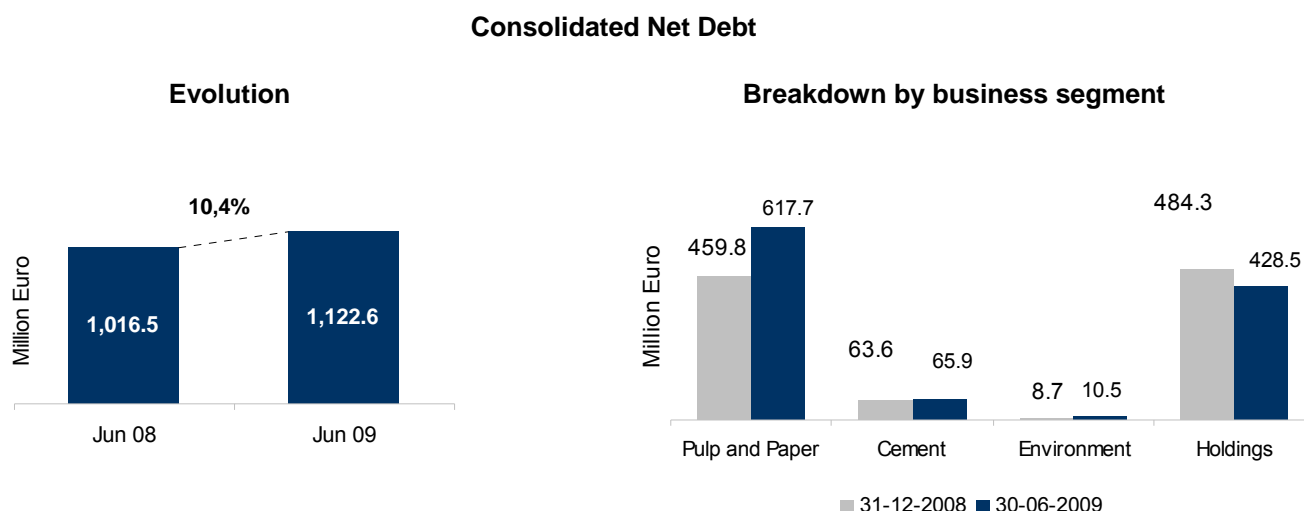
The growth in the number of employees in the Paper and Pulp segment was due essentially to the recruitment of staff for the new paper mill being built by the Portucel Group, currently undergoing a training process, and to internalization of a number of activities which were previously outsourced.

8 Semapa Group - Financial

8.1 Indebtedness

At the end of the first half of 2009, Semapa's consolidated net debt totalled approximately **1,122.6 million euros**, as compared with **1,016.5 million euros** recorded at 31 December 2008, for the reasons explained in chapter 2 above.

The following graph shows total consolidated debt and a breakdown at the end of the first half of 2009, compared with year-end 2008:



8.2 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.

8.2.1 Financial Risks

Exchange Rate Risk

As the Portucel Group's pulp sales and paper exports to non-European countries are denominated in USD, they are significantly exposed to exchange rate risk, mainly with regard to the US dollar.

The Portucel Group therefore has recourse, as and when appropriate, to a range of financial instruments designed to minimize the effects of exchange rate variations, hedging against the exchange rate risk on some of its sales over the period and nearly all the balance sheet amounts stated in foreign currencies.

The Secil Group optimized intra-group flows of foreign currency with a view to maximising natural hedging. For flows not naturally hedged against, the risk has been analyzed and hedged by taking out exchange rate forwards, fixing the exchange value, thereby mitigating any unfavourable evolution in rates.

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

Semapa SGPS and its instrumental sub-holdings are not exposed to exchange rate risk as they conduct no transactions with foreign markets.

Interest Rate Risk

The main reference rates to which the Group's borrowing is indexed recorded significant reductions over the course of the first half of 2009, as a result of the severe recession affecting the European economy. In addition, in the wake of the serious financial crisis which broke out in the 2nd half of 2007, the credit markets have contracted significantly, causing banks to revise their spreads upwards.

Nearly all of the Portucel Group's financial borrowing is indexed to short term reference rates – generally the Euribor 6m. In order to reduce exposure to unfavourable variations in interest rates, the Portucel Group decided to fix the rates on one of its medium and long term borrowing, and to this end contracted interest rate swaps covering an amount which represents approximately 32% of the total credit facilities used and owing at 30 June 2009.

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. Its other borrowing has been kept on a variable rate basis.

At present the Secil Group has interest rate hedges for two loans, in the form of plain vanilla and cap-floor knock-in swaps, providing coverage if approximately 27.8 million euros.

After the close of the first half, in July, the Secil Group contracted a forward start swap for a notional value of 40 million euros. After this operation, all its medium and long term bank facilities were hedged (corresponding to 37% of total credit facilities used at 30 June 2009).

The holding company's activities are exposed to interest rate, insofar as all its borrowing is on a variable rate basis. In order to mitigate this risk and in view of the current historical low level of interest rates, Semapa contracted an interest rate hedge after the close of the first half, in July, for two bond issues maturing in 2016, where the total amount hedged is 225 million euros. This operation consisted in contracting zero cost collars with a number of Portuguese financial institutions, hedging 48% of the holding company's bank borrowing (as at 30 June 2009).

Liquidity Risk

The match between the maturity of debt and the characteristics of the industries in which the Semapa Group operates, and the existence of unused credit facilities assure that the Group maintains a high level of liquidity.

The bank borrowing taken out by the various subsidiaries of the Semapa Group includes a large component of medium and long term debt, with maturities in line with the useful life of their assets.

8.2.2 Operational Risks

Pulp price risk

In line with the practice in previous years and in order to reduce the risk associated with fluctuations in pulp prices for sales planned in 2009, a financial hedge has been contracted which matures over the

course of the present 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 additional rules which seek to assure that sales are made to customers with an appropriate credit record, or are partly or wholly covered by bank guarantees or, where there is a part not covered, that they are within reasonable exposure limits.

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

The reduction in cover provided by insurance companies has posed a number of credit risk problems for the business community and for the Group. We trust that the relevant authorities will seek to help resolve this situation.

Property, third party liability, personal accident and sickness risks

The Semapa Group has renegotiated its insurance portfolio for 2009 for its different business areas, including the ETSA Group, achieving a significant reduction in insurance premiums in all areas.

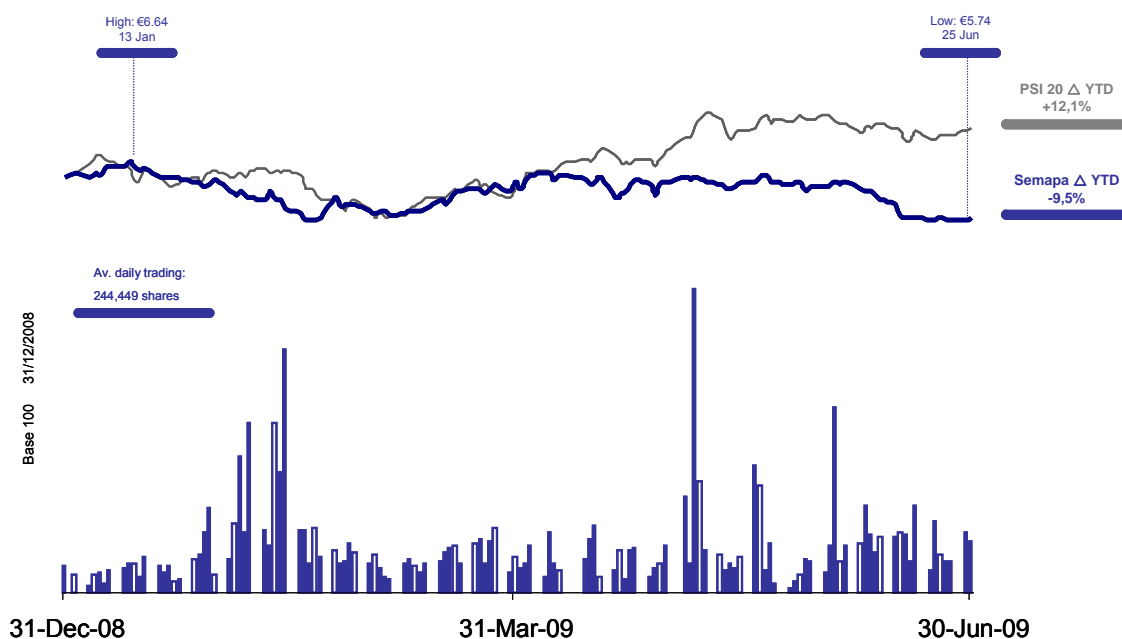
8.3 Pensions and other post-employment benefits

Total liabilities for pensions, in consolidated terms, at 30 June 2009, stood at 260.1 million euros, of which 142.3 million euros were covered by independent pension funds. Uncovered liabilities at this date, totalling 117.8 million euros, comprise i) 24.7 million euros for the Portucel Soporcel Group, ii) 4.3 million euros for the Secil Group and iii) 88.8 million euros for Semapa.

In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 9.7 million euros (2.5 million euros for the Portucel Soporcel Group and 7.2 million euros for the Secil Group).

8.4 Listed Share Prices

The second part of the first half of 2009 witnessed sharp rises in the main international share indexes, especially for companies in the financial sector, correcting the sharp drop in prices as from the 4th quarter of last year. The Portuguese stock exchange reflected this wider trend. In this context, Semapa shares followed the general course of the Portuguese share index, the PSI 20, through to the end of the 1st quarter, but then moved downwards as may be seen in the following graph:



Note: Closing Prices

Shares in Semapa were down by 9.5%, whilst the PSI 20 index rose by 12.1%.

The daily closing price for Semapa shares varied between a low of 5.74 euros and a high of 6.64 euros. Average daily trading over the period stood at 244,449 shares.

We should recall that, in 2008, Semapa shares outperformed the PSI 20 index by 24 p.p. (Semapa shares lost 27% of their value, as compared with a 51% slump in the PSI20).

In the run-up to disclosure of the 2008 results, on 10 March 2009, there was no significant alteration in the share price. The payment of dividends for the previous year also had not significant impact on formation of the share price.

8.5 Dividends

In relation to the payment of dividends, the company has pursued a policy of distributing an amount which allows it not to take out significant additional borrowing and without undermining its sound financial position. The aim has been to maintain a financial structure compatible with the Group's sustained growth and different business areas, whilst maintaining sound solvency indicators. Accordingly:

- The general meeting of Semapa, held on 31 March 2009, resolved to distribute a dividend of 25.5 cents per share, which was paid on 23 April, corresponding to a total dividend of 29,481,173 euros.

- The general meeting of Portucel, held on 6 March 2008, resolved to distribute a dividend of 10.5 cents per share, which was paid on 6 April, corresponding to a total dividend of 80,585,500 euros.
- Secil approved distribution of a dividend of 84 cents per share, which was paid on 16 April, representing a total dividend of 42,019,690 euros.
- The general meeting of ETSA, held on 6 April 2009, resolved to distribute a total dividend of 2.1 million euros,

8.6 Net Profit for the 1st Half of 2009

Semapa recorded a consolidated net profit for 2009, before minority interests, of 38.4 million euros, of which 25.8 million euros is attributable to Semapa equity holders.

9 Outlook for the 2nd Half of 2009

Although the latest economic indicators show some signs of a recovery and to an improvement in confidence indexes, a number of factors of uncertainty persist, with the potential to stall a global economic recovery. There are still countless risks and doubts as to the sustainability of the economic upturn, in particular a number of fundamental imbalances in the economy, doubts as to budget sustainability in the wake of the policies adopted by a number of governments in order to provide an economic stimulus, deterioration of the employment market and the consequent pressure of consumer spending, the fragility of the property market and growing levels of bad debt in the banking system.

The prospects for the second half of 2009 depend largely on the business affairs of our main subsidiaries:

PORTUCEL GROUP

The second half of 2009 will undoubtedly post major challenges for the pulp and paper industry, and in particular for the Portucel Group.

Demand for pulp and paper products remains sluggish, despite the existence of markets which have recorded a degree of growth.

The Group has developed competitive advantages founded on a combination of factors which form the basis of its success: use of high quality raw materials, highly efficient large-scale industrial plant, a successful strategy of vertical integration and a customer-oriented policy, promoting innovation, quality, branding, service and distinctive products.

It is these factors, backed up by the high quality of our motivated workforce, combined with the efforts made extend our market to new countries and bolster our position in markets allowing for expansion, which have enabled to Group to operate at full capacity, well above the levels achieved by its competitors.

The Group is considered the most efficient producer of UWF in Europe. The start-up of the new Setúbal Paper Mill, planned for August, will add even further to the Group's competitiveness, placing it clearly at the forefront of European UWF producers.

Investment in the energy sector also reflects our commitment to sustainable growth and will allow the Group to generate approximately 5% of all electricity produced in Portugal, most of it obtained from renewable resources (forestry biomass and operational by-products), bolstering its position as Portugal's leading producer of "green energy" from biomass.

In relation to possibilities for international expansion, the Group continues to assess investment opportunities abroad, especially in Latin America and Africa, regions which are naturally suited to highly productive forestry operations.

The development opportunities currently being studied involve extremely demanding investment, both financially and technically, and it will be fundamental for them to meet a number of conditions in order to ensure they are viable. In connection with this the Group has undertaken a number of studies and held meetings with the authorities in the host countries of possible investment projects, in order to explore the possibilities for proceeding with the projects.

Any decision in this area will take into consideration the need to preserve the Group's sound financial structure, which has proved to be an important condition for riding the storm which has affected the entire

global economy.

SECIL GROUP

The current world economic crisis continues to represent an unfavourable environment for positive develop in Secil's main business operations, especially in Portugal, and to a lesser extent in Tunisia.

Accordingly, unless the international crisis situation worsens significantly, we expect a year with positive performance overall, but with results down from the previous year.

ETSA GROUP

The ETSA Group will carry on its operations with a view to a sustained development of its subsidiaries' business.

Demand for ETSA Group products (animal fats, meals and frozen products for pet food) will inevitably reflect the economic slowdown and falling levels of consumption.

Lisbon, 24 August 2009

The Board of Directors

Pedro Mendonça de Queiroz Pereira
Chairman

Maria Maude Mendonça de Queiroz Pereira Lagos
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

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 2009, 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 Board of Directors
Maria Maude Mendonça de Queiroz Pereira Lagos	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
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 UNDER PARAS. A) AND C) OF ARTICLE 9.1 AND
ARTICLE 14.7 OF SECURITIES MARKET COMMISSION (CMVM)
REGULATIONS 5/2008

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 – 2,907 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. During the first half of 2009, no securities issued by the company or by the company or related or group companies were acquired, encumbered or disposed of by the company's officers.

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	1,097,966	0.93%	0.97%
Cimo - Gestão de Participações, SGPS, S.A.	14,106,675	11.92%	12.50%
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.	515,000	0.44%	0.46%
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53%	0.55%
Sociedade Agrícola da Qta da Vialonga Directors:			
Duarte Nuno d'Orey da Cunha	2,907	0.00%	0.00%
Maude da Conceição Santos M. de Queiroz Pereira	145,685	0.12%	0.13%
Sodim, SGPS, S.A.	18,842,424	15.92%	16.69%
Subtotal:	57,735,746	48.791%	51.15%

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%
	Subtotal:	12,009,004	10.15%	10.64%
C -	Banco Espírito Santo, S.A.	-	-	-
	Fundo de Pensões do BES	6,058,823	5.12%	5.37%
	Subtotal:	6,058,823	5.12%	5.37%
D -	Credit Suisse Group	-	-	-
	Credit Suisse	3,000	0.00%	0.00%
	Credit Suisse International	17,914	0.02%	0.02%
	Credit Suisse Securities (Europe) Ltd	5,430,411	4.59%	4.81%
	Credit Suisse (on behalf of clients for which Credit Suisse Group does not hold any voting rights)	10,000	0.01%	0.01%
	Subtotal:	5,461,325	4.62%	4.84%
E -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	3,892,368	3.29%	3.45%
	Bestifond, F.I.	2,384,394	2.01%	2.11%
	Bestinver Mixto, F.I.	696,737	0.59%	0.62%
	Soixa SICAV	453,626	0.38%	0.40%
	Bestinver Bestvalue SICAV	414,359	0.35%	0.37%
	Bestinver Global, FP	407,007	0.34%	0.36%
	Bestinver Ahorro, F.P.	343,616	0.29%	0.30%
	Texrenta Inversiones SICAV	127,855	0.11%	0.11%
	Loupri Inversiones	34,058	0.03%	0.03%
	Divalsa de Inversiones SICAV, SA	22,064	0.02%	0.02%
	Acciones, Cup. y Obli. Segovianas	16,740	0.01%	0.01%
	Linker Inversiones, SICAV, SA	12,442	0.01%	0.01%
	Bestinver Empleo FP	12,059	0.01%	0.01%
	Jorick Investment	5,897	0.00%	0.01%
	Subtotal:	8,823,222	7.46%	7.82%

Semapa holds 2,720,000 own shares, and the company Seminiv - Investimentos, 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.

4. Transactions in shares in the company by managers and closely related persons during the first half:

- OEM – Organização de Empresas, SGPS, S.A. acquired 15,000 shares in a stock market transaction on 23 April, for the following prices:
 - (i) 1,000 shares for a unit price of €6.287;
 - (ii) 1,000 shares for a unit price of €6.30;
 - (iii) 500 shares for a unit price of €6.315;
 - (iv) 2,881 shares for a unit price of €6.319;
 - (v) 7,755 shares for a unit price of €6.32, and
 - (vi) 1,864 shares for a unit price of €6.325.



CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

1st SEMESTER 2009

CONSOLIDATED INCOME STATEMENT AS OF 30 JUNE 2009 AND 2008

Amounts in Euro	Notes	30-06-2009	30-06-2008	2nd Quarter 2009	2nd Quarter 2008
Revenues					
Sales	4	683,552,645	733,351,499	350,815,490	366,796,701
Services rendered	4	16,528,727	12,785,653	6,892,818	6,348,161
Other income					
Gains on disposal of non-current assets	5	3,689,207	6,613,155	590,564	6,529,684
Other operating income	5	22,805,100	25,100,038	8,862,551	19,044,929
Change in fair value of biological assets	18	814,493	1,176,064	(47,258)	869,464
Costs, expenses and losses					
Consumed materials and services	6	(288,860,203)	(288,023,513)	(145,379,924)	(143,585,056)
Movement in finished goods and work in progress	6	(23,206,602)	(1,844,669)	(18,994,823)	(5,104,877)
Sold and consumed inventories	6	(188,372,515)	(188,407,500)	(96,496,322)	(95,168,923)
Payroll costs	6	(80,183,751)	(90,568,393)	(40,357,349)	(45,019,086)
Other costs and losses	6	(15,812,345)	(25,040,522)	(7,914,019)	(20,316,327)
Provisions increase / (decrease)	6	9,585,970	22,756	7,779,893	297,395
Depreciation, amortization and impairment losses	8	(68,630,173)	(65,636,726)	(35,217,740)	(38,672,677)
Operational results		71,910,553	119,527,842	30,533,881	52,019,388
Group share of (loss) / gains in associated companies	9	391,638	413,824	394,932	415,418
Net financial results	10	(22,276,257)	(28,058,805)	(7,362,522)	(11,925,347)
Profit before tax		50,025,934	91,882,861	23,566,291	40,509,459
Income tax	11	(11,648,159)	(18,428,738)	(4,583,927)	(387,692)
Net Income		38,377,775	73,454,123	18,982,364	40,121,767
Net profit for the year					
Attributable to Semapa shareholders		25,819,318	55,746,096	13,065,252	31,389,279
Attributable to minority interests	13	12,558,457	17,708,027	5,917,112	8,732,488
Earnings per share					
Basic earnings per share, Eur	12	0.229	0.494	0.116	0.278
Diluted earnings per share, Eur	12	0.229	0.494	0.116	0.278

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2009 AND 31 DECEMBER 2008

Amounts in Euro	Notes	30-06-2009	31-12-2008
Assets			
Non-Current Assets			
Goodwill	15	321,353,441	330,370,980
Other intangible assets	16	171,858,989	176,504,902
Plant, property and equipment	17	1,978,922,135	1,775,576,228
Investment properties		165,197	169,276
Biological assets	18	123,641,543	122,827,050
Investment in associates	19	2,219,915	1,828,322
Financial assets at fair value through profit or loss	20	13,147,676	13,400,586
Available-for-sale financial assets	21	990,568	877,174
Deferred tax assets	28	26,830,315	31,775,603
Other non-current assets		2,024,775	1,365,582
		2,641,154,554	2,454,695,703
Current Assets			
Inventories	23	239,786,831	288,970,191
Receivable and other current assets	24	247,889,829	276,176,825
State and other public entities	25	53,558,257	55,462,868
Cash and cash equivalents	31	136,328,227	205,172,630
		677,563,144	825,782,514
Total Assets		3,318,717,698	3,280,478,217
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 premiums		3,923,459	3,923,459
Translation reserves	27	(17,292,847)	(14,005,971)
Fair value reserves	27	1,312,336	3,580,893
Other reserves	27	711,616,512	649,750,205
Retained earnings	27	18,302,002	574,051
Consolidated net profit for the year		25,819,318	106,347,480
Consolidated shareholders' equity		814,848,239	821,337,576
Minority interest	13	290,954,706	302,940,493
Total Equity		1,105,802,945	1,124,278,069
Non-current liabilities			
Deferred taxes liabilities	28	271,899,406	278,308,207
Pensions and other post-employment benefits	29	127,553,251	125,142,849
Provisions	30	44,094,800	54,865,795
Interest-bearing liabilities	31	926,516,041	1,227,116,283
Other non-current liabilities		17,458,402	18,834,060
		1,387,521,900	1,704,267,194
Current liabilities			
Interest-bearing liabilities	31	404,015,322	64,032,032
Payables and other current liabilities	32	354,928,624	326,778,240
State and other public entities	25	66,448,907	61,122,682
		825,392,853	451,932,954
Total liabilities		2,212,914,753	2,156,200,148
Total equity and liabilities		3,318,717,698	3,280,478,217

STATEMENT OF COMPREHENSIVE INCOME

AS OF 30 JUNE 2009 AND 2008

Amounts in Euro	30-06-2009	30-06-2008	2nd Quarter 2009	2nd Quarter 2008
Retained earnings for the year without minority interests	38,377,775	73,454,123	18,982,364	40,121,767
Fair value in financial derivative instruments	(4,168,838)	(469,207)	1,851,088	3,080,845
Fair value in available-for-sale financial investments	-	(351,757)	-	(101,436)
Currency translation differences	(4,000,109)	(4,330,749)	(5,005,500)	(1,664,299)
Actuarial gains / (losses)	2,234,862	(4,369,102)	3,753,798	(944,195)
Tax on items above when applicable	1,294,166	1,854,091	(324,366)	5,727
Profit directly recognized in equity	(4,639,919)	(7,666,724)	275,019	376,642
Total recognized income and expense for the period	33,737,856	65,787,399	19,257,383	40,498,409
Attributable to:				
Semapa's shareholders	22,699,775	50,838,355	14,490,818	32,478,288
Minority Interests	11,038,081	14,949,044	4,766,565	8,020,121
	33,737,856	65,787,399	19,257,383	40,498,409

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From 1 January 2008 to 30 June 2009

	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the year	Total	Minority interests	Total
Equity as of 1 January 2008	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	-	-	-	-	-	(3,057,583)	-	-	(3,057,583)	(1,273,166)	(4,330,749)
Distribution of net profit of 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)
Treasury share acquisitions	-	-	-	-	-	-	-	-	-	(845,717)	(845,717)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	(12,481,469)	(12,481,469)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(8,673,283)	(8,673,283)
Change in actuarial assumptions*	-	-	-	-	-	-	(1,252,022)	-	(1,252,022)	(1,387,321)	(2,639,343)
Fair value of available-for-sale financial assets*	-	-	-	(351,757)	-	-	-	-	(351,757)	-	(351,757)
Revaluation due to control acquisition*	-	-	-	-	-	-	-	-	-	207,379	207,379
Fair value of financial instruments*	-	-	-	(246,379)	-	-	-	-	(246,379)	(98,496)	(344,875)
Goodwill	-	-	-	-	-	-	(3,483,988)	-	(3,483,988)	(250,964)	(3,734,952)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-	695,634
Other movements	-	-	-	-	-	-	(174,487)	-	(174,487)	(35,380)	(209,867)
Net profit for the year	-	-	-	-	-	-	-	55,746,096	55,746,096	17,708,027	73,454,123
Equity as of 30 June 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
Currency translation differences	-	-	-	-	-	3,429,878	-	-	3,429,878	2,809,544	6,239,422
Treasury share acquisitions	-	-	-	-	-	-	-	-	-	(174,648)	(174,648)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	(9,760,737)	(9,760,737)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(229,046)	(229,046)
Change in actuarial assumptions*	-	-	-	-	-	-	4,292,655	-	4,292,655	(429,160)	3,863,495
Fair value of available-for-sale financial assets*	-	-	-	74,120	-	-	-	-	74,120	-	74,120
Revaluation due to control acquisition*	-	-	-	-	-	-	-	-	-	8,416	8,416
Fair value of financial instruments*	-	-	-	(650,848)	-	-	-	-	(650,848)	(533,855)	(1,184,703)
Goodwill	-	-	-	-	-	-	(676,001)	-	(676,001)	314,558	(361,443)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	47,024	-	47,024	(137,191)	(90,167)
Net profit for the year	-	-	-	-	-	-	-	50,601,384	50,601,384	13,329,922	63,931,306
Equity as of 31 December 2008	118,332,445	(47,164,986)	3,923,459	3,580,893	649,750,205	(14,005,971)	574,051	106,347,480	821,337,576	302,940,493	1,124,278,069
Currency translation differences	-	-	-	-	-	(3,286,876)	-	-	(3,286,876)	(713,233)	(4,000,109)
Distribution of net profit of 2008:											
- Transfer to reserves	-	-	-	-	61,866,307	-	-	(61,866,307)	-	-	-
- Transfer to retained earnings	-	-	-	-	-	-	15,000,000	(15,000,000)	-	-	-
- Dividends paid	-	-	-	-	-	-	-	(29,481,173)	(29,481,173)	-	(29,481,173)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	1,711,456	1,711,456
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(21,576,475)	(21,576,475)
Change in actuarial assumptions*	-	-	-	-	-	-	2,435,890	-	2,435,890	(11,603)	2,424,287
Fair value of financial instruments*	-	-	-	(2,268,557)	-	-	-	-	(2,268,557)	(795,539)	(3,064,096)
Goodwill	-	-	-	-	-	-	(403,354)	-	(403,354)	(3,222,604)	(3,625,958)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-	695,634
Other movements	-	-	-	-	-	-	(219)	-	(219)	63,754	63,535
Net profit for the year	-	-	-	-	-	-	-	25,819,318	25,819,318	12,558,457	38,377,775
Equity as of 30 June 2009	118,332,445	(47,164,986)	3,923,459	1,312,336	711,616,512	(17,292,847)	18,302,002	25,819,318	814,848,239	290,954,706	1,105,802,945

CONSOLIDATED CASH FLOW STATEMENT

As of 30 June 2009 and 2008

Amounts in Euro	Note	30-06-2009	30-06-2008	2nd Quarter 2009	2nd Quarter 2008
OPERATING ACTIVITIES					
Received from customers		752,708,851	799,637,828	390,579,131	376,116,174
Payments to suppliers		(595,565,637)	(638,349,604)	(280,423,446)	(338,314,562)
Payments to employees		(60,654,939)	(71,959,440)	(34,854,275)	(41,072,464)
Cash flow generated from activities		96,488,276	89,328,784	75,301,410	(3,270,852)
(Payments) / receipts of income tax		(4,546,839)	(21,268,565)	(1,666,117)	(19,024,723)
Other (payments) / receipts from operating activities		22,552,622	18,666,560	16,306,651	22,622,296
Cash flow from operating activities (1)		114,494,059	86,726,779	89,941,944	326,721
INVESTING ACTIVITIES					
Inflows					
Financial investments		26,912,505	757,179	8,390,171	757,179
Property, plant and equipment		41,051	127,706	15,439	96,602
Intangible Assets		5,522,900	-	-	-
Government Grants		6,009,539	12,888,916	5,813,757	-
Interest and similar income		7,500,115	9,281,887	2,617,659	525,294
Dividends		560,946	34,440	553,216	34,440
		46,547,056	23,090,128	17,390,242	1,413,515
Outflows					
Financial investments		(5,224,026)	(4,600,485)	(4,546,917)	(1,417,305)
Cash and cash equivalents from changes in consolidation scope		-	144,803	-	144,803
Property, plant and equipment		(187,149,396)	(96,086,573)	(94,568,273)	(29,850,243)
		(192,373,422)	(100,542,255)	(99,115,190)	(31,122,745)
Cash flow from investing activities (2)		(145,826,366)	(77,452,127)	(81,724,949)	(29,709,230)
FINANCING ACTIVITIES					
Inflows					
Borrowings		533,102,997	415,475,712	216,931,610	257,617,074
Capital increase, additional paid in capital and Share premiums		-	48,956	-	48,956
		533,102,997	415,524,668	216,931,610	257,666,030
Outflows					
Borrowings		(484,414,150)	(431,382,336)	(184,690,092)	(213,613,752)
Amortisation of financial leases		(39,822)	(199,498)	251,188	(134,827)
Interest and similar expenses		(34,239,618)	(37,993,238)	(21,138,607)	(24,013,868)
Dividends		(49,011,818)	(37,821,848)	(48,869,840)	(37,671,908)
Treasury shares acquisition		(2,356,650)	(13,748,395)	(17)	(13,748,395)
		(570,062,058)	(521,145,315)	(254,447,368)	(289,182,750)
Cash flow from financing activities (3)		(36,959,061)	(105,620,647)	(37,515,758)	(31,516,720)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(68,291,368)	(96,345,995)	(29,298,763)	(60,899,229)
FOREIGN EXCHANGE DIFFERENCES		(553,035)	(875,430)	(1,001,182)	(285,447)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		205,172,630	438,742,899	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	136,328,227	341,521,474	(30,299,945)	(61,114,192)

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NOTES ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2009

(Note: translation from a report original issued in Portuguese)

(Amounts expressed in Euro unless otherwise indicated)

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

Head office: Av. Fontes Pereira de Melo, 14, Lx
Share Capital: Euro 118,332,445
Registration No.: 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cements and related products, and environmental developed respectively under the edge of Portucel - Companhia Produtora de Pasta e Papel, S.A Secil - Companhia Geral de Cal e Cimento, S.A. and ETSA – Empresa Transformadora de sub-Produtos Animais, SA..

The consolidated interim financial statements were approved by the Board of Directors on August 24, 2009.

The board members, who signed this report, declare that, according to their knowledge, the information herein was prepared in accordance with applicable Accounting Standards, giving a true view of assets and liabilities, financial position and results of the companies included in the Group consolidated financial statements.

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 Group's consolidated interim financial statements for the 6 month period ended 30 June 2009 were prepared in accordance with the International Accounting Standard nº 34 – Interim Financial Report.

The Group's consolidated financial statements were prepared in accordance with 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.

These consolidated financial statements were prepared on a going concern basis, from accounting records of companies included in the consolidation scope (Note 43) herein, and based on historic cost, except for biological assets, and financial instruments which are measured and reported at fair value (Notes 33 and 18).

The preparation of the financial statements requires the use of estimates and relevant judgements when implementing the Group's accounting policies. Significant estimates and assumptions involving a higher degree of judgment or complexity are disclosed in Note 3.

1.2 Changes in consolidation methods and comparability

At the period of analysis there was no change in methods of consolidation and the comparability is not affected by this

1.3 Basis of Consolidation

1.3.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to determine their financial and operating policies, generally considered to exist where the Group holds, directly or indirectly more than 50% of voting rights. The existence and the effect of potential voting rights, whether exercisable or convertible are considered when the Group assesses its control.

The shareholders' equity and net profit of these companies that are attributable to third parties are presented separately in the consolidated balance sheet and consolidated income statement under the caption "Minority interests". Companies included in the consolidated financial statements are disclosed in Note 43.

The acquisition of subsidiaries is accounted for on the purchase method. The cost of an acquisition is measured by the fair value of the identifiable assets, equity instruments issued and liabilities incurred or assumed at the date of the transaction, plus costs directly attributable to the acquisition.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, such as sub-group Portucel and are excluded from consolidation from the date on which control ceases.

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

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

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

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

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

Accounting policies of subsidiaries have been harmonized, where necessary, to ensure consistency with Group policies.

1.3.2 Associates

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

Under the equity method, associates are initially recognised at acquisition cost, adjusted for the Group's share of changes in associates' equity (including net profit), and off-set by profits or losses for the period and by dividends received.

The difference between the acquisition cost and the fair value of the assets and liabilities attributable to the associate on the date of acquisition, if positive is registered and reported as goodwill. Negative goodwill is recognised directly in the income statement in other operating income.

Investments in associates are subject to impairment tests when there is evidence that the asset could be impaired. Identified impairment losses are booked in the income statement. Should impairment losses recognised in previous years cease to exist, they are reversed, except for goodwill related impairment losses.

When the Group's share of losses in an associate equals or exceeds the Group's investment, recognition of further losses is discontinued except to the extent that the Group has assumed responsibilities or made payments in respect of the associate.

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

Accounting policies of associates have been harmonized, whenever necessary, to ensure consistency with Group's policies.

Associates are disclosed in Note 20.

1.3.3 Joint Ventures

A Joint Venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more entity.

Joint Ventures are accounted for on a proportionate consolidation basis. The Group combines its share in the individual income and expenses, assets and liabilities and cash flows of joint ventures on a line-by-line basis with similar items in the Group's consolidated financial statements, such as sub-group Secil.

1.4 Segment Information

A business segment is a group of assets and operations of the Group which is subject to risks and returns different to that of other segments.

Three business segments were identified: pulp and paper, cement, derivatives and environment.

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, United Kingdom, Netherlands, Austria and United States, among other of small relevance, of cellulose pulp and paper and its related products purchase of wood, forest and agricultural production, cutting timber and sale of pulp and paper, activities developed in Portugal mainly by itself and its subsidiaries Soporcel – Sociedade Portuguesa de papel, S.A. and Portucel Florestal, S.A., among others.

Cement and derivatives

Secil - Companhia Geral de Cal e Cimento, S.A. 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 (Portugal), Pataias (Portugal), 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, of the sub-holding Secil Betões e Inerentes, SGPS S.A..

A geographical segment is an individual area committed to supplying products and services in a particular economic environment which is subject to different risks and benefits from that of segments that operate in other economic environments. The geographical segment is

defined considering the country of destination of goods and services sold by the Group.

Environment

ETSA – Empresa transformadora de Sub-Produtos Animais, SA leads the the Enterprise Group of Environment which operates in Portugal.

Segment reporting accounting policies are used consistently in the Group. All inter segmental sales and services rendered are made at market prices and eliminated in the consolidation process. The segment reporting is presented in Note 4.

1.5 Foreign currency translation

1.5.1 Functional and presentation currency

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

1.5.2 Balances and transactions expressed in foreign currencies

All Group assets and liabilities denominated in foreign currencies are translated to Euro at the official exchange rate on the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

1.5.3 Group companies

The income statement and financial position of Group entities that have different functional currencies are translated to the group's presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rate at the balance sheet date;

All resulting translation differences are recognised in equity, and reported separately under the caption "Translation reserves".

- (ii) Income and expenses are translated at the average exchange rate for the reporting year (unless the average exchange rate is not a reasonable approximation of the cumulative effect of rates prevailing on the dates of the transaction. In this case income and expenses items are translated at the exchange rates prevailing at the transaction dates); and

1.6 Intangible assets

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

1.6.1 CO2 emission rights

CO2 emission allowances assigned to the Group within the framework of the National Plan for the assignment of CO2 emission licenses on a gratuitous basis are recorded under the captions "Intangible assets" and "Deferred Income – Subsidies" at the market value prevailing at the date of delivery.

The Group records an operating cost and an equivalent liability to cover its' greenhouse gas emissions during the period and an operating income arising from the recognition of the equivalent quota of the allowances assigned to the Group.

Sales of emission rights rise to a profit or loss, representing the difference between the realized amount and the respective purchase price, less the respective subsidy, which is recorded as "Other operating income" or "Other operating costs", respectively.

1.6.2 Brands

When brands are identified in a business combination, the Group records them separately in the consolidated statements 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 amortization and impairment losses.

1.7 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets, liabilities and contingent liabilities in a business combination and associates, at the date of acquisition.

Goodwill is not amortized and is tested annually for impairment. Goodwill impairment losses are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related 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 Gabès (SCG), Portucel, Soporcel and ETSA, costs of tangible assets at acquisition date of these subsidiaries resulted from an independent economic evaluation.

Property, plant and equipment acquired after transition date are recorded at cost, less depreciation and impairment losses. Acquisition cost includes all expenditures directly attributable to the acquisition of the assets.

Costs incurred after purchase or acquisition are included in the carrying value of the respective asset or recognised as a separate asset, as appropriate, only where future economic benefits are probable and the respective cost can be reliably measured. All repair and maintenance costs are recognised, when occurred, in the income statement in the year.

Depreciation is calculated over acquisition cost, using the straight-line method from the date the asset starts its operation, at rates that best reflect their estimated useful life, as follows:

	Average 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, if appropriate, at each balance sheet date. If the asset's carrying amount exceeds its net realizable value, the difference between its carrying and net realizable value is booked as an impairment loss (Note 1.10).

Gains or losses arising on write-downs or disposals are determined as the difference between the proceeds on disposal and the asset's carrying amount, 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 with no definitive useful life are not subject to amortisation but are annually tested for impairment. Assets that are subject to amortization 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 excess of an asset's carrying amount over its net realizable value. Net realizable value is the higher of an asset's net selling price and its value in use.

The net selling price is the amount obtained in a sale transaction of the asset between knowledgeable and independent parties, deducted for the costs directly attributable to the sale.

For impairment testing purposes, assets are grouped at the lowest level for which cash flows can be separately

identified (cash generating units), in the event it is not possible on an individual asset basis.

Impairment losses are reversed when there is evidence that these impairment losses no longer exist or have reduced (except goodwill impairment losses – see Note 1.7).

This analysis is performed whenever there is evidence that previously recognized impairment losses have reversed. 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 represents 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) had the impairment not been recognised.

1.11 Biological assets

Biological assets are measured at fair value, less estimated selling costs at the time of harvesting. The Group's biological assets comprise the forests held for the production of timber.

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house, which considers 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 considered plantation costs, maintenance costs and a discount rate.

The discount rate was determined on the basis of the Group's expected rate of return on its forests.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as operating income/ costs.

At the time of harvest, wood is recognised at fair value less estimated costs at point of sale, in this case, the pulp mills.

1.12 Financial investments

The Group classifies its investments into the following categories: Financial assets at fair value through profit or loss, loans granted 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 on initial recognition and evaluates this classification at each reporting date.

All acquisitions and disposals are recognised at the date of the purchase and sale agreements, regardless of the date of settlement.

Investments are initially recognised at acquisition cost. Thereafter, measurement depends on the classification of the investment, as follows:

Loans granted and receivables

Loans granted and receivables are non-derivative financial assets with fixed or identifiable payments not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

They are included in current assets, except for maturity terms greater than 12 months after the balance sheet date, in which case they are classified as non-current assets.

Loans granted and receivables are reported as part of receivables and other current assets.

Financial assets at fair value through profit and loss

A financial asset is classified as such 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 sold 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 identifiable payments and fixed maturity terms that management has the intention and ability to hold to maturity. Investments in this category are recorded at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that: (i) the Group has the intention of holding for an undefined period of time, (ii) are designated as available-for-sale at initial recognition or (iii) do not meet the conditions to be classified in the above categories.

These financial investments are recognised at market value, as quoted on the balance sheet date.

If the market of a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash-flows analysis and option pricing models refined to reflect the issuer's specific circumstances.

Potential gains and losses arising from these investments are recorded directly in the fair value reserve 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.

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, then 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.

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, the reversal does not affect the income statement and the assets subsequent increase in value is thus taken to the fair value reserve.

1.13 Derivative financial instruments

The Group uses derivative financial instruments to manage its financial risks.

Whenever the evolution in interest or exchange rates requires, the Group hedges adverse risks through derivative financial instruments, such as interest rate swaps (IRS), caps and floors, forwards, etc.

The Group has also contacted derivative instruments to hedge its greenhouse emission allowances held.

In selecting derivative financial instruments, the Group focus on the economic efficiency underlying such instruments and, the instruments are recognised in the balance sheet at fair value.

To the extent that the derivative financial instruments are effective hedges, changes in the fair value are recorded in equity and subsequently recognised in the caption "net financial income - Commissions and losses in financial instruments".

The costs associated with the hedging of the underlying liabilities are matched with the inherent rate of the hedge instrument. Gains or losses arising from the earlier termination of these instruments are recognised immediately through the income statement.

Although the derivative financial instruments contracted by the Group represent effective economic hedging instruments, not all of them qualify as hedging instruments in accordance with IAS 39. Derivative financial Instruments which do not qualify as hedging instruments are stated at fair value and changes in fair value are recognised through the income statement as commissions and losses in financial instruments (Note 10).

Where possible, the fair value of derivative financial instruments is measured based on listed instruments. If no market prices are available, the fair value of derivative financial instruments are estimated based on the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions. The fair value of the derivative financial instruments is reported mainly under receivables and other current assets and payables and other current liabilities.

Additionally the Group contracted derivative financial instruments relating to the portfolio held in the greenhouse gases allowances.

1.14 Income Tax

Income tax includes current and deferred taxation. Current income tax is calculated based on net profit, adjusted in accordance with tax law prevailing at the balance sheet date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying accounting amounts in the consolidated financial statements.

Deferred tax is determined using tax rates expected to be prevailing when the related timing differences revert back.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

1.15 Inventory

Inventories are measured as follows:

i) Goods held for resale and raw materials

Goods held for resale and raw materials are stated at the lower of acquisition cost and net realizable value. Cost includes ancillary acquisition costs and is determined using the weighted average cost basis.

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 related production overheads, based on normal operating capacity levels) and the net realizable value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable completion and selling costs.

1.16 Receivables and other current assets

Receivables and other current assets are stated at gross value less impairment losses necessary to adjust them to their expected net realizable value (Note 24).

Impairment losses are recorded when there is clear evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

1.17 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank deposits, and other short-term investments with original maturities of three months or less, which can be turned into liquid assets without a significant risk of value fluctuation. The consolidated cash flow statement includes under this caption bank overdrafts, which are shown in the consolidated balance sheet, under Interest-bearing current liabilities.

1.18 Share capital and treasury shares

Ordinary shares are classified under equity (Note 26).

Costs directly attributed to the issue of new shares or other equity instruments are shown in equity as a deduction, net of tax, of the issue proceeds.

When the company buys back its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until such time as the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax thereon, is included in equity attributable to the company's equity holders.

1.19 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest-bearing liabilities are subsequently stated at amortized 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 principle (Note 10).

Borrowing costs directly related to the acquisition, construction, or manufacture of fixed assets, are capitalized when the related period is longer than 12 months.

Capitalization of borrowing costs commences on construction or development of the asset and terminates on commissioning or when the respective project is suspended.

Any financial income earned on loans that are directly associated with a specific investment is deducted from capitalized financial costs.

1.21 Provisions

Provisions are recognised whenever the Group has a legal or actual responsibility as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures related to equipment and operational procedures 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, those related to minimizing energy consumption, atmosphere emissions, production of waste and noise, to those established for the execution of environmental rehabilitation plans) are capitalized when they are intended to serve the Group's business in a sustainable manner, as well as those associated with future economic benefits and which serve to extend life expectancy, increase capacity or improve the safety or efficiency of other assets held by the Group (Notes 30 and 36).

Lands used in quarrying activities must be restored to their original environmental state, although the Group's practice is to restore quarries freed up on a continual and progressive basis, recognizing the related expenditures in the income statement in the period incurred.

The Group engages specialized independent entities to evaluate liabilities and the estimated period of exploration related to quarries that can only be restored when exploration ceases, recognised for this purpose a provision under the caption "Provisions" (Note 30).

1.22 Pensions and other employee benefits

1.22.1 Pension obligations – defined benefit plans

Certain Group companies operate defined benefit pension plans, to cover complementary pension responsibilities to its employees covering retirement, disability, early retirement and surviving spouse pensions

As mentioned in Note 29, the plans are generally funded through payments to autonomous pension funds.

In accordance with IAS 19, the liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, including adjustments for unrecognised past-service costs.

The defined benefit obligation is calculated every semester by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the

estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability.

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 is disclosed in the balance sheet, less the funds' market value 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 and those which effectively occurred (as well as changes made to those actuarial assumptions and the difference between the expected return of funds and their actual yield) are recognised 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.

A curtailment occurs when there is a material reduction in the number of employees or when the plan is modified in a way that benefits are materially decreased.

1.22.2 Other post-employment benefits

Additionally, the Group assume the following post-employment benefits:

Benefits on retirement and death

CMP – Cimentos Maceira e Pataias, S.A., a Group company assumed the commitment to pay its employees (i) a termination benefit or disability benefit, representing three months of the last salary and a death in service benefit of one month of the last salary received.

Additionally, some of the companies of Portucel's group assumed liabilities for the payment of retirement premium, equivalent to a 6 months salary if the employee retires on the date of normal retirement (65 years).

Long service award

Secil – Companhia Geral de Cal e Cimento, S.A. and the subsidiary CMP – Cimentos Maceira e Pataias, S.A. have commitments to its employees who achieve in the case of Secil 25, 35 and 40 years of service and at CMP's 20 and 35 years of company's service, calculated based on a month's salary, limited to three salaries.

Healthcare benefits

Secil – Companhia Geral de Cal e Cimento, S.A. and CMP – Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Promadeira and Brimade provide supplementary healthcare benefit to their employees, employees' family members, retirees and widows.

Under this scheme, the cost of certain healthcare schemes is shared: (i), at Secil, through healthcare insurance and (ii), at CMP, through “Cimentos – Federação das Caixas de Previdência”, for covered employees, subject to the pre-approval of the company’s medical services, for the remaining employees and (iii) for Cimentos Madeira and Brimade’s retired employees depending on the approval of healthcare expenses.

1.22.3 Holidays and holiday allowances

In accordance with prevailing labour law, workers are entitled to 25 days of holiday each year, as well as one month of a holiday allowance. The employee is entitled to this right in the year preceding the payment.

Based on the Management Performance System, employees are entitled to a compensation benefit defined in the annual budget. The employee is entitled to this right in the year preceding the payment.

The liabilities are thus recorded in the period during which employees acquire these rights, irrespective of the date of payment, and these liabilities are reported under the caption “Payables and other current liabilities”.

1.23 Payables and other current liabilities

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

1.24 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all required conditions.

Government grants related to costs are deferred and recognised in the income statement over the period that matches the costs with the compensating grants.

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 that the Group receives to compensate its capital expenditures are reported under the caption “Payables and other current liabilities” and are recognised in the income statement under the caption “Other operating income” during the estimated useful life of the granted asset.

1.25 Leases

Property, plant and equipment acquired under financial leases, as well as the respective liabilities are recorded using the financial method.

The asset is recorded under the caption “Property, plant and equipment”, the respective liability is recorded under the caption “Interest-bearing liabilities”, and the interest cost of the financial lease and the asset’s depreciation, calculated as described in Note 1.8, are recognised as costs of the respective period.

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

Leases included in contracts according to IFRIC 4

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

1.26 Dividends distribution

Dividend distribution to the company’s shareholders is recognised as a liability in the group’s financial statements in the period in which the dividends are approved by the company’s shareholders.

1.27 Revenue recognition and 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 measured.

Sales are recognised net of taxes, discounts and other costs inherent to completion, at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group’s activities.

Income from services rendered is recognised in the consolidated income statement under the percentage-of-completion method.

Interest income is recognised on a time-proportion basis using the effective interest method.

Group companies recognise their costs and income based on the accrual principle, and then costs and income are recognised as generated, irrespective of when they are paid or received.

The differences between amounts received and paid and the respective costs and income are reported under the captions “Receivables and other current assets” and “Payables and other current liabilities” (Notes 24 and 32, respectively).

1.28 Contingent assets and contingent

Contingent liabilities for which it is possible an outflow of resources embodying economic benefits will be required to settle the obligation, are not recognised in the consolidated financial statements and are disclosed in the notes on consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote, in which case they are not disclosed.

Provisions against liabilities that satisfy the criteria foreseen are presented in Note 1.21.

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

1.29 Subsequent events

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

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

1.30 New standards, changes and interpretations of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by IASB for the financial years that begin on or after 1 January 2009:

New standards to further application	Effective date *
IAS 1 (revised) - Presentation of financial statements	1 January 2009
IAS 23 (revised) - Borrowing costs	1 January 2009
Amendment to IAS 32 and IAS 1 - Puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendments to IFRS 1 First-time adoption of IFRSs and IAS 27 Consolidated and separate financial statements cost of an investment in a subsidiary, jointly controlled entity or associate	1 January 2009
IFRS 2 - Share-based payment	1 January 2009
IFRS 8 - Operating segments	1 January 2009
Annual improvement of the Standards in 2008 (applicable for periods beginning in 1 January 2009)	
IFRIC 13 - Costumer Loyalty Programmes	1 January 2009
IFRIC 14 - The limit on a defined Benefit Asset, Minimum Funding requirements and their Interaction	1 January 2009

* Periods beginning on or after

The adoption of these new interpretations and the amendments to the standard above-mentioned did not have any impact in the Group's financial statements.

New standards and interpretations not mandatory as at 30 June 2009:

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the periods starting on 1 January 2009 or further, as the Group decided not to adopt them in advance.

New standards to further application	Effective date *
IAS 27 (revised) - Consolidated and separate financial statements	1 July 2009
IAS 39 (revised) - Financial instruments - Eligible Hedged Items	1 July 2009
IFRS 3 (revised) - Business combinations	1 July 2009
Changes in IFRS 5 - Non-current assets held for sale and discontinued operations	1 July 2009
IFRIC 12 - Service concession arrangements	30 March 2009
IFRIC 16 - Hedges of a net investment in a foreign operation	1 July 2009
IFRIC 9 - Reassessment of Embedded Derivatives	1 July 2009
IFRIC 16 - Hedges of a net investment in a foreign operation	1 July 2009

* Periods beginning on or after

Standards not yet approved by the European Commission	Effective date *
IFRS 2 (change) - Group and treasury share transactions	1 January 2010
IFRS 7 (change) - Financial Instruments - Disclosure	1 January 2009
IFRIC 9 - Embedded Derivatives and IAS 39 - Financial instruments: recognition and measurement	1 July 2009
IFRIC 15 - Agreements for the construction of a real estate	1 January 2009
IFRIC 17 - Distributions of a non-cash assets to owners	1 July 2009
IFRIC 18 - Assets transfer by clients	1 July 2009
IAS 1 - Presentation of financial statements	1 January 2010
IAS 7 - Cash Flows Statement	1 January 2010
IAS 17 - Leases	1 January 2010
IAS 18 - Revenue	1 July 2009
IAS 36 - Impairment of assets	1 January 2010
IAS 38 - Intangible assets	1 January 2010
IAS 39 - Financial instruments: recognition and measurement	1 July 2009
IFRS 2 - Group and treasury share transactions	1 July 2009
IFRS 5 - Non current assets held for sale and discontinued operations	1 January 2010
IFRS 8 - Operating Segments	1 January 2010

Up to date the Group has not concluded the estimate over the effects of the changes above mentioned thereby choosing not to adopt these standards earlier. 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 Semapa group has a risk-management programme which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by Financial Management of the holding and main subsidiaries, in accordance with the policies approved by the Board of Directors. An Internal Control Commission with specific functions over the operations risk control is established at Semapa level.

2.1.1 Currency risk

Variations in the euro's exchange rate against other currencies can affect the Group's revenue in a number of ways.

Regarding Portucel Group, BEKP price in the world market is traditionally fixed in USD, so that the trend of the Euro evolution against the USD can have an impact over the Portucel Group future sales. On the other

hand, a significant part of UWF paper sales is accomplished in different currencies other than Euro, essentially in USD.

Furthermore, once a sale is made in a currency other than the euro, the Company assumes an exchange risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place, as it's been usual for the BEKP sales. Hence the Company's assets will always have a significant component of receivables subject to foreign exchange risk. The Group does not have investments in foreign operations that are relevant and which net assets are subject to the currency risk.

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

The sub-group Secil foreign exchange risk arises primarily from purchases of pet coke and sea freight, both of which are paid for in USD. The Secil Group has optimised intra-group cash flows in foreign currency with the aim of ensuring natural hedging. In the case of cash flows which are not offset naturally, the attendant risk has been analysed and hedged by means of currency options contracts which stipulate the maximum counter value to be settled and which permit the group to benefit partially from favourable movements in exchange rates.

The sub-group Secil has assets located in Tunisia, Angola and Lebanon, therefore any change in these countries' exchange rates could have an impact on Semapa's balance sheet.

The table below shows the Group exposure to foreign exchange rate risk as of 30 June of 2009, based on financial assets and liabilities balances, converted at the exchange rate of that date:

Amounts in Euros	000 Lebanese Pounds	Tunisian Dinar	US Dollar	Sterling Pound	Polish Zloti	Swedish Crown	Czech Crown	Swiss Franc	Danish Crown	Hungarian Florin	Australian Dollar	Total
Amounts in Euros	000 Lebanese Pounds	Tunisian Dinar	US Dollar	Sterling Pound	Polish Zloti	Swedish Crown	Czech Crown	Swiss Franc	Danish Crown	Hungarian Florin	Australian Dollar	Total
Assets												
Cash and cash equivalents	2,284,593	7,011,837	22,293,614	138,413	483	-	(92)	80,359	2,662	-	-	22,515,439
Available-for-sale financial assets	2,894,593	7,011,837	22,293,614	14,328,656	4,099,651	178,893	(165,194)	2,194,677	1,488,373	(571,764)	174,705	28,545,698
Accounts receivable	5,875,372	7,046,487	53,848,687	14,324,656	4,099,651	178,893	(165,194)	2,174,677	1,488,373	(571,764)	174,705	75,548,689
Other financial assets	2,757,092	3,581,721	1,469,297	-	-	-	-	-	-	-	-	1,469,297
Total Financial Assets	10,917,057	17,640,045	77,895,698	14,463,069	4,100,134	178,893	(165,286)	2,255,036	1,491,035	(571,764)	174,705	99,559,521
Liabilities												
Accounts payable	(15,381,354)	(15,776,139)	(15,776,139)	-	-	-	-	-	-	-	-	(15,776,139)
Other financial liabilities	(19,885,856)	(15,766,399)	(15,326,599)	(926,345)	(362,181)	(129,009)	(49,200)	(855,942)	(1,243,466)	(41,354)	(2,464)	(18,868,599)
Total Financial Liabilities	(35,267,210)	(31,542,538)	(31,102,738)	(926,345)	(362,181)	(129,009)	(49,200)	(855,942)	(1,243,466)	(41,354)	(2,464)	(34,644,738)
Total Financial Liabilities	(32,440,990)	(29,868,412)	(31,160,150)	(926,345)	(362,181)	(129,009)	(49,200)	(855,942)	(1,243,466)	(41,354)	(2,464)	(34,770,111)
Balance Sheet net amount	(21,523,933)	(12,228,367)	46,473,549	13,536,724	3,737,953	49,884	(214,486)	1,399,094	247,569	(613,118)	172,241	64,789,410
Balance Sheet net amount	(21,523,933)	(12,228,367)	46,473,549	13,536,724	3,737,953	49,884	(214,486)	1,399,094	247,569	(613,118)	172,241	64,789,410

2.1.2 Interest rate risk

The cost 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) added of negotiated opportunity risk premiums. Hence, changes in interest rates can have an impact on the Company's earnings.

Where the Board considers appropriate, the Group relies on the use of derivative financial instruments, including interest rate swaps to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters.

The sub-group Portucel resorted to the use of interest rate swaps for approximately 32% of the debt, being the purpose of which to set the interest rate on the Group's borrowings within certain parameters.

Towards the end of 2005, the sub-group Secil opted to partially hedge interest rate risk by means of derivative instruments which fixed a maximum figure for the finance charges relating to long-term debt with phased repayment terms. The remaining borrowings were maintained at variable interest rate.

The sub-group ETSA and holding's kept all its debt allocated to a variable tax rate, although it is expected that the company resorts to the use of derivative financial instruments to manage the interest rate risk.

On 30 June 2009 and 31 December 2008, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturity or the next settlement date was as follows:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets as at 30 June 2009						
Non-current Assets						
Available for sale financial assets	-	-	-	990,568	-	990,568
Other non-current assets	-	-	-	-	-	-
Current Assets						
Cash and Cash Equivalents	126,049,157	10,279,070	-	-	-	136,328,227
Total Financial Assets	126,049,157	10,279,070	-	990,568	-	137,318,795
Liabilities as at 30 June 2009						
Non-current Liabilities						
Interest bearing liabilities	-	-	-	512,373,791	414,142,250	926,516,041
Other liabilities	-	-	-	-	-	-
Current Liabilities						
Interest bearing liabilities	6,780,316	2,135,115	395,099,891	-	-	404,015,322
Total Financial Liabilities	6,780,316	2,135,115	395,099,891	512,373,791	414,142,250	1,330,531,363
Net Amount	119,268,841	8,143,955	(395,099,891)	(511,383,223)	(414,142,250)	(1,193,212,568)

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets as at 31 December 2008						
Non-current Assets						
Available for sale financial assets	-	-	-	877,174	-	877,174
Other non-current assets	-	-	-	1,365,582	-	1,365,582
Current Assets						
Cash and Cash Equivalents	205,172,630	-	-	-	-	205,172,630
Total Financial Assets	205,172,630	-	-	2,242,756	-	207,415,386
Liabilities as at 31 December 2008						
Non-current Liabilities						
Interest bearing liabilities	-	2,408,885	18,957,272	520,858,118	284,892,008	1,227,116,283
Other liabilities	-	-	-	18,834,060	-	18,834,060
Current Liabilities						
Interest bearing liabilities	14,475,513	13,848,899	26,707,620	-	-	55,032,032
Total Financial Liabilities	14,475,513	16,257,784	54,664,892	539,692,178	284,892,008	1,309,982,375
Net Amount	190,697,117	(16,257,784)	(54,664,892)	(537,449,422)	(284,892,008)	(1,102,566,989)

2.1.3 Credit risk

The deterioration in global economic conditions or adverse situations which only affect economies at the local level could give rise to situations in which customers are unable to meet their commitments stemming from the sales of products. Credit insurance has been one of the instruments adopted by the Semapa Group to mitigate the negative impact of this type of risk.

Sales that are not covered by credit insurance are subject to rules which ensure that sales are made to customers with a satisfactory credit history and or are total or partially covered by bank guarantees, or if partially is not covered, are within reasonable exposure limits.

As of 30 June 2009 and 31 December 2008, the accounts receivable from customers showed the following ageing structure, considering the due dates for the opening balances:

Amounts in Euro	30-06-2009	31-12-2008
Current	180,086,058	166,234,942
1 to 90 days	26,973,582	40,724,751
91 to 180 days	3,643,551	6,575,106
181 to 360 days	4,533,089	4,453,132
361 to 540 days	817,795	2,332,528
541 to 720 days	851,835	345,470
more than 721 days	4,923,617	4,760,419
	221,829,527	225,426,348
Litigation - Doubtful accounts	4,953,139	4,839,232
Impairments	(12,161,486)	(11,614,149)
Net Trade Debtors (note 21)	214,621,180	218,651,431

The presented amounts correspond to the open items by the contracted due dates. Despite some delays in the liquidation of those amounts, that does not result, in accordance with our information, in the identification of impairments further than the ones considered through the respective losses.

These are identified using the information periodically collected about the financial behaviour of the Group clients, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the occurred credit defaults, in the share not imputable to the insurance company, to define the amount of losses to recognise in the period. The existing guarantees for a significant part of the open and old balances, justify the fact that no impairment has been recorded related to those amounts.

The table below represents the quality of the Group's credit risk, as of 30 June 2009 and 31 December 2008, for financial assets (cash and cash equivalents), whose counterparts are financial institutions:

Amounts in Euro	30-06-2009	31-12-2008
AA	-	2,892,568
A	104,318,444	185,110,391
Others	32,009,783	17,169,671
	136,328,227	205,172,630

Others concern the financial institutions with which there are transactions of reduced relevance, relatively to which it was not possible to obtain the ratings with reference to the presented dates.

The next table shows an analysis of the quality of credit of the accounts receivable from customers relatively to which, taking in consideration the information that is available for the Group, was not considered as being in default or impaired.

Amounts in Euro	30-06-2009		31-12-2008	
	Gross Amount	Fair Value Warranties	Gross Amount	Fair Value Warranties
Accounts Receivable overdue not impaired				
Overdue - Less than 3 months	26,934,190	14,898,269	38,858,568	23,419,855
Overdue - More than 3 months	7,514,632	357,594	12,980,740	3,761,552
	34,448,822	15,255,863	51,839,308	27,181,407
Accounts Receivable overdue impaired				
Current	86,643	-	430,712	-
Overdue - Less than 3 months	39,392	-	858,289	-
Overdue - More than 3 months	12,035,451	-	10,325,148	-
	12,161,486	-	11,614,149	-

It should be noted that, in accordance with the above-mentioned, the Group adopted a policy of credit insurance for all accounts receivable from clients. The decrease of coverage by insurers has led to a worsening of credit risk. The Group has also the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and within acceptable levels.

The maximum exposure to the credit risk in the balance sheet as at 30 June 2009 and 31 December 2008, is detailed in the following schedule:

Amounts in Euro	30-06-2009	31-12-2008
Non-current		
Available for sale financial assets	990,568	877,174
Other non-current assets	2,024,775	1,365,582
Current		
Receivables and other current assets	247,889,829	276,176,825
Cash and cash equivalents	136,328,227	205,172,630
Off Balance Sheet credit exposure		
Warranties (Note 39)	42,486,376	26,575,555

2.1.4 Liquidity risk

The Group manages liquidity risk in two ways: ensuring that its interest-bearing debt has a large medium and long-term component with maturities in harmony with the characteristics of the industry in which it operates, and having access to credit facilities available at any moment.

In addition, the Group has obtained credit facilities from financial institutions that are readily available and in amounts always exceeding actual needs.

Amounts in Euro	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing liabilities as of 30 June 2009						
Bond Loan	-	4,140,000	322,236,902	444,295,495	265,938,774	1,036,611,171
Commercial Paper	186,728	204,244	594,982	19,066,337	21,631,438	41,683,729
Bank Loans	7,568,930	2,557,961	139,531,206	217,729,300	29,207,794	396,595,191
Financial lease payables	111,293	222,533	756,213	2,060,004	-	3,150,044
Total liabilities	7,866,952	7,124,739	463,119,304	683,151,135	316,778,006	1,478,040,135
Interest bearing liabilities as of 31 December 2008						
Bond Loan	-	9,496,467	37,044,474	788,073,393	278,137,760	1,112,752,094
Commercial Paper	2,080,298	-	4,617,248	67,708,122	43,908,300	118,313,967
Bank Loans	15,502,763	12,305,566	56,713,593	228,762,386	1,121,142	314,405,450
Financial lease payables	101,042	202,084	983,936	1,716,702	-	3,003,763
Total liabilities	17,684,102	22,004,116	99,359,252	1,086,260,603	323,167,202	1,548,475,275

2.1.5 Carbon emission allowances risk

The Group promotes an active management of its portfolio of emission allowances which were attributed in phase 2 of the EU-ETS. Due to the growing usage of alternative fuels, the Group has and predicts to maintain excess emission allowances, which have continuously been sold in the market, thus eliminating price risk.

2.2 Operational risk factors

2.2.1 Supply of raw material

For the sub-group Portucel Soporcel, the supply of wood, namely eucalyptus, is subject to price fluctuations and difficulties encountered 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 and pine is subject to the authorization of the relevant entities, so that increases in forest areas, or the substitution of some of the present areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the quickness of the responsible authorities. If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on the importation of wood.

Furthermore, and considering the unprecedented National Value Added in the Portuguese Economy, direct and indirect, of the forest and paper area, as well the export amounts and the employee volume and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group made the Government and the public opinion aware that is necessary to guarantee that, whilst the internal production of this type of wood material does not increase significantly on an economically viable basis, its use as biomass for energy purposes should not overcome the requirements for goods production purposes.

Regarding the sub-group Secil, the main raw materials in the manufacturing process of cement are limestone and clay or marl, which extraction is carried out in its own quarries, located within the factory, with the reservation that ensure Secil sustained operation in the coming years.

The supply of raw materials for the sub-group ETSA is subject to the availability of dead animals and food industry waste, particularly in slaughterhouses.

Although this market is relatively resilient to the deterioration of the economic situation, a change in consumption habits and ease of substitution between foods may limit the activity of this sub-group.

2.2.2 Market Price

For the sub-group Portucel Soporcel, the market prices of BEKP and UWF paper are settled in the world global market in perfect competition and have a significant impact on the Group's revenues and on its profitability. Cyclical fluctuations in BEKP and in UWF Paper prices

mainly arise from changes in the world supply and demand, the financial situation of each one of the market players (producers, traders, distributors, clients, etc.) worldwide, creating imbalances in supply in the face of market demand raising market volatility.

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

The sub-group Secil turnover is dependent on the level of activity in the construction sector in each one of the geographic markets in which it operates. The construction sector tends to be cyclical, in particular in mature economies, and depends on the level of residential and commercial construction, as well as on the level of investments in infrastructures. Unlike the specifications exposed in the privatization process of the Tunisian market, the price of cement is not liberalized and subject to the govern regulation.

The sub-group ETSA's business is exposed to volatility in prices of soft commodities on international markets (cereals and cereal products), since these are substitute products to those transacted by ETSA.

The correlation between some ETSA's selling prices and movements in prices of soft commodities on international markets is an additional risk factor for the activity.

2.2.3 Demand for products of the Group

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

Secil's turnover is dependent on the level of activity in the construction sector in each one of the geographic markets in which it operates. The construction sector tends to be cyclical, in particular in mature economies, and depends on the level of residential and commercial construction, as well as on the level of investments in infrastructures.

The construction sector is sensitive to factors such as interest rates; therefore a downturn in economic activity in any specific economy may lead to a recession in the building industry.

Despite the company considering that its geographical diversification is the best way to stabilise earnings, its business, financial situation and operating profit can be negatively affected by a downswing in the construction sector in any of the significant markets in which it operates.

In the mature markets, the demand for cement and other building materials tends to be highly constant throughout the year although cases of heavy rain or snow have a negative effect on activity. The demand for Secil products is in general aligned with this behavioural pattern.

A decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, petfood and biodiesel can have a significant impact on the turnover of the sub-group ETSA.

2.2.4 Competition

The increase competition in markets where it operates can have a significant impact on prices and hence on the Group's profitability.

The paper markets are highly competitive, so that, in the present situation, the coming on stream of new capacity could have a strong influence on world market prices. These factors have encouraged the Group to follow the defined marketing and branding strategy and to invest in relevant capital expenditures to increase the quality of goods sold. The main factor of threat for the competitiveness of the eucalyptus forest sector is the low productivity of the Portuguese forest and in the worldwide search of certified products, as only a small part of the forest is certified, being predictable that this competitive pressure will be held in the future

The sub-group Secil develops its activity in a strong competitive environment. In the Portuguese market, and in the current context, any excess capacity of national operators together with imports from the Spanish market, which is in sharp decline, may affect the performance of the Sub-group in this segment.

The sub-group ETSA develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that have business as the production of substitutes for these products, as are industries such as the production of cereals and edible oils. In this framework, any increase or decrease in competition will be reflected in the levels of profitability of the Sub-Group.

2.2.5 Environmental legislation

In recent years, community and national legislation has been more demanding with regard to waste control.

The Semapa Group complies with legislation currently in force, having for this reason made very substantial investments in the past few years. Although no significant changes to current legislation are envisaged in the near future, the possibility exists that Secil may need to realise additional investments in this area, in such a manner as to comply with any new limits that may eventually be approved.

2.2.6 Energy costs

A significant portion of the Semapa Group's costs is dependent on energy costs. Energy is a cost factor with a substantial weight on the business carried on by Semapa and its affiliates.

The company protects itself to a certain degree against the risk of a rise in energy prices by virtue of the fact that some of its factories are able to use alternative

fuels and can resort to long-term electric-power supply contracts for certain of their energy requirements.

Notwithstanding those measures, significant fluctuations in electricity and fuel costs can have a negative impact on the Semapa Group's business, financial situation and operating profit.

2.2.7 Context costs

The lack of efficiency in the Portuguese economy, which exercises a negative effect on the Group's ability to compete, continues to require special attention, particularly, but not exclusively, in the following areas:

- i) Ports and railroads;
- ii) Roads particularly those providing access to the Group's plants;
- iii) Rules relating to territory and forest fires;
- iv) Low productivity of the country's forests;

3. Important accounting estimates and judgements

The preparation of consolidated financial statements requires that Group management make judgments and estimates related to revenues, costs, assets, liabilities and disclosures at balance sheet date.

These estimates are influenced by the judgments of Group management, based on: (i) the best information and knowledge of present events and in certain cases on the reports of independent experts and (ii) the actions which the company considers it may have to take in the future. However, on the date on which the operations are realised, the outcome could be materially different from those estimates.

The estimates and assumptions which present a significant risk of a material adjustment to the book value of assets and liabilities in future periods are presented below:

3.1 Impairment of Goodwill

The Group carries out an annual review of goodwill in order to ascertain whether goodwill has been impaired, in accordance with the accounting policy described in Note 1.10. The recoverable amounts of the cash-flow generating units are determined based on the basis of the calculation of their value-in-use. These calculations require the use of estimates.

3.2 Corporate income tax

The Group recognises liabilities for additional tax assessments resulting from inspections undertaken by the tax authorities.

When the final outcome of such situations is different from those initially recorded, the differences will impact income tax and deferred taxes in the periods in which such differences are identified.

3.3 Actuarial assumptions

Liabilities relating to defined-benefit plans are calculated based on certain actuarial assumptions. Changes to those assumptions could have a material impact on those liabilities.

3.4 Fair value of biological assets

In determining the fair value of biological assets the Group used the discounted cash flows method considering account assumptions about the nature of the assets being valued (Note 1.11). Changes in these assumptions may have an impact on those assets.

As of 30 June 2009, an increase of 0.5% on the discount rate, 5.5%, would depreciate those assets by € 4,776,348.

3.5 Recognition of provisions and adjustments

The Group is part in several lawsuits underway, for which, based in the opinion of its lawyers, a judgment is made to determine the booking of a provision for these contingencies.

The impairment in accounts receivable are calculated essentially based on the accounts receivable ageing, the risk profile of the clients and their financial situation.

4. Segment Information

Segmental information is presented for identified business segments, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. Revenues, assets and liabilities per segment correspond to those directly attributed to each segment, as well as to those that can be reasonably attributed thereto.

Financial information by business segment for the period ended 30 June 2009 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
Revenue	537.504.453	149.333.690	12.953.467	289.762	700.081.372
Operational results	51.594.084	25.322.681	2.556.235	(7.562.447)	71.910.553
Net financial cost	(8.212.195)	(1.774.115)	(255.346)	(12.034.601)	(22.276.257)
Profit in associated companies	-	391.638	-	-	391.638
Income tax expense	(5.453.067)	(5.529.344)	(660.685)	(5.063)	(11.648.159)
Ordinary activities results	37.928.822	18.410.860	1.640.204	(19.602.111)	38.377.775
Minority interests	(8.730.858)	(3.744.673)	(82.926)	-	(12.558.457)
Net profit for the year	29.197.964	14.666.187	1.557.278	(19.602.111)	25.819.318
OTHER INFORMATIONS					
Segment assets	2.517.995.363	491.935.524	26.700.642	282.086.169	3.318.717.698
Investments in associated companies	130.074	2.089.841	-	-	2.219.915
Total segmental liabilities	1.390.542.007	229.698.827	20.048.627	572.625.292	2.212.914.753
Amortization and impairment losses	56.624.860	11.102.576	834.258	68.479	68.630.173
Net provisions	(9.134.043)	166.290	200.000	(818.217)	(9.585.970)

Financial information by business segment for the period ended 30 June 2008 is analysed as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
Revenue	594.496.231	151.555.708	-	85.213	746.137.152
Operational results	94.785.533	30.909.322	-	(6.167.013)	119.527.842
Net financial cost	(10.663.849)	(3.448.748)	-	(13.946.208)	(28.058.805)
Profit in associated companies	-	413.824	-	-	413.824
Income tax expense	(17.368.745)	(7.153.417)	-	6.093.424	(18.428.738)
Ordinary activities results	66.752.939	20.720.981	-	(14.019.797)	73.454.123
Minority interests	(16.138.051)	(1.569.976)	-	-	(17.708.027)
Net profit for the year	50.614.888	19.151.005	-	(14.019.797)	55.746.096
OTHER INFORMATIONS					
Segment assets	2.522.643.826	506.517.010	-	234.714.779	3.263.875.615
Investments in associated companies	130.074	2.172.672	-	-	2.302.746
Total segmental liabilities	1.379.955.763	254.250.282	-	567.707.516	2.201.913.561
Amortization and impairment losses	55.255.647	10.307.621	-	73.458	65.636.726
Net provisions	19.170	(205.542)	-	163.616	(22.756)

5. Other operating income

As of 30 June 2009 and 2008, other operating costs comprised the following:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Impairment reversal (Note 16 and 22)	6,259,193	209,219
Supplementary income	1,697,148	2,730,369
Gains on inventories	330,510	250,168
Gains on disposals of non-current assets	3,689,207	6,613,155
Gains on disposals of current assets	5,806	87,037
Grants - CO2 Emission licences	8,617,903	17,669,451
Government grants	1,133,378	98,997
Other operating income	4,761,162	4,054,797
	26,494,307	31,713,193

Supplementary income mainly includes electricity, water and other forest products sold to other companies around the manufacturing facilities of the Company.

The amount highlighted in section Grants – Carbon emissions allowances is the recognition of the grant, originated in the allocation of free allowances (Note 1.6.1), in the proportion of year emissions (Note 6).

Gains on disposal of non-current assets

As of 30 June 2009 and 2008, *Gains on disposal of non-current assets* comprised the following:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Property, plant and equipment	95,021	137,127
Available-for-sale assets	-	-
Disposal of emission allowance	2,905,782	3,543,096
Other non-current assets	688,404	2,932,932
	3,689,207	6,613,155

The caption “Other non-current assets” complies a positive price adjustment related to Secil share capital disposal to Béton Catalán, SL (CRH Group), occurred in 2004, as a result of success completion of some tax disputes.

6. Costs

As of 30 June 2009 and 2008, costs comprised the following:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Cost of sales and service rendered		
Cost of sales	(288,860,203)	(288,023,513)
Third party supplies	(188,372,515)	(188,407,500)
Movement in finished goods and work in progress	(23,206,602)	(1,844,669)
Personnel costs		
Board of directors (Note 7)	(10,393,954)	(12,546,666)
Other remunerations	(50,595,422)	(52,765,224)
Pension costs	(5,869,233)	(5,688,580)
Other payroll costs	(13,325,142)	(19,567,923)
	(80,183,751)	(90,568,393)
Other costs and losses		
Recovery of costs related to capital expenditure	69,615	167,029
Quotations	(666,710)	(441,829)
Donations	(247,787)	(490,651)
Emission allowance costs	(8,617,903)	(17,669,451)
Inventories and other receivables impairment	(1,928,972)	(459,676)
Losses on inventories	(237,881)	(239,721)
Indirect taxes	(569,884)	(2,080,266)
Losses on disposal of non-current assets	(494,006)	(28,888)
Other operating costs	(3,118,817)	(3,797,069)
	(15,812,345)	(25,040,522)
Net provisions (Note 30)	9,585,970	22,756
Total costs	(586,849,446)	(593,861,841)

7. Remuneration of members of Statutory bodies

As of 30 June 2009 and 2008 the remuneration of members of the Statutory bodies were as follows:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Board of directors		
Semapa SGPS, S.A.	2,790,245	4,409,397
Members of Semapa board in other companies	2,259,967	2,202,536
Corporate bodies from other group companies	5,343,742	5,934,733
	10,393,954	12,546,666

Additionally, Semapa’s Board of Directors benefits from a pension plan as described in Note 29.

8. Depreciation, amortization and impairment losses

As of 30 June 2009 and 2008 depreciation, amortization and impairment losses were as following:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Property, plant and equipment depreciation		
Land	(756,810)	(499,728)
Buildings	(11,406,976)	(11,548,231)
Other tangible assets	<u>(56,234,177)</u>	<u>(53,356,557)</u>
	(68,397,963)	(65,404,516)
Intangible assets depreciation		
Industrial property and other rights	<u>(232,210)</u>	<u>(232,210)</u>
	(232,210)	(232,210)
	(68,630,173)	(65,636,726)

Depreciations are net of recognized government grants.

9. Group share of associated profits

During the periods ended 30 June 2009 and 2008 the Group presented the following shares in associates’ profits:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Sub-group Secil		
Chryso - Aditivos de Portugal, S.A.	(6,373)	(3,130)
Setefrete, SGPS, S.A.	393,512	421,807
J.M. Henriques, Lda.	4,499	(4,853)
	391,638	413,824

The company does not recognise deferred taxation on these amounts, as it applies article 46 of the Portuguese Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas).

10. Net financial results

On 30 June 2009 and 2008 net financial results where detailed as follows:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Interest paid on loans from shareholders	(101,745)	(212,762)
Interest paid on other loans	(30,946,146)	(37,364,214)
Other interest earned	2,937,978	10,119,459
Gains on financial investments	866,316	34,439
Gains / (losses) on fair value financial assets valuation	(556,100)	-
Gains / (losses) on financial instruments - trading	(2,084,284)	(864,546)
Gains / (losses) on financial instruments - hedging	1,891,559	7,736,511
Accrued premium options	-	(1,578,000)
Gains / (losses) on Compensatory interest	5,353,475	(1,900,225)
Exchange fluctuations	1,887,475	(756,314)
Other financial expenses	(1,575,657)	(1,226,535)
Other financial income	10,560	(2,080,862)
	(22,276,257)	(28,058,805)

The amount stated in “Gains / (losses) on fair value financial assets valuation” refers to the devaluation in the listed securities held by the Group and classified as “Financial assets at fair value through profit or loss”, as described in note 20.

In 2008 the interest on deferred payments was related to additional tax assessments (related to income tax from 1998 to 2003), and tax contingencies in Portugal and foreign countries, being reversed in 2009 since they were not applicable.

The gains / (losses) on financial instruments comply the results from the instruments detailed in note 33.

11. Income Tax

The groups Semapa, Portucel and Secil are subject to special tax regime applicable to Groups of companies made up of those held as to 90% or more and which meet the conditions foreseen in article 63 and subsequent of the Portuguese Corporate Tax Code (Código do Imposto sobre o Rendimento de Pessoas Colectivas).

Companies included in the group of companies subject to this regime, determine and record income tax as though they were taxed on an individual basis. If gains are determined on the application of this regime, they are recorded as a deduction to the income tax of the holding.

In accordance with prevailing legislation, the gains and losses from Group companies and associates that arise from the application of the equity method are deducted or added, respectively, from or to the profit for the period when determining the taxable income for the period.

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

As of 30 June 2009 and 2008, income tax was made up as follows:

Amounts in Euro	1st Semester 2009	1st Semester 2008
Current tax	17,072,940	30,687,574
Provision for current tax (Note 25)	(5,092,682)	(20,454,461)
Deferred tax	(332,099)	8,195,625
	11,648,159	18,428,738

The reconciliation of the effective income tax rate for the periods ended 30 June 2009 and 2008 was as follows::

Amounts in Euro	30-06-2009	30-06-2008
Profit before tax	50,025,934	91,882,861
Expected income tax	13,256,873	24,348,958
Differences (a)	(2,597,741)	2,528,644
Recoverable tax losses carried forward	(91,344)	-
Non recoverable tax losses	4,463,175	1,346,632
Provisions Impairment and Reversals	-	-
Tax rate effect	4,143,632	14,300,000
Provision for current tax	(5,092,682)	(20,454,461)
Adjustments to taxable income	(2,433,754)	(3,641,035)
	11,648,159	18,428,738
Effective Tax rate	23.28%	20.06%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(170,453)	(413,824)
Capital gains / (losses) for tax purposes	96,161	(3,638,081)
Capital gains / (losses) for accounting purposes	(441,438)	(3,216,004)
Provisions not allowed for tax purposes	4,901,873	6,417,853
Tax benefits	(630,459)	(699,496)
Dividends received from non EU companies	4,267,647	3,210,569
Decrease in taxed provisions	(11,137,332)	(520,203)
Pension fund allocation	2,656,315	(256,343)
Others	(9,345,109)	8,657,582
	(9,802,795)	9,542,053
Tax Effect (26.50%)	(2,597,741)	2,528,644

As of 30 June 2009 the provision for current tax includes a decrease of €11,797,305 in liabilities resulting from the correction of the tax authorities made in the previous years, with a global value of €17,300,599, which was disregarding for tax effects the deduction of the fiscal incentives received by the company as of the construction of the second paper machine in Figueira da Foz plant in the period of 1998 through 2000. In February 2008, a favourable decision was given relatively to the claim made by Soporcel to this decision, so it was recognised in the period the cancellation of the liability related to this correction.

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 10 years period. In other countries where the group develops its activity the deadlines are different, usually higher.

The Board believes that any adjustments to those statements as a result of revisions / inspections by the tax authorities will have no significant effect on the consolidated financial statements at 30 June 2009, being certain that the exercises have already been reviewed by 2005 being analysed the years of 2006 and 2007, at Portucel, Soporcel and Secil.

12. Earnings per share

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

Amounts in Euro	1st Semester 2009	1st Semester 2008
Profit attributable to Semapa's shareholders	25,819,318	55,746,096
Weighted average number of ordinary shares in iss.	112,884,470	112,884,470
Basic earnings per share	0,229	0,494
Diluted earnings per share	0,229	0,494

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. and 2,720,000 treasury shares acquired by Semapa in July 2007.

13. Minority interests

As of 30 June 2009 and 2008 minority interests disclosed in the income statement were as follows:

Amounts in Euro	Equity	
	30-06-2009	31-12-2008
Portucel - Empresa de Pasta e Papel, SA	259,879,386	273,339,404
Raiz - Instituto de Investigação da Floresta e Papel	199,680	231,358
Grupo Secil Betões e Inertes	193,546	212,990
Société des Ciments de Gabès	649,596	703,405
Secil Martingança	162,124	155,414
Secil - Companhia de Cimento do Lobito, S.A.	4,277,103	3,859,237
Cimentos de Sibline, S.A.L.	20,642,678	20,898,063
Grupo Cimentos Madeira	2,810,320	2,882,475
ETSA - Empresa Transformadora de Subprodutos Animais, SA	1,333,276	-
Abapor	-	803
Others	806,997	657,344
	290,954,706	302,940,493

As of 30 June 2009 and 31 December 2008 minority interests disclosed in the balance sheet were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Portucel - Empresa de Pasta e Papel, SA	259,879,386	273,339,404
Raiz - Instituto de Investigação da Floresta e Papel	199,680	231,358
Grupo Secil Betões e Inertes	193,546	212,990
Société des Ciments de Gabès	649,596	703,405
Secil Martingança	162,124	155,414
Secil - Companhia de Cimento do Lobito, S.A.	4,277,103	3,859,237
Cimentos de Sibline, S.A.L.	20,642,678	20,898,063
Grupo Cimentos Madeira	2,810,320	2,882,475
ETSA - Empresa Transformadora de Subprodutos Animais, SA	1,333,276	-
Abapor	-	803
Transportes Carvajal	(14,364)	-
Others	821,361	657,344
	290,954,706	302,940,493

During the first semester of 2009 and 2008, the following movements in minority interests have occurred:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Total
Balance as of 1 January 2008	278,645,979	26,227,101	-	304,873,080
Change in consolidation perimeter	-	-	11,232	11,232
Acquisitions to minority interest	(23,273,803)	279,389	-	(22,994,414)
Dividends	(6,412,181)	(2,490,148)	-	(8,902,329)
Currency translation reserve	52,723	1,483,655	-	1,536,378
Financial instruments	(632,351)	-	-	(632,351)
Actuarial gains and losses	(1,821,840)	5,359	-	(1,816,481)
Other movements in equity	(43,210)	(4)	(129,357)	(172,571)
Net profit of the year	27,055,445	3,863,575	118,928	31,037,948
Balance as of 31 December 2008	273,570,762	29,368,927	803	302,940,492
Change in consolidation perimeter	-	-	1,655,159	1,655,159
Acquisitions to minority interest	(3,222,604)	-	-	(3,222,604)
Dividends	(18,248,232)	(2,908,243)	(420,000)	(21,576,475)
Currency translation reserve	(2,552)	(710,681)	-	(713,233)
Financial instruments	(795,539)	-	-	(795,539)
Actuarial gains and losses	(17,357)	5,754	-	(11,603)
Other movements in equity	63,730	56,299	23	120,052
Net profit of the year	8,730,858	3,744,673	82,926	12,558,457
Balance as of 30 June 2009	260,079,066	29,556,729	1,318,911	290,954,706

The change of perimeter occurred in the segment of Pulp and paper results from a group acquisition of an additional minority interests of 0,28% in subsidiary Portucel.

14. Application of preceding year's net profit

Amounts in Euro	Application of year's net profit	
	2008	2007
Dividends distribution	29,481,173	29,481,173
Other reserves	61,866,307	35,181,478
Retained earnings	15,000,000	57,287,910
Net profit for the year	106,347,480	121,950,561
Dividends per share	0.255	0.249

As of 30 June 2009 legal reserves are recorded at maximum amount, to which is added the share premiums reserve.

15. Goodwill

During the first six months of 2009 changes under the caption "Goodwill" was as follows:

Amounts in Euro	30-06-2009	31-12-2008
Net amount at the beginning of the year	330,370,980	285,675,118
Change in consolidation perimeter	(8,206,941)	46,146,634
Impairment losses	-	(1,570,228)
Acquisitions	-	78,403
Exchange differences	(810,598)	41,053
Ending Balance	321,353,441	330,370,980

Note: net of impairment losses (Note 22)

In accordance with IAS 36, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described on note 1.7.

As of 30 June 2009 and 31 December 2008 Goodwill was made up as follows:

Entity	Ano Aq.	30-06-2009	31-12-2008
Acquisitions made by Semapa and holdings			
Secil - Companhia Geral de Cal e Cimento, SA	1997	6,766,530	6,766,530
Cimentospar, SGPS, SA	2003	81,296,931	81,296,931
Portucel - Empresa Produtora de Pasta e Papel, SA	2004	135,565,059	135,565,059
ETSA - Empresa de Transformação de Subprodutos Aníma	2008	35,866,358	44,832,948
		259,494,878	268,461,468
Acquisitions made by Sub-group Secil (51%)			
CMP - Cimentos Maceira e Pataias, S.A.	1994	24,906,178	24,906,178
Société des Ciments de Gabès	2000	16,717,127	17,392,453
Grupo Secil Betões e Inertes	2000	6,796,621	6,796,621
Sud-Béton-Société de Fabrication de Béton du Sud	2001	993,715	1,028,410
Tecnosecil, S.A.R.L.	2005	858,043	871,423
IRP - Industria de Reboco de Portugal, S.A.	2005	1,611,226	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 Resi	2006	-	-
Cimentos Madeira, S.A.	2007	924,103	924,103
Minerbetão, S.A.	2007	476,507	476,507
Cimentos de Sibline, S.A.L.	2007	5,672,579	5,759,776
Teporset, S.A.	2008	78,403	78,403
Quimipetra	2009	694,850	-
Colegra	2009	11,464	-
		60,544,877	60,595,826
Acquisitions made by Sub-group ETSA			
Abapor - Comércio e Industria de Carnes, SA	2008	1,313,686	1,313,686
		1,313,686	1,313,686
		321,353,441	330,370,980

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	30 June 2009			
	Cement and derivatives	Pulp and Paper	Others	Total
Portugal	124,295,757	135,565,059	37,180,044	297,040,860
Tunisia	17,710,842	-	-	17,710,842
Lebanon	5,672,579	-	-	5,672,579
Angola	858,043	-	-	858,043
Cape Verde	71,117	-	-	71,117
	148,608,338	135,565,059	37,180,044	321,353,441

Amounts in Euro	31 December 2008			
	Cement and derivatives	Pulp and Paper	Others	Total
Portugal	123,536,108	135,565,059	46,146,634	305,247,801
Tunisia	18,420,863	-	-	18,420,863
Lebanon	5,759,776	-	-	5,759,776
Angola	871,423	-	-	871,423
Cape Verde	71,117	-	-	71,117
	148,659,287	135,565,059	46,146,634	330,370,980

Accordingly, every year the Group calculates the recoverable amount of assets (to which the goodwill recorded in the consolidated financial statements is associated), 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.

As a result of the calculations, no impairment losses have been identified, except related in note 8.

16. Other intangible assets

During the first 6 months of 2009 and 2008 changes under the intangible assets heading were as follows:

	Brands	Research and development	Industrial property and other rights	CO2 emission licenses	Assets in progress	Total
Amounts in Euro						
Acquisition costs						
Amount as of 1 January 2008	151,488,000	-	4,163,653	1,603,313	-	157,254,966
Acquisitions	-	-	-	48,589,553	-	48,589,553
Disposals	-	-	-	(13,197,537)	-	(13,197,537)
Adjustments, transfers and write-off's	-	-	(2,265,551)	(11,384,231)	-	(13,649,782)
Amount as of 31 December 2008	151,488,000	-	1,898,102	25,611,098	-	178,997,200
Changes of perimeter	-	-	-	-	-	-
Acquisitions	-	-	-	19,790,627	-	19,790,627
Disposals	-	-	-	(6,346,800)	-	(6,346,800)
Adjustments, transfers and write-off's	-	-	-	(17,857,530)	-	(17,857,530)
Ajustamento cambial	-	-	-	-	-	-
Amount as of 30 June 2009	151,488,000	-	1,898,102	21,197,395	-	174,583,497
Accumulated depreciation and impairment losses						
Amount as of 1 January 2008	-	-	(2,748,088)	(1,543,516)	-	(4,291,604)
Changes of perimeter	-	-	-	-	-	-
Amortizations and impairment losses	-	-	(466,245)	-	-	(466,245)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-off's	-	-	2,265,551	-	-	2,265,551
Ajustamento cambial	-	-	-	-	-	-
Amount as of 31 December 2008	-	-	(948,782)	(1,543,516)	-	(2,492,298)
Changes of perimeter	-	-	-	-	-	-
Amortizations and impairment losses	-	-	(232,210)	-	-	(232,210)
Disposals	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Ajustamento cambial	-	-	-	-	-	-
Amount as of 30 June 2009	-	-	(1,180,992)	(1,543,516)	-	(2,724,508)
Net book value as of 1 January 2008	151,488,000	-	1,415,565	59,797	-	152,963,362
Net book value as of 31 December 2008	151,488,000	-	949,320	24,067,582	-	176,504,902
Net book value as of 30 June 2009	151,488,000	-	717,110	19,653,879	-	171,858,989

The amount of Euro 151,488,000 under the caption Brands relates to the initial evaluation performed by a specialized 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 amortization as its useful life is undefined (Note 1.6).

The impairment of this intangible asset is tested annually. Assessment carried out by the Group in the first semester 2009 there was no impairment.

17. Property, plant and equipment

Over the periods ended 30 June 2009 and 2008, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and others tangibles	Assets in progress	Advances	Total
Acquisition Cost						
Amount as of 1 January 2008	173,229,808	634,454,548	3,400,848,839	49,068,314	1,238,026	4,258,839,535
Change of 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-off's	113,487	549,152	7,577,500	(7,733,235)	(43,275)	463,629
Exchange differences	(1,194,122)	(1,562,822)	(5,054,822)	(102,310)	(63,089)	(7,977,165)
Amount as of 30 June 2008	172,143,725	633,629,251	3,404,902,253	152,209,421	2,076,142	4,364,960,792
Change of perimeter	3,512,640	10,299,374	23,617,543	(44,664)	-	37,384,893
Acquisitions	2,950,340	387,559	12,655,601	144,176,734	556,631	160,726,865
Disposals	(59,241)	(250,766)	(4,656,560)	-	84,720	(4,881,847)
Adjustments, transfers and write-off's	(107,567)	990,533	8,922,646	(10,483,886)	(597,623)	(1,275,897)
Exchange differences	1,090,386	2,417,535	7,100,611	220,203	148,315	10,977,050
Amount as of 31 December 2008	179,530,283	647,473,486	3,452,542,094	286,077,808	2,268,185	4,567,891,856
Change of perimeter	3,060,000	64,229	1,848,399	-	-	4,972,628
Acquisitions	979,799	265,434	11,661,610	261,205,014	338,787	274,450,644
Disposals	-	(99,771)	(3,170,021)	-	-	(3,269,792)
Adjustments, transfers and write-off's	224,482	2,058,088	7,490,154	(9,877,417)	(143,142)	(247,835)
Exchange differences	(1,181,846)	(796,727)	(3,227,715)	(111,906)	(38,784)	(5,356,978)
Amount as of 30 June 2009	182,612,718	648,964,739	3,467,144,521	537,293,499	2,425,046	4,838,440,524
Accumulated depreciations and impairment losses						
Amount as of 1 January 2008	(13,758,122)	(367,414,990)	(2,256,172,404)	-	-	(2,637,345,516)
Change of perimeter	-	-	-	-	-	-
Depreciations and impairment losses	(499,728)	(11,548,231)	(59,600,802)	-	-	(71,648,761)
Disposals	-	6,702	2,464,921	-	-	2,471,623
Adjustments, transfers and write-off's	184,191	238,390	757,527	-	-	1,180,108
Exchange differences	167,215	617,250	2,428,184	-	-	3,212,649
Amount as of 30 June 2008	(13,906,444)	(378,100,879)	(2,310,122,574)	-	-	(2,702,129,897)
Change of perimeter	-	(4,091,113)	(18,064,661)	-	-	(22,155,774)
Depreciations and impairment losses	(410,873)	(10,681,986)	(49,543,798)	-	-	(60,636,657)
Disposals	2,984	32,617	4,443,717	-	-	4,479,318
Adjustments, transfers and write-off's	151,911	(647,772)	(7,114,828)	-	-	(7,610,689)
Exchange differences	(118,580)	(949,238)	(3,194,110)	-	-	(4,261,928)
Amount as of 31 December 2008	(14,281,002)	(394,438,371)	(2,383,596,254)	-	-	(2,792,315,627)
Change of perimeter	(111,285)	(40,836)	(1,416,255)	-	-	(1,568,376)
Depreciations and impairment losses	(525,523)	(11,010,619)	(59,427,389)	-	-	(70,963,531)
Disposals	-	90,816	3,051,787	-	-	3,142,603
Adjustments, transfers and write-off's	-	12,073	(62,536)	-	-	(50,463)
Exchange differences	207,225	376,777	1,653,003	-	-	2,237,005
Amount as of 30 June 2009	(14,710,585)	(405,010,160)	(2,439,797,644)	-	-	(2,859,518,389)
Net book value as of 1 January 2008	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 30 June 2008	158,237,281	255,528,372	1,094,779,679	152,209,421	2,076,142	1,662,830,895
Net book value as of 31 December 2008	165,249,281	253,035,115	1,068,945,840	286,077,808	2,268,185	1,775,576,229
Net book value as of 30 June 2009	167,902,133	243,954,579	1,027,346,877	537,293,499	2,425,046	1,978,922,135

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 €44,003,950, from which the respective accumulated depreciation of €27,135,769 (31 December 2008: €26,402,370), was deducted as of 30 June 2009. As of 30 June 2009, the net book value of these equipments was €16,868,181 (31 December 2008: €17,601,580).

As of 30 June 2009 the Construction in progress included €184,180,380 (2008: €112,945,861), related to advance payments of Property Plant and Equipment, obtained under the scope of the investments projects being developed by the Group. These amounts are fully guaranteed by bank guarantees on the first request, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policy for the credit risk mitigation.

18. Biological assets

Over the periods ended 30 June 2009 and 2008, changes in biological assets were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Amount as of 1 January	122,827,050	122,924,753
Changes in fair value		
Logging in the period	(7,721,140)	(16,011,898)
Growth	5,707,432	13,697,838
New plantations	1,225,966	1,509,033
Other changes in fair value	1,602,235	707,324
Total changes in fair value	814,493	(97,703)
	123,641,543	122,827,050

The amounts shown 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.

During the period ended 30 June 2009, it was logged of the forests under arrest or explored by the Group around 262,000 m3 (31 December 2008: around 847,000 m3) of wood for incorporation in the production of BEKP.

19. Investment in associates

On 30 June 2009 and 2008, this heading was detailed as follows:

Amounts in Euro	30-06-2009	31-12-2008
Opening balance	1,828,322	3,559,110
Change of consolidation perimeter	-	(27,900)
Change of consolidation method	-	(1,680,227)
Apropriated net profit	391,638	432,989
Dividends received	-	(435,094)
Exchange differences	(45)	(24)
Other movements	-	(20,532)
	2,219,915	1,828,322

Total investment in associates includes an amount of €1,136,153 for the goodwill established in the acquisition of a stake in Setefrete, SGPS, SA.

As of 30 June 2009 and 31 December 2008 investments in associated companies in the balance sheet, including goodwill, were as follows:

Associated Companies	% Held	30-06-2009	31-12-2008
Secil - Energia, Lda.	100.00%	28,185	28,185
Chryso - Aditivos de Portugal, S.A.	40.00%	9,393	15,766
Setefrete, SGPS, S.A.	25.00%	1,848,712	1,455,200
MC - Materiaux de Construction	49.36%	1,354	1,400
J.M. Henriques, Lda.	100.00%	202,197	197,697
Soporgen	8.00%	4,000	4,000
Liaison Technologie	1.52%	126,074	126,074
		2,219,915	1,828,322

20. Financial assets at fair value through profit or loss

Over the periods ended 30 June 2009 and 31 December 2008, changes were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Opening balance	13,400,586	-
Acquisitions	-	15,774,360
Disposals	-	-
Changes in fair value	(252,910)	(2,373,774)
Fair value at year end	13,147,676	13,400,586

As of 30 June 2009, "Financial assets at fair value through profit or loss" were made up as follows

	Nº of Shares	Fair Value
Banco Comercial Português, SA	6,135,000	4,441,740
EDP - Energias de Portugal, SA	3,116,071	8,703,186
Sociedade Lusa de Negócios	1,000	2,750
	9,252,071	13,147,676

21. Available-for-sale financial assets

Over the periods ended 30 June 2009 and 31 December 2008, changes were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Fair value at the beginning of the year	877,174	1,427,137
Changes of consolidation method	-	-
Acquisitions	115,945	-
Disposals	-	-
Exchange fluctuation	(4,733)	16,835
Changes in fair value	2,182	(566,798)
Fair value at year end	990,568	877,174

As of 30 June 2009 and 31 December 2008, available-for-sale financial assets were made up as follows:

Amounts in Euro	30-06-2009	31-12-2008
Angolan government bonds	303,514	308,247
Banco Espírito Santo, SA shares	432,864	323,201
Others	254,190	245,726
	990,568	877,174

22. Impairments in non-current and current assets

During the first semester 2009 and the year 2008 changes in non-current assets impairments were as follows:

Amounts in Euro	Goodwill*	Intangible Assets	Tangible Assets	Investments Assoc. Comp.	Total
Amount as of 1 January 2008	8,835,624	-	7,632,093	9,268	16,476,985
Change of consolidation method	-	-	-	-	-
Change of consolidation perimeter	-	-	-	-	-
Exchange differences	(126,398)	-	-	-	(126,398)
Increases	1,570,228	-	-	-	1,570,228
Reversals	-	-	-	(966)	(966)
Direct Utilizations	-	-	-	-	-
Transfers	-	-	-	-	-
Amount as of 31 December 2008	10,279,454	-	7,632,093	8,302	17,919,849
Change of consolidation perimeter	-	-	-	-	-
Exchange differences	(250,415)	-	-	-	(250,415)
Increases (Note 8)	-	-	-	-	-
Reversals (Note 5 and 16)	-	-	(150,000)	-	(150,000)
Direct utilizations	-	-	-	-	-
Transfers	-	-	-	-	-
Amount as of 30 June 2009	10,029,039	-	7,482,093	8,302	17,519,434

* Goodwill impairment due to affiliates and associated companies

During first semester 2009 and the year 2008 changes in current assets impairments were as follows:

Amounts in Euro	Inventories	Accounts receivable	Receivables Assoc. Comp.	Other Receivables	Total
Amount as of 1 January 2008	3,344,178	14,734,582	1,244,431	3,673,522	22,996,713
Change of consolidation method	-	-	-	-	181,081
Change of consolidation perimeter	3,564	177,517	-	-	62,784
Exchange differences	50,191	11,991	-	602	-
Increases	5,620,381	2,558,344	48,388	165,596	8,392,709
Reversals	(375,279)	(641,061)	-	(1,643)	(1,017,983)
Direct Utilizations	-	(4,518,297)	-	(128,389)	(4,646,686)
Transfers	164,078	-	-	840,574	1,004,652
Amount as of 31 December 2008	8,807,113	12,323,076	1,292,819	4,550,262	26,973,270
Change of consolidation perimeter	-	6,076	-	-	6,076
Exchange differences	(37,202)	(54,470)	-	(44,670)	(116,342)
Increases (Note 6)	93,231	354,776	18,832	1,462,133	1,928,972
Reversals (Note 5)	(5,563,559)	(346,108)	-	(199,526)	(6,109,193)
Direct utilizations	-	(141,865)	-	(23,914)	(165,779)
Transfers	-	-	-	(765,304)	(765,304)
Amount as of 30 June 2009	3,299,583	12,161,485	1,311,651	4,978,981	21,751,700

23. Inventories

As of 30 June 2009 and 31 December 2008, inventory comprised the following:

Amounts in Euro	30-06-2009	31-12-2008
Raw materials	168,331,128	185,464,040
Work in progress	12,985,277	12,975,171
Byproducts and waste	1,076,917	926,906
Finished and intermediate products	49,878,079	78,485,909
Merchandise	5,404,469	10,199,557
Advance to inventories' suppliers	2,110,961	918,608
	239,786,831	288,970,191

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

24. Receivables and other current assets

As of 30 June 2009 and 31 December 2008, the caption Receivables and other current assets showed the following breakdown:

Amounts in Euro	30-06-2009	31-12-2008
Accounts receivable	214,599,852	218,651,431
Accounts receivable-associated companies (Note 34)	21,328	7,610
Financial instruments derivatives (Note 33)	8,461,941	11,332,679
Other receivables	16,741,382	40,591,924
Accrued income	911,074	2,210,375
Deferred costs	7,154,252	3,382,806
	247,889,829	276,176,825

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

As of 30 June 2009 and 31 December 2008, other receivables presented the following composition::

Amounts in Euro	30-06-2009	31-12-2008
Shareholders and Associated Companies		
Group Companies (Note 34)	-	-
Associated companies (Note 34)	540,219	1,174,455
	540,219	1,174,455
Other receivables		
Advances to suppliers	696,274	689,317
IAPMEI grants	-	182,316
AICEP - Financial incentives to receive	9,831,244	15,840,784
EDP	195,761	726,730
IMT	334,648	320,648
Others	5,143,235	21,657,674
	16,201,162	39,417,469
	16,741,381	40,591,924

As of 30 June 2009 and 31 December 2008, Accrued income and Deferred costs, were analysed as follows:

Amounts in Euro	30-06-2009	31-12-2008
Accrued income		
Interest receivable	104,162	1,241,416
Discounts in acquisitions	122,634	114,766
Grants	-	352,069
Compensations	-	-
Others	684,278	502,124
	911,074	2,210,375
Deferred costs		
Major repairs	271,965	175,009
Insurance	4,294,461	43,526
Rents and leases	409,385	210,649
Others	2,178,441	2,953,622
	7,154,252	3,382,806
	8,065,326	5,593,181

25. State and other public entities

As of 30 June 2009 and 31 December 2008, there were no overdue debts to the State and other public entities.

Corporate income tax showed the following breakdown:

Current assets

Amounts in Euro	30-06-2009	31-12-2008
State and other public entities		
Corporate Income Tax-IRC	10,100,431	8,788,212
Individual Income Tax-IRS	-	270
Value added tax	11,656,955	9,768,447
Value added tax - refunds requested	31,403,441	36,905,939
Other	213,081	-
	53,558,257	55,462,868

As of 30 June 2009, the outstanding VAT refunds requested comprised the following, by month and company:

Valores em Euros	Fev/2009	Mar/2009	Abr/2009	Mai/2009	Jun/2009	Total
Eneptubo	729,993	802,215	816,579	740,147	782,038	3,870,972
Portugal	2,022,071	2,443,852	2,992,829	2,227,901	3,556,757	13,243,410
Soporal	-	-	-	2,706,155	3,092,872	5,799,027
About The Future	-	-	6,292,458	-	926,163	7,218,621
SPGG	-	-	-	-	739,798	739,798
PortugalSoporal Construção de Energia	-	-	-	-	270,000	270,000
	2,752,064	3,246,067	10,101,865	6,600,366	8,441,486	31,141,827

Up to the present date it has been received €8,725,411 of these amounts.

Current liabilities

Amounts in Euro	30-06-2009	31-12-2008
State and other public entities		
Corporate Income Tax-IRC	15,500,610	4,870,060
Individual Income Tax-IRS	3,540,923	4,186,895
Value added tax	5,696,885	6,499,559
Social Security	4,400,363	2,822,725
Additional tax payment	37,013,127	41,579,148
Others	296,999	1,164,295
	66,448,907	61,122,682

As of 30 June 2009 and 31 December 2008, the caption "Corporate tax (IRC)" breakdown were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Year income tax	16,037,748	41,561,566
Exchange differences	(27,166)	26,528
Payments on account	(1,828)	(31,202,511)
Withholding tax	(1,335,504)	(4,621,368)
Prior years income tax	827,360	(894,155)
	15,500,610	4,870,060

26. Share capital and treasury shares

As of 30 June 2009, the share capital of Semapa was fully subscribed for and paid in, and represented by 118,332,445 shares with a nominal value of 1 Euro each.

As of 30 June 2009 and 31 December 2008, the following shareholders had significant stakes in the company's share capital:

Name	Nº of Shares	%	
		30-06-2009	31-12-2008
Longapar, SGPS, S.A.	20,769,300	17.55	17.55
Sodim, SGPS, S.A.	18,842,424	15.92	15.92
Cimo - Gestão de Participações, SGPS, S.A.	14,106,675	11.92	11.92
Banco BPI, SA	12,009,004	10.15	10.15
Bestinver Gestión, SGIIC, S.A.	8,823,222	7.46	8.20
Banco Espírito Santo, SA	6,058,823	5.12	5.23
Credit Suisse Group	5,461,325	4.62	19.94
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31	2.31
Sonaca - SGPS, S.A.	1,630,590	1.38	1.38
Axa Rosenberg Group LLC	-	-	2.14
Morgan Stanley	-	-	0.19
Treasury shares	2,720,000	2.30	2.30
Other shareholders with less than 2% participation	25,183,107	21.28	2.77
	118,332,445	100.00	100.00

As the company Seminv Investimentos, SGPS, S.A. is a subsidiary of Semapa Group, 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, going to hold, directly and indirectly, 4,6% of their capital

27. Reserves and Retained earnings

As of 30 June 2009 and 31 December 2008, the captions Fair value reserve, Currency translation reserve and Other reserves showed the following breakdown:

Amounts in Euro	30-06-2009	31-12-2008
Fair value of available-for-sale financial assets	2,277,692	4,546,249
Fair value of available-for-sale assets	316,386	316,386
Control acquisition revaluation	(1,281,742)	(1,281,742)
Total of fair value reserves	1,312,336	3,580,893
Currency translation reserve	(17,292,847)	(14,005,971)
Legal Reserves	23,666,489	23,666,489
Others Reserves	687,950,023	626,083,716
Total of other reservers	711,616,512	649,750,205
Total reserves	695,636,001	639,325,127

Fair value of financial instruments

The amount of €2,277,692, net of deferred tax in the amount of €821,209, shown under the caption "Fair value of financial instruments", relates to the appropriate part of financial instruments classified as hedging, of the subsidiary Portucel, which, on 30 June 2009, were valued at €5,042,140 (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 316,386 relates to Group's appropriation of the Angolan government bonds' fair value.

Control acquisitions revaluation

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

Translation reserve

The amount of €17,292,847 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 legislation establishes that a minimum of 5% of annual net profits must be transferred to a legal reserve until it reaches 20% of share capital, what is verified on 31 December 2008.

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

Refer to reserves available for distribution to shareholders and were constituted by transfer from retained earnings.

Following the purchase of 2,720,000 treasury shares, and the holding of 2,727,975 shares by subsidiary Seminv has been made unavailable a reserve equal amount, in accordance with the applicable trade law, this reserves should be maintained until the disposal of the shares.

Retained earnings

Additional stake acquisition on controlled entities

The Group records in this caption the excess over the group share of net assets in result of additional stake acquisition of already controlled entities.

As of 30 June 2009, the accumulated amount of these differences figured €62,174,893.

Actuarial Gains or losses

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.

In the first semester of 2009 was recorded in this caption a total amount of €2,424,287 (Note 29), of which €2,435,890 were appropriated by the Group, correspondent to its share on the impacts occurred in Semapa and its subsidiaries. The remaining €1,816,481 negative corresponding share attributable to minority interests.

28. Deferred Taxes

During the first semester of 2009, changes in deferred tax assets and liabilities of each subgroup were as follows:

	As of 1 January	Exchange	Income Statement		Retained earnings	Transfers	As of 30 June
Amounts in Euro	2009	adjustement	Increases	Decreases			2009
Temporary differences originating deferred tax assets							
Tax losses carried forward	24,754,819	-	-	(287,133)	-	-	24,467,686
Taxed provisions	21,884,997	(57,617)	602,447	(5,084,850)	-	-	17,344,977
Fixed assets adjustments	13,149,228	-	5,733,287	(2,795,386)	-	-	16,087,129
Underfunding of the pension fund	2,597,369	(2,581)	25,886	-	721,688	(336,559)	3,005,803
Deferred accounting gains in inter-group transactions	9,535,257	-	-	(3,378,243)	-	-	6,157,014
Forests valuation	15,681,948	-	-	(2,440,557)	-	-	13,241,391
Depreciation in assets subject to IFRIC 4	3,842,014	-	-	(113,352)	-	-	3,728,662
Investment Tax Incentives	11,785,472	-	-	(9,869,834)	-	-	1,915,638
Liabilities with retirement benefits	582,178	(5,033)	15,698	-	28,560	-	621,403
Liabilities with long service award	645,460	-	6,369	-	42,785	-	694,614
Retirement benefits not covered by an autonomus fund	5,608,438	-	-	(140,524)	14,558	-	5,482,472
Derecognition of government grants	2,837,899	-	-	(61,055)	76,040	-	2,852,884
Liabilities for healthcare benefits	5,876,962	-	-	(42,299)	-	-	5,834,663
Other temporary differences	3,163,754	25,196	-	(1,194,273)	-	-	1,994,677
	121,945,795	(40,035)	6,383,687	(25,407,506)	883,631	(336,559)	103,429,013
Temporary differences originating deferred tax liabilities							
Revaluation of fixed assets	(22,915,042)	-	-	4,022,773	-	-	(18,892,269)
Retirement benefits	(905,721)	-	(13,097)	-	46,016	-	(872,802)
Financial instruments	(8,403,307)	-	-	52,614	4,168,838	-	(4,181,855)
Fair Value of fixed assets- Soporcel	(239,782,448)	-	-	1,753,019	-	-	(238,029,429)
Tax Benefits	(1,181,592)	-	-	-	-	-	(1,181,592)
Extension of the useful life of the tangible fixed assets	(120,401,323)	141,270	(13,277,971)	-	-	-	(133,538,024)
Deferred accounting losses in inter-group transactions	(102,863,202)	-	(6,894,170)	24,751,762	-	-	(85,005,610)
Deferred tax gains	(675,336)	-	-	38,991	-	-	(636,345)
Harmonization of depreciation criteria	(76,846,322)	195,674	(3,053,584)	-	-	-	(79,704,232)
Fair Value of fixed assets- Brands	(151,488,000)	-	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(248,778,625)	-	-	12,438,932	-	-	(236,339,693)
Subsidiaries fair value	(70,354,485)	1,702,962	(105,396)	-	-	-	(71,705,872)
Overfunding of the pension fund	(1,899,062)	-	-	30,712	(203,576)	336,559	(1,735,367)
Other temporary differences	(29,535)	-	-	15,313	-	-	(14,222)
	(1,046,524,000)	2,039,906	(23,344,218)	43,104,116	4,011,278	336,559	(1,023,325,312)
Deferred tax assets	31,775,603	45,408	1,604,788	(6,736,336)	230,040	(89,188)	26,830,315
Deferred tax liabilities	(278,308,207)	573,310	(5,803,675)	11,267,322	1,064,128	89,188	(271,899,406)

Unrecognised deferred taxes on tax losses carried forward

The unrecognised deferred taxes on tax losses, that at this date the Group considers to be not deductible from future profits, and thus without deferred tax asset, are as follows:

Amounts in Euros	Total	2009	2010	2011	2012	2013	2014	2015	n.a.
Semapa and other Holdings									
Semapa SGPS	21.476.192	5.120.440	8.830.888	-	-	-	7.524.864	-	-
Seminv SGPS	15.730.099	7.987.025	7.743.074	-	-	-	-	-	-
Seinpart SGPS	12.413.151	1.889	3.996.548	4.249.157	3.480.353	528.362	156.842	-	-
Verdeoculto SGPS	1.566	-	-	-	-	1.566	-	-	-
Great Earth - Prjectos, S.A.	75.198	-	-	-	-	-	75.198	-	-
Sub-Group Portucel									
Portucel Florestal	3.279.020	3.279.020	-	-	-	-	-	-	-
Sub-Group Secil (51%)									
Secil Pré-betão, S.A.	743.279	-	-	-	-	-	-	743.279	-
Secil Angola, SARL	2.321.951	2.321.951	-	-	-	-	-	-	-
Hewbol, SGPS, Lda	148.339	-	-	-	-	-	148.339	-	-
Florimar, SGPS, Lda	11.812	-	-	-	-	-	-	11.812	-
Betomadeira, S.A.	450.325	-	-	-	-	-	450.325	-	-
Madebritas, Lda.	15.151	-	-	-	15.151	-	-	-	-
Promadeira, Lda.	434.489	-	-	-	-	-	434.489	-	-
Cimentos Costa Verde	224.500	-	-	-	-	-	-	224.500	-
Secil Cabo Verde	11.437	-	-	-	-	-	11.437	-	-
Serife, Lda.	39.490	-	-	-	-	-	-	39.490	-
Zarzis Béton	24.464	-	-	-	24.464	-	-	-	-
Silonor, S.A.	1.093.126	-	-	-	-	-	-	-	1.093.126
Secil Unicon - S.G.P.S., Lda.	3.561	-	-	-	-	-	-	3.561	-
Sanimar	122	-	-	-	-	-	-	122	-
Pedra Regional. S.A.	129.850	-	-	-	-	-	129.850	-	-
COLEGRA, S.A.	3.779	-	-	-	-	-	-	3.779	-
Teporset - Terminal Portuário	8.920	-	-	-	-	-	-	8.920	-
Total	58.639.821	18.710.325	20.570.510	4.249.157	3.519.968	529.928	8.931.344	1.035.463	1.093.126

29. Pensions and other post-employment benefits

As mentioned in Note 1.30 the Group grants to its employees and family several post-employment benefits. As of 30 June 2009 and 31 December 2008 the evolution of responsibilities assumed with post-employment benefits is as follows:

Amounts in Euros	30-06-2009	31-12-2008
Group liability for past services	260.100.347	256.047.807
Market value of the pension funds	(141.259.333)	(139.531.809)
Covered capital	(1.024.111)	(987.968)
Under/(Overfunding) of the pension fund liabilities	117.816.903	115.528.030
Other unfunded liabilities		
Assistance in health	5.910.704	5.876.962
Dead and retirement	3.131.031	3.092.397
Long service award	694.613	645.460
Total unfunded liabilities	127.553.251	125.142.849

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.

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As of 30 June 2009, the liabilities of the plan amount to 88,831,340. No pension fund was established for the financing of this Group's obligation.

Sub-Group Portucel

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. Additionally, some of the Portucel Group companies assumed the responsibility for the payment of a retirement premium, equivalent to 6 months salary if the employee retires on the date of normal retirement (65 years).

As of 30 June 2009, the liability related with post-employment benefit plans for five members of Portucel's Board was €4,602,961 (31 December 2008: €4,676,538).

Sub-group Secil

The sub-group Secil has the following defined benefit plans:

(i) Defined benefit plans through funds managed by third parties

RESPONSABILITIES FOR RETIREMENT AND SURVIVOR PENSIONS SUPPLEMENTS

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

have the commitment to grant their employees cash pension related benefits covering retirement, disability, early retirement and death benefits.

The plan liabilities are covered by independent funds, managed by third parties, or covered by insurance policies.

Plans are appraised on a semester basis, at the date of closing of the interim and annual accounts, by specialised and independent entities under the projected unit credit method.

ii) Defined benefit plan managed by the Group

LIABILITIES FOR RETIREMENT AND SURVIVOR PENSION SUPPLEMENTS

Responsibilities related to personnel already retired at the date of inception of the fund, 31 December 1987, are the sole responsibility of Secil. Liabilities of Portuguese subsidiaries operating in the concrete and mortar activities are the direct responsibility of the respective entities.

These plans are also appraised every semester by an independent entity, using the capital coverage method corresponding to single premiums for life long pension payments covering current pensioners and the projected unit credit method to value responsibilities covering current employees.

LIABILITIES FOR HEALTHCARE BENEFITS

Secil and its subsidiaries CMP- Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Lda. and Brimade – Sociedade de Britas da Madeira, S.A., have awarded employees private healthcare benefits, in addition to health cover provided by the State and are extended to family members, pensioners and widows. Under this scheme, there are certain medical items are covered:

- i. at Secil through a private Health Insurance Plan,
- ii. at CMP, through “Cimentos - Federação das Caixas de Previdência”, for all member employees, and through the the company covering certain other medical items presented by non member employees and
- iii. at Cimentos Madeira and Brimade through direct payment of certain medical items.

LIABILITIES FOR RETIREMENT AND DEATH ALLOWANCES

The subsidiary CMP – Cimentos Maceira e Pataias, S.A. pay retirement and disability benefits. The retirement benefits represent three times the last monthly salary.

Secil and its subsidiary CMP also provide death allowance cover on existing employees, which equals one times the last monthly salary.

LIABILITIES FOR LONG-TERM SERVICE COMMITMENTS

Secil and its subsidiaries CMP – Cimentos Maceira e Pataias, S.A., have the obligation to pay benefits to those who:

- (i) In Secil, achieve 25, 35, 40 of years service; and
- (ii) In CMP, achieve 20 and 35 years of service. Those premiums are to be paid in the year in which the employee attains the years of service.

These commitments are funded by the Company.

ASSUMPTIONS USED IN THE EVALUATION OF LIABILITIES

Actuarial valuations carried out by independent entities for determining cumulative liabilities as at 30 June 2009 and 31 December 2008 were based on the following assumptions::

	30-06-2009	31-12-2008
Social Security Scheme	Decreto-Lei nº 187/2007 from 10 May	Decreto-Lei nº 187/2007 from 10 May
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate - Secil Group	3.30%	3.30%
Wage growth rate - Other companies	2.50%	2.50%
Technical interest rate	5.50%	5.50%
Pensions growth rate	2.25%	2.25%
Semapa Pensions Reversibility Rate	50.00%	50.00%
Number of payments per year	12	12
Insurance Premium- Secil	498.84	478.95
Insurance Premium - CMP	484.00	484.00

RESPONSABILITIES FOR PAST SERVICE WITH PENSION AND SURVIVAL BEBEFIT PLANS

During the first semester of 2009 and the year 2008 the fund assets/insurance policies registered the following movements:

	30-06-2009		31-12-2008	
Amounts in Euro	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance				
Changes in consolidation method	139,531,810	987,968	145,637,604	1,040,086
Varição de perímetro	-	(2,140)	-	-
Endowments made in the year	-	-	-	(592)
Expected return of funds in the year	-	26,432	7,235,399	53,128
Actuarial Return of funds in the year(Equity*)	3,747,082	17,121	(9,146,272)	81,534
Pensions paid	(2,019,558)	-	(4,194,922)	-
Retirement charged	-	(5,270)	-	(119,154)
Insurance - reimbursement	-	-	-	(67,034)
	141,259,334	1,024,111	139,531,809	987,968

The fund assets, as of 30 June 2009 and 31 December 2008 were made up as follows :

Amounts in Euro	30-06-2009	31-12-2008
Shares	25,296,055	21,821,769
Bonds	77,843,729	39,050,490
Dívida Pública	9,924,071	30,548,639
Index Linked Bonds	3,245,590	28,341
Property	223,663	85,518
Liquidity	24,726,116	47,439,016
Other applications - short term	110	558,036
	141,259,334	139,531,809

Evolution of pension liabilities and other post-employment benefits

The evolution of the pensions and other post-employment liabilities on June 30, 2009 are detailed as follows:

Amounts in Euros	Opening balance	Currency translation differences	Income statement	Actuarial gains and (losses)	Payments	Retirement charged	Closing Balance
Post-employment benefits							
Assumed by the Group	95,349,054	-	2,706,983	(2,991,788)	(750,438)	-	94,313,811
Autonomous Fund	159,923,125	-	6,700,445	564,735	(2,019,556)	-	165,168,749
Insurance policy	627,030	(4,721)	31,093	(30,344)	-	(5,270)	617,788
Retirement and Death	3,091,806	(5,032)	30,109	28,560	(14,411)	-	3,131,032
Assistance in Health	5,876,962	-	206,502	76,040	(248,801)	-	5,910,703
Long Service Award	645,460	-	33,454	42,785	(27,087)	-	694,612
	265,513,437	(9,753)	9,708,586	(2,310,012)	(3,060,293)	(5,270)	269,836,695

Obligations for post-employment benefits

As of 30 June 2009 and 31 December 2008 Companies' liabilities with retirement and survivor benefits were as follows:

Amounts in Euros	Opening balance	Increase/ (Reduction) of responsab.	Payments	Retirement charged	Closing Balance
Post-employment benefits					
Assumed by the Group	95,349,054	(284,805)	(750,438)	-	94,313,811
Autonomous Fund	20,540,506	5,388,466	(2,019,556)	-	23,909,416
Insurance policy	(360,939)	(40,113)	-	(5,270)	(406,322)
Retirement and Death	3,091,806	53,636	(14,411)	-	3,131,031
Assistance in Health	5,876,962	282,541	(248,801)	-	5,910,702
Long Service Award	645,460	76,240	(27,087)	-	694,613
	125,142,849	5,475,965	(3,060,293)	(5,270)	127,553,251

Obligations for other post-employment benefits

Companies' liabilities with retirement and death benefits, as well as long service awards and healthcare benefits were as follows:

Amounts in Euro	1st Semester 2009				1st Semester 2008			
	Current Services	Interest Cost	Return of assets expected vs rea	Impact on income	Current Services	Interest Cost	Return of assets expected vs rea	Impact on income
Post-work benefits								
Group liabilities for pensions	137,124	2,569,859	-	2,706,983	204,886	2,522,342	-	2,727,228
Under/(overfunding) of pension funds li:	2,160,886	4,417,812	(3,839,353)	2,739,345	2,191,628	4,114,298	(3,646,604)	2,659,322
Death and retirement liabilities	12,258	170,690	-	182,948	9,026	13,240	-	22,266
Assistance in health liabilities	48,544	157,958	-	206,502	59,545	184,840	-	244,385
Long services award liabilities	14,886	18,569	-	33,455	15,688	19,691	-	35,379
	2,373,698	7,334,888	(3,839,353)	5,869,233	2,480,773	6,854,411	(3,646,604)	5,688,580

Actuarial gains and losses recognised in Equity during the period

Actuarial gains and losses directly recognised under equity during the first semester of 2009, as described in Note 1.22, were as follows:

Amounts in Euro	Actuarial gains & (losses)		Gross Value	Deferred Tax	Impact in Equity
	Others	Return of assets expected vs real			
Post-Work benefits					
Group liability for pensions	2.991.786	-	2.991.786	5.909	2.997.695
Under/(overfunding) of pension fu	(534.389)	(75.150)	(609.539)	150.529	(459.010)
Death and retirement liabilities	(28.560)	-	(28.560)	1.473	(27.087)
Assistance in health liabilities	(76.040)	-	(76.040)	20.175	(55.865)
Long services award liabilities	(42.785)	-	(42.785)	11.338	(31.447)
	2.310.012	(75.150)	2.234.862	189.424	2.424.286

30. Provisions

During the first semester 2009 and the year 2008 movements in provisions were as follows:

Amounts in Euros	Portucel Legal claims	Portucel Fiscal claims	Secil environmental recovery	Others	Total
As of 1 January 2008	1,309,590	30,105,415	342,615	14,697,300	46,454,920
Change of perimeter	-	-	-	174,247	174,247
Increases (Note 6)	1,918,855	-	251,530	37,909,571	40,079,956
Reversals (Note 6)	(365,207)	(23,153,999)	(39,229)	(1,384,322)	(24,942,757)
Direct Utilizations	-	(5,850,000)	(25,478)	(1,114,835)	(6,990,313)
Exchange differences	-	-	-	89,742	89,742
Transfers	(946,148)	1,291,975	-	(345,827)	-
As of 31 December 2008	1,917,090	2,393,391	529,438	50,025,876	54,865,795
Change of perimeter	-	-	1,539	148,920	150,459
Increases (Note 6)	14,860	-	89,768	1,041,896	1,146,524
Reversals (Note 6)	(69,977)	(2,393,391)	-	(8,269,126)	(10,732,494)
Direct Utilizations	-	-	(13,167)	(441,200)	(454,367)
Exchange differences	-	-	-	13,008	13,008
Transfers	-	-	-	(894,125)	(894,125)
As of 30 June 2009	1,861,973	-	607,578	41,625,249	44,094,800

On December 31, 2008, provisions for legal claims include VAT contingencies of outside Portugal that were extinguished during the period.

The caption of Other provisions is mainly related with other liabilities to Other public entities.

31. Interest-bearing liabilities

As of 30 June 2009 and to 31 December 2008, Group's net debt were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Interest-bearing liabilities		
Non-current	926,516,042	1,227,116,283
Current	404,015,322	64,032,032
	1,330,531,364	1,291,148,315
Cash and cash equivalents		
Cash	242,619	204,119
Short term bank deposits	20,537,068	(28,355,871)
Others	115,548,540	233,324,382
	136,328,227	205,172,630
Interest-bearing net debt	1,194,203,137	1,085,975,685

Non-current interest-bearing liabilities

As of 30 June 2009 and 31 December 2008, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Non currents		
Bonds loans	620,400,000	920,400,000
Commercial paper	37,550,000	92,750,000
Loans from financial institutions	272,160,015	218,603,092
Expenses with bond loans issuance	(5,679,911)	(6,416,994)
Interest-bearing bank debt	924,430,104	1,225,336,098
Financial leases	2,014,264	1,674,065
Other loans - POE	71,673	106,120
Other interest-bearing debts	2,085,937	1,780,185
Non-current interest-bearing liabilities	926,516,041	1,227,116,283

Loans from financial institutions

As of 30 June 2009 and 31 December 2008, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Bond loans		
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
SBI 2007	20,400,000	20,400,000
	920,400,000	920,400,000

Amounts in Euro	Amount	Maturity	Reference rate
Bond loans			
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
	920,400,000		

Portucel sub-group's bond loans, made through private subscription in the total amount of Euro 675,000,000, will be repaid in a single instalment.

Two of the above mentioned bond loans, amounted 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", and its unit value, as of 30 June 2009, is Euro 98.00 and Euro 99.60, respectively (2008: 98.50 and Euro 99.87, respectively).

Additionally, 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 is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", whose unit value is, as of 30 June 2009, Euro 93.99

Commercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity, led by Banco Espírito Santo de Investimento, SA, and Caixa BI, respectively, which amounts Euro 20,900,000 as at 30 June 2009.

During the year ended 31 December 2008, Semapa and holdings contracted with Group BES a commercial paper program amounting Euro 70,000,000, for a period of 5 years, which is used by Semapa in the amount of Euro 16,650,000 as of 30 June 2009.

Loans from financial institutions

As of 30 June 2009 and 31 December 2008, current and non-current interest-bearing debt comprised of the following:

Amounts in Euro	30-06-2009	31-12-2008	Indexante
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
Sub-group Secil			
Banque Mediterranee	5,412,482	5,496,842	TMM
Banco BCP Investimentos	-	3,984,375	Euribor 6m
Banco BPI, SA	-	2,798,256	Euribor 3m
Banco Fomento de Angola	1,612,197	798,696	Libor 6m
Other loans	9,796,897	11,892,136	Vários
Sub-group Portucel			
Caja Duero	6,250,000	15,625,000	Euribor 6m
BEI	71,250,000	-	Euribor 6m
Sub-group ETSA			
Caixa Geral de Depósitos	166,961	39,666	Euribor 3M
BBVA	866,394	931,850	Euribor 3M
Other loans	-	231,187	Euribor 3M
	272,160,015	218,603,092	
Current			
Semapa and Holdings			
Caixa Geral de Depósitos	1,589,232	-	Euribor 3m
Caixa Galicia	169,448	-	Euribor 12m
Fortis Bank	24,099,183	-	Euribor 3m
Sub-group Secil			
Banco BCP Investimentos	7,968,750	7,968,750	Euribor 3m
Banco BCP Investimentos	30,049,784	8,594,906	Euribor 1m
Banco BPI, SA	6,232,479	6,868,447	Euribor 3m
Banco Espírito Santo	1,530,000	1,504,500	Euribor 3m
Banco Espírito Santo	1,541,869	2,098,800	Euribor 3m
Other loans	5,270,909	8,208,732	Vários
Sub-group Portucel			
Caja Duero	6,251,206	16,094,889	Euribor 6m
Sub-group ETSA			
Caixa Geral de Depósitos	847,278	1,415,202	Euribor 3M
Banco BPI, SA	1,750,000	1,233,000	Euribor 3M
BBVA	476,497	-	Euribor 3M
Banco Santander Totta	1,000,000	1,000,000	Euribor 3M
Banco BES	3,039,969	-	Euribor 3M
Other loans	-	1,727,259	Euribor 3M
	91,816,604	56,714,485	
Closing balance	363,976,619	275,317,577	

Maturity of bank financing and other loans

The maturity profile of bank financing and other non-current loans is as follows:

Amounts in Euro	30-06-2009	31-12-2008
1 to 2 years	61,998,002	366,947,918
2 to 3 years	38,184,692	36,008,028
3 to 4 years	361,292,929	155,333,004
4 to 5 years	10,279,622	201,281,682
More than 5 years	420,876,443	379,538,580
	892,631,688	1,139,109,212

Current interest-bearing liabilities

As of 30 June 2009 and 31 December 2008, current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Currents		
Bond loans	300,000,000	-
Loans from financial institutions	91,816,604	56,714,485
Interest-bearing bank debt	391,816,604	56,714,485
Shareholders short term loans	11,160,719	6,160,850
Financial leases	1,037,999	1,156,697
Other loans - POE	-	-
Other interest-bearing debts	12,198,718	7,317,547
Current interest-bearing liabilities	404,015,322	64,032,032

Liabilities related to financial leasing

As of 30 June 2009, the Group uses the following goods acquired under finance leases:

Amounts in Euro	Acquisition cost	30-06-2009 Accumulated amortization	Net book value
Machinery and Equipment	4,859,310	(1,500,876)	3,358,434
Machinery and Equipment - Soporgem (IFRIC 4)	44,003,950	(27,869,168)	16,134,782
Transport equipment	88,939	(75,534)	13,405
	51,152,131	(29,814,969)	21,337,162

The group holds a stake of 8% in Soporgem - Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgem), 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 Soporgem by the amount of expected cash flows present value of the company until the contract of steam electricity supply expiry between Soporgem and Soporcel.

As of 30 June 2009 and 31 December 2008, Group's indebtedness under financial lease plans, except for Equipments – Soporgem, was as follows:

Amounts in Euro	30-06-2009	31-12-2008
Less than 1 year	1,045,727	1,197,924
1 to 2 years	1,198,715	892,145
2 to 3 years	443,804	509,640
3 to 4 years	232,063	154,084
4 to 5 years	145,270	21,352
More than 5 years	-	61,549
	3,065,579	2,836,694
Future interests	(13,316)	(5,932)
Actual liabilities value	3,052,263	2,830,762

On 30 June 2009 and 31 December 2008, the bank granted loans and not drawn, were as follows:

Amounts in Euro	30-06-2009	31-12-2008
Sub-Group Portucel	171,660,714	281,660,714
Sub-Group Secil	289,021,140	314,944,061
Semapa SGPS, SA	213,842,138	164,102,882
	674,523,992	760,707,657

Financial Covenants

To certain type of financing operations, there is the commitment to maintain certain financial ratios, whose limits are previously negotiated and were not exceeded in the period of analysis.

32. Payables and other current liabilities

As of 30 June 2009 and 31 December 2008 the caption Payables and other current liabilities showed the following breakdown:

Amounts in Euro	30-06-2009	31-12-2008
Accounts payable	120,895,341	146,596,871
Accounts payable - related parties (Note 34)	1,303,794	2,495,889
Accounts payable - fixed assets suppliers	93,021,602	23,203,083
Instituto do Ambiente - CO2 Emission licences	8,847,389	23,954,746
Financial instruments derivatives (Note 33)	3,419,801	110,797
Other payables	10,236,524	8,383,140
Accrued costs	58,340,541	73,494,573
Deferred income	58,863,632	48,539,141
	354,928,624	326,778,240

As of 30 June 2009 and 31 December 2008 the captions Accrued costs and Deferred income were made up as follows:

Amounts in Euro	30-06-2009	31-12-2008
Accrued Costs		
Insurance	135,401	46,376
Payroll	29,695,009	31,838,922
Interests payable	11,729,202	23,276,309
Power costs	7,939,226	6,099,229
Transportation services	1,094,099	607,415
Forest acquisitions	965,957	2,365,789
Commitments to settle the sale of paper	143,363	2,269,194
Others	6,638,284	6,991,339
	58,340,541	73,494,573
Deferred income		
Government grants	44,844,939	48,261,549
Grants - CO2 Emission licences	13,930,836	196,052
Others	87,857	81,540
	58,863,632	48,539,141

33. Financial assets and liabilities

Since its activities are exposed to a variety of financial and operational risk factors, the Group adopts a proactive approach to risk management, endeavouring to mitigate the potential adverse effects associated there with, namely the risk stemming from the price of pulp, foreign exchange risk and interest rate risk.

Detail of financial assets and liabilities

The reconciliation of the consolidated balance sheet, as at 30 June 2009, with the various categories of financial assets and liabilities included therein is detailed as follows:

Amounts in Euro	Financial instruments - trading Note 33	Financial instruments - hedging Note 33	Loans and other receivables Note 24	Financial assets at fair value through profit or loss Note 20	Financial assets held-for-sale Note 21	Other interest-bearing liabilities Note 32	Non financial assets / liabilities
Assets							
Financial assets at fair value through profit or loss	-	-	-	13,147,676	-	-	-
Financial assets held-for-sale	-	-	-	-	990,568	-	-
Other non-current assets	-	-	-	-	-	-	2,920,361,398
Current assets, cash and cash equivalents	2,580,880	2,461,260	367,669,461	-	-	-	11,696,465
Total assets	2,580,880	2,461,260	367,669,461	13,147,676	990,568	-	2,931,867,863
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	926,516,041	-
Other liabilities	-	-	-	-	-	17,438,402	509,996,364
Current interest-bearing liabilities	-	-	-	-	-	634,015,322	-
Current liabilities	-	-	-	-	-	238,877,062	126,051,562
Total liabilities	-	-	-	-	-	1,576,866,827	636,047,926

Net gains on financial assets and liabilities

The effect on net income for the period of the financial assets and liabilities held is detailed as follows:

Amounts in Euro	1 st 2009	1 st 2008
Gains/(loss) on loans and receivables	1,887,815	(756,316)
Gains / (loss) on financial instruments - hedging	1,891,559	7,736,511
Gains / (loss) on financial instruments - trading	(2,084,284)	(864,546)
Dividends received:		
Trading financial assets	-	-
Available-for-sale financial assets	2,421	34,439
Interest earned:		
Available-for-sale financial assets	-	-
Loans and other accounts receivable	2,978,290	10,153,703
Interest paid:		
Financial liabilities measured at amortised cost	(31,045,944)	(37,576,976)
Others	(169,678)	(1,578,000)
Total net profit and loss	(26,539,821)	(22,851,185)

Financial instruments held for trading

As of 30 June 2009 and 31 December 2008, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Currency	Notional	Maturity	Fair value	Fair value
Financial instruments - trading					
Foreign exchange forwards	USD	9,025,000	14-Sep-09	103,177	475,594
	GBP	3,360,000	11-Sep-09	(142,867)	293,177
	USD	36,737,030	30-Oct-09	1,244,217	536,875
	GBP	7,460,000	12-Oct-09	(344,242)	1,612,929
Foreign exchange options	EUR	10,612,709	03-Dec-10	(86,735)	(44,461)
Interest rate swaps	EUR	2,652,238	28-Feb-10	(65,503)	(22,226)
Foreign exchange forwards (USD)	EUR	13,176,000	28-Feb-10	1,872,833	1,334,559
Ending balance				2,580,880	4,086,447
Financial instruments - hedging					
Foreign exchange options	USD	125,000,000	31-Dec-09	5,689,133	7,179,545
Interest rate hedging	EUR	150,000,000	29-Mar-10	(1,782,133)	(2,193)
Interest rate hedging	EUR	75,000,000	27-Oct-10	(1,445,740)	(41,917)
Ending balance				2,461,260	7,135,435
Total financial instruments				5,042,140	11,221,882

Movement occurred in derivate financial instruments caption

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

The movement on the balances presented in the periods ended 30 June 2009 and 31 December 2008 relating to financial instruments was as follows:

Amounts in Euro	Premiums paid	Fair value change (trading)	Fair value change (hedging)	Total
As of 1 January 2008	1,963,000	1,763,909	10,551,043	14,277,952
New contracts	-	1,028,581	-	1,028,581
Maturity (Note 10)	(1,963,000)	1,549,360	(11,081,506)	(11,495,146)
Fair value increase	-	-	7,665,898	7,665,898
Fair value decrease (Note 10)	-	(255,403)	-	(255,403)
As of 31 December 2008	-	4,086,447	7,135,435	11,221,882
New contracts	578,717	-	-	578,717
Maturity (Note 10)	-	(1,958,290)	1,891,559	(66,731)
Fair value increase	-	-	-	-
Fair value decrease (Note 10)	-	(125,994)	(6,565,734)	(6,691,728)
As of 31 June 2009	578,717	2,002,163	2,461,260	5,042,140

On 5 September and 19 November 2008, Secil entered into swap agreements of "Emission EU Allowances (EUA) and Certified Emission Reductions "(CER) with a financial institution, corresponding to the receipt of the following amounts Euro 6,778,688, corresponding 9,180 tonnes.

The Group will deliver in future periods CER allowances to the licensing coordination entity, as part of its obligations to the stated entity.

The Group views this transaction as a swap of similar goods with similar value in use, not exposed to future volatility in market prices of the allowances and consequently not regarded as a transaction which generates revenue in the current period. Revenue arising from this transaction is recognized in the income statement on its maturity date.

Financial assets at fair value through profit or loss

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

Financial assets available for sale

These amounts are recognised at fair value which corresponds to their nominal value, after deducting any impairment losses (Note 21).

Loans and receivables

These amounts are recognised at fair value which corresponds to their nominal value, after deducting any impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Notes 2, 22 and 24).

Other financial liabilities

These items are recognised at their amortised cost, corresponding to the value of the respective cash flows discounted at the effective interest rate associated with each one of the liabilities concerned (Note 31).

34. Balances and transactions with related parties

As of 30 June 2009 and 31 December 2008, receivables from related parties are as follows:

Amounts in Euro	Interest-bearing liabilities	
	30-06-2009	31-12-2008
Shareholders		
Cimo SGPS, SA	372,744	105,155
Longapar, SGPS, SA	9,829,461	5,449,967
Sonaca SGPS, SA	958,514	602,818
Cimigest, SGPS, SA	-	970
Sonagi, SA	-	970
Sodim, SGPS, SA	-	970
	11,160,719	6,160,850
Amounts in Euros	Current- receivables amount	
	30-06-2009	31-12-2008
Group companies		
Secil Prebetão - Pré-Fabricados de Betão, S.A.	21,328	7,610
	21,328	7,610

Amounts in Euro	30-06-2009		31-12-2008	
	Other Receivables	Other Payables	Other Receivables	Other Payables
Associated companies				
Beton Catalan	1,158	-	-	-
J.M. Henriques, Lda.	52,078	-	52,078	-
Cimentapór	-	-	35	-
Secil Unicon - S.G.P.S., Lda	-	-	98,889	-
Setefrete	1,886	262,391	-	-
Inertogrande	102,030	-	117,444	-
Teposet	-	-	452,208	-
Soporger	319,992	523,988	319,992	523,988
TASC	2,743	13,910	2,743	13,910
SGVR	-	420,000	-	-
Other related parties	60,332	83,505	131,066	1,957,991
Total	540,219	1,303,794	1,174,455	2,495,889

As of 30 June 2009 and 31 December 2008, transactions to related parties are as follows:

Amounts in Euro	30-06-2009		30-06-2008	
	Service Purchase	Financial Losses	Service Purchase	Financial Losses
Shareholders				
Cimianto SGPS, SA	53,870	-	53,870	-
Cimo SGPS, SA	-	2,811	-	130,253
Longapar, SGPS, SA	-	89,640	-	174,709
Sonaca SGPS, SA	-	9,295	-	34,169
	53,870	101,746	53,870	339,131

Amounts in Euro	30-06-2009			
	Service Purchase	Services rendered	Operating Income	Losses/(Gains) financial
Subsidiaries shareholders				
CRH, plc	525,301	-	-	-
Associates				
Viroc Portugal, S.A.	-	286,152	3,594	24,889
Chryso Portugal, S.A.	274,650	-	36,419	-
Setefrete, S.A.	666,459	-	3,663	-
Secil Prebetão, S.A.	10,803	191,945	27,284	1,971
Soporger	2,647,658	-	-	-
TASC	43,538	-	-	-
Other	83,724	-	36,419	(4,685)
	4,252,133	478,097	107,379	22,175

35. Changes in the consolidation scope

Scope Inclusions

Acquisition carried out by the subsidiary Secil, for the 100% equity of Quimipiedra - Secil Britas, Calcários e Derivados, Lda, which head Office is in Leiria.

36. Environmental related expenditure

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

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

The expenditures capitalised and expensed in the period ended 30 June 2009 were as follows:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	605,133	462,157	1,067,290
Management of residual waters	2,956	5,711	8,667
Waste/residual management	259,292	988,766	1,248,058
Protection of soils and underground waters	22,042	8,956	30,998
Protection of nature	115,018	14,133	129,151
Recovery boiler	-	5,650,786	5,650,786
Liquid effluent treatment	3,780,167	59,253	3,839,420
Materials recycling	658,323	-	658,323
Sewage network	60,860	-	60,860
Solid waste embankment	152,590	-	152,590
Other environmental protection activities	516,431	126,151	642,582
	6,383,582	7,315,913	13,699,495

The expenditures capitalised and expensed in the period ended 30 June 2008 were as follows:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	514,736	473,145	987,881
Management of residual waters	2,008	-	2,008
Waste/residual management	244,958	1,371,873	1,616,831
Protection of soils and underground waters	19,658	12,278	31,936
Protection of nature	58,165	47,067	105,232
Recovery boiler	-	1,384,205	1,384,205
Liquid effluent treatment	3,609,529	354,955	3,964,484
Materials recycling	830,185	-	830,185
Sewage network	29,332	-	29,332
Solid waste embankment	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 commercialization of CO2 emission licences. This Directive has been transposed to the Portuguese legislation, with effect from January 1, 2005, and impacts amongst other industries, on the pulp and paper industry.

As result of negotiations of the National Plan for the allocation of CO2 emission licences (PNALE), for the period 2008-2012, was granted to the Group licences in sufficient amount to satisfy its needs.

37. Statutory auditing expenses

In the periods ended 30 June 2009 and 2008, expenses with statutory audits, other audits and tax consultancy, were as follows:

Amounts in Euro	30-06-2009	30-06-2008
Statutory auditors services	198,906	206,342
Tax consultancy services and others	118,155	108,836
Other reliability assurance services	53,200	33,029
	370,261	348,207

The services described as tax consultancy and other, mainly comprise of the support in complying with tax obligations, in Portugal and abroad, as well as in services, surveys of operational business processes 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 the audit committee process analysis of the work proposed and careful definition of the work to be awarded to the auditors.

38. Average number of employees

As of 30 June 2009 and 31 December 2008 the average number of employees working for the various Group companies, by business segment, was as follows:

	30-06-2009				
	Pulp and paper	Cement	Environment	Holdings	Total
Portugal	2,220	1,416	174	21	3,831
Rest of Europe	59	3	-	-	62
Angola	-	293	-	-	293
Lebanon	-	500	-	-	500
Tunisia	-	432	-	-	432
Cape Verde	-	37	-	-	37
	2,279	2,681	174	21	5,155

	31-12-2008				
	Pulp and paper	Cement	Environment	Holdings	Total
Portugal	2,105	1,426	174	21	3,726
Rest of Europe	59	3	-	-	62
Angola	-	290	-	-	290
Lebanon	-	481	-	-	481
Tunisia	-	437	-	-	437
Cape Verde	-	37	-	-	37
	2,164	2,674	174	21	5,033

39. Commitments

As of 30 June 2009 and 31 December 2008 the commitments assumed by the Group were as follows:

Entities	30-06-2009	31-12-2008
Warranties		
DGT - Direcção Geral do Tesouro	-	50,000,000
IAPMEI (in the perimeter of POE)	3,061,144	3,061,144
IAPMEI (in the perimeter of CREN)	494,802	-
VAT refunds request	3,324,250	3,159,496
DGCI - Portuguese tax authorities	24,195,996	11,082,974
Soporgem financing	555,556	666,667
Câmara Municipal de Setúbal	492,101	492,290
APSS - Adm. dos Portos de Setúbal e Sesimbra	1,246,355	204,960
Direcção Geral de Alfândegas	435,751	408,000
APDL - Administração do Porto de Leixões	322,505	297,736
OMMP and Elfouladh	-	-
Simria	514,361	514,361
Instituto de Conservação da Natureza - Arrábida	508,188	481,771
IFADAP	902,894	-
IAPMEI (in the perimeter of PEDIP)	50,878	50,878
BFA (Angola)	-	1,832,291
Comissão de Coord. e Desenv. Reg. Centro	419,971	400,591
BTA (Angola)	-	1,832,291
KEVE (Angola)	-	3,664,583
Chaussee	121,738	-
Comissão de Coordenação e Desenv. Regional LVT	366,424	366,424
AKA (Lebanon)	3,868,521	3,928,817
Others	1,604,942	1,453,106
	42,486,377	83,898,380
Other commitments		
Purchase commitments with suppliers	355,366,330	151,223,062
Operating lease - rent due less than 12 months	3,783,132	3,602,848
	359,149,462	154,825,910
	401,635,839	238,724,290

The subsidiary Seinpart – Participações SGPS, issued a bank guarantee, to the tax authorities (Direcção Geral do Tesouro), 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 privatization of Portucel. The period of 5 years ended May 2009 being the guarantee returned.

During 2006, Semapa SGPS and Semapa Inversiones, SL, as guarantor, concluded a promise of a credits granting contract with a financial institution, amounting of Euro 200,000,000 in order to finance the acquisition of listed on the Euronext Lisbon shares and that integrate PSI 20 and / or acquisition of Portucel shares.

With funds availability under that contract, Semapa and/or guarantor undertake to provide security in the corresponding shares acquired and/or holding in portfolio Portucel shares, or alternately the establishment of a long term deposit, sufficient to maintain a coverage ratio amounting never less than 1.1.

This credit line was used up, on 31 December 2009, by the amount of Euro 133,079,000, having been given as security 93,505,280 Portucel shares.

On 30 June 2009, the sub-group Secil had issued guarantees on financial institution borrowings in a total amount of Euro 85,104,606 (Euro 15,152,706 as at 31 December 2008).

The purchase commitments include Euro 343,235,774 related to investments in manufacturing equipments of Portucel's subsidiary. These figures include the commitments with AICEP to invest approximately Euro 914,600,000.

Investment contract – AICEP

On July 12, 2006, Portucel, Soporcel and AICEP – Agência para o Investimento e Comércio Externo de Portugal (Portuguese agency for investment and foreign trade) entered into contracts for investments in progress and to be completed which comprise tax incentives amounting to €22,480,095 and financial incentives amounting to €102,038,801, corresponding to a total of €124,518,896, of which €21,161,100 have already been used until the 30 June 2009.

Due to the stage of development of the projects, the Group recognised gains with financial incentives related with eligible investments up to 30 June 2009, of €30,446,418. Under these contracts Portucel and Soporcel will still have to invest a total amount of about €68,500,000.

Additionally, a contract was signed with the subsidiary About The Future, SA, for investments initially estimated at €482 millions. This contract includes tax incentives of €52,433,150, of which €1,252,489 were used in 2008.

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

40. Other commitments of the group

Pledges

During 2000 Secil contracted bank loans to finance the acquisition of Société des Ciments de Gabés in Tunisia, with maturity in 2010. Under the terms of the financing, Secil handed an irrevocable power of attorney to the banks enabling the latter to pledge the shares acquired as guarantee for the loans in the event of non-compliance under the financing agreements.

The subsidiary Société des Ciments de Gabés, contracted a loan in December 2002 of TND 15,000,000 (Euro 8,823,529) with a financial institution in Tunisia, for the acquisition of plant equipment. Under the terms of the loan Société des Ciments de Gabés handed an irrevocable power of attorney to the bank, enabling the latter to pledge the equipment acquired as guarantee for the loans in the event of non-compliance under the financing agreements. This funding expires in March 2010.

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

Under the terms of the financing, the Company handed an irrevocable power of attorney to the banks enabling the latter to pledge the shares acquired as guarantee for the loans in the event of non-compliance under the financing agreements.

Comfort letters

Secil issued a comfort letter in favour of a financial institution as guarantee for certain financing contracted by its associated company Viroc Portugal, S.A., in an amount of Euro 2,574,082.

Investment in a new plant in Angola

In terms of the Memorandum of Understanding signed on April 2004 between the Angolan Government and Secil's subsidiary, Secil – Companhia de Cimento do Lobito, S.A. - 51% held by the Secil Group and 49% held by the Angolan State - was incorporated on 29 November 2005 and commenced trading on 1 January 2006.

Consequently, the rental contract for the utilization and operating of the Encime plant in Lobito, entered previously into by the Angolan State and TecnoSecil and in force since September 2000, has officially dissolved.

Secil Lobito's share capital of USD 21,274,286 was paid in through the transfer of tangible and intangible assets previously owned by Tecnosecil and Encime U.E.E., held respectively by the Secil Group and the Angolan Government, at values determined by a valuation carried out in October 2003 by an independent international audit firm.

It was foreseen at the date of incorporation of Secil Lobito, that within a time horizon of 36 months from the date the share capital was paid up, the company would install a cement factory in Lobito.

On 26 November 2007, ANIP – *Agência Nacional para o Investimento Privado* (in Angola) approved the Private Investment Project "New Cement and Clinker Factory - Secil Lobito" for a total of USD 91,539,000.

41. Contingent Assets

Sub-group Secil

Revaluation under the Privatization process

CMP Pension Plan

The Group recorded EUR 5,598,358 (fully adjusted at present) in its annual financial statements for the year ended 31 December 1995 in respect of an amount due from the Portuguese State arising from an actuarial valuation of retirement obligations of CMP as at 31 December 1993, valued by a specialised and independent entity, as part of the CMP privatization programme.

The valuation contained errors which were subsequently detected, and as a result, the Board of Directors of CMP made an official request to the Portuguese Government in 1996 for the reimbursement of the abovementioned amount.

On 16 September 1999, Secil's Board of Directors filed a legal action against the Portuguese Government with the Lisbon Administrative Circuit Court, claiming payment of the aforesaid amount and respective interest.

On 30 September 2008, the Court ruled partially in the company's favour, ordering the Portuguese Government to pay EUR 3,114,891, plus interest arrears on the full amount from the date of acquisition of CMP by Secil.

The State appealed against the decision, whilst Secil filed a subordinated appeal. Presently the appeal is underway.

Sub-group Portucel

Public debt settlement fund

In terms of Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (25 November 2006) are the responsibility of the Public Debt Settlement Fund.

Portucel submitted an application to the Public Debt Settlement Fund on 16 April 2008, requesting the payment of the tax debts hitherto raised by the tax authorities. In this context, the aforementioned Fund is liable for a total amount of €27,697,972, detailed as follows:

Company	Tax	Period	Outstanding*
Portucel	Corporate Income Tax	2001	314,340
Portucel	Corporate Income Tax	2002	625,033
Portucel	Value added tax	2002	2,697
Portucel	Corporate Income Tax	2003	1,573,165
Portucel	Corporate Income Tax	2003	3,158,530
Portucel	Withholding Tax	2004	3,160
Portucel	Corporate Income Tax	2004	1,167,629
Portucel	Corporate Income Tax	2005	10,498,592
			17,343,146
Soporcel	Corporate Income Tax	2002	270,025
Soporcel	Value added tax	2003	2,509,101
Soporcel	Stamp Tax	2004	451,180
			3,230,306
Total			20,573,452

* amounts in euro

Withholding tax in Spain – €516,729

Between 2001 and 2004, ENCE – Empresa Nacional de Celulose, S.A., a company in which Portucel had a 8% participation until 2004, paid dividends totalling €3,444,862, which were subject to withholding tax of €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 be subject to withholding tax). The claim was rejected in February 15, 2008, and the Company appealed to court on April 29, 2008.

Moreover, during 2007, the European Commission made a formal request to Spain to change the law regulating withholding tax for non-residents, specifically relative to dividends paid, since it violates EU 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 tax on loans – Stamp tax on share capital – €77,000

On 7 April 2008, SPCG and PortucelSoporcel Cogeração de Energia S.A. lodged with the Almada Administrative and Tax Court a judicial impugnement against the levying of stamp tax in the amounts of €50,000 and €27,000, respectively, on the share capital increases realised by the aforesaid companies, on the grounds that such act is contrary to the provisions of Community Directive no. 69/335/EEC of the Council of 17 July 1969, as amended by Directive 85/303/EEC of the Council of 10 June 1985.

The above-mentioned companies are now awaiting that court's decision.

42. Exchange Rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 30 June 2009. The income statement transactions 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 heading in shareholders' equity.

The rates used in the first semester of 2009 and 2008 against the euro, were as follows:

	30-06-2009	30-06-2008	2008	Valuation/ (depreciation)
TND (tunisian dinar)				
Average exchange rate for the	1.8545	1.8099	1.8012	(2.96%)
Exchange rate at the end of the	1.8852	1.8312	1.8216	(3.49%)
LBN (libanese pound)				
Average exchange rate for the	2,009.20	2,307.08	2,217.10	9.38%
Exchange rate at the end of the	2,130.70	2,376.42	2,098.00	(1.56%)
USD (american dollar)				
Average exchange rate for the	1.3328	1.5304	1.4708	9.38%
Exchange rate at the end of the	1.4134	1.5764	1.3917	(1.56%)
GBP (sterling pound)				
Average exchange rate for the	0.8939	0.7752	0.7963	(12.26%)
Exchange rate at the end of the	0.8521	0.7923	0.9525	10.54%

43. 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
Great Earth, SA	Lisbon	100.00	-	100.00

Subsidiary companies of sub-group Portucel - under full consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	12.87	64.07	76.95	76.95
Subsidiárias:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	76.95
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56.00	44.00	100.00	76.95
Soporcel España, SA	Spain	-	100.00	100.00	76.95
Soporcel International, BV	Netherlands	-	100.00	100.00	76.95
Soporcel France, EURL	France	-	100.00	100.00	76.95
Soporcel United Kingdom, Ltd	United kingdom	-	100.00	100.00	76.95
Soporcel Italia, SRL	Italy	-	100.00	100.00	76.95
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	76.95
Soporcel North America Inc.	EUA	-	100.00	100.00	76.95
Soporcel Deutschland, GmbH	Germany	-	100.00	100.00	76.95
Soporcel Handels, GmbH	Austria	-	100.00	100.00	76.95
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.95
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.95
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	76.95
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	76.95
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	76.95
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	76.95
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	76.95
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	76.95
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	100.00	-	100.00	76.95
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	76.95
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	76.95
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	76.95
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50.00	50.00	100.00	76.95
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	38.47
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	43.00	51.00	94.00	72.33
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	76.95
About the Future - Empresa Produtora de Papel, SA	Setúbal	0.01	99.99	100.00	76.95
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	76.95
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	76.95
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91.15	91.15	70.14
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	71.22
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	70.38
ImpactValue - SGPS, SA	Setúbal	100.00	-	100.00	76.95
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	76.95
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	76.95
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	76.95
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	76.95
Atlantic Forests, SA	Setúbal	-	100.00	100.00	76.95
Portucel International GmbH	Germany	100.00	-	100.00	76.95
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios AC	Portugal	-	64.80	64.80	49.86
Bosques do Atlantico, SL	Spain	-	100.00	100.00	76.95
PortucelSoporcel Sales & Marketing NV	Belgium	25.00	75.00	100.00	76.95
Portucel Papel Setúbal, S.A. *	Setúbal	-	100.00	100.00	76.95
PortucelSoporcel Pulp SGPS, S.A. *	Setúbal	100.00	-	100.00	76.95
EPFF - Empresa de Pasta de Figueira da Foz, S.A. *	Figueira da Foz	-	100.00	100.00	76.95
CELSET - Celulose de Setúbal, S.A. *	Setúbal	-	100.00	100.00	76.95
CELACIA - Celulose de Cacia, S.A. *	Cacia	-	100.00	100.00	76.95

* Created in March 2009

Subsidiary companies of sub-group ETSA - under full consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary ETSA			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
ETSA - Empresa Transformadora de Subprodutos Animais, SA	Stº Antão do Tojal	-	80.00	80.00	80.00
Subsidiaries					
ABAPOR – Comércio e Industria de Carnes, S.A	Stº Antão do Tojal	100.00	-	100.00	80.00
SEBOL – Comércio e Industria de Sebo, S.A.	Stº Antão do Tojal	100.00	-	100.00	80.00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100.00	-	100.00	80.00
BIOLOGICAL - Gestão de Resíduos Industriais, L.da,	Stº Antão do Tojal	100.00	-	100.00	80.00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100.00	-	100.00	80.00
Transportes Carvajal	Mérida	80.00	-	80.00	64.00

Subsidiary companies of Sub-group Secil - under proportional consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary Secil			Equity % actually held by Semapa
		Direct	Indirect	Total	
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	6.42	44.58	51.00	51.00
Subsidiaries					
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	Lisbon	100.00	-	100.00	51.00
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
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
Sicobetão - Fabricação de Betão, S.A.	Pombal	-	100.00	100.00	51.00
Colegra - Exploração de Pedreiras, S.A.	V. N. Famalicão	-	100.00	100.00	51.00
Quimipetra - Secil Britas, Calcários e Derivados, Lda	Lisbon	-	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	51.19	45.81	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
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	70.00	70.00	35.70
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisbon	-	100.00	100.00	51.00
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	Lisbon	50.00	50.00	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
Ciments de Sibline, S.A.L.	Beirute	28.64	22.03	50.67	25.84
Soime, S.A.L.	Beirute	-	50.67	50.67	25.84
Premix Liban, S.A.L	Beirute	-	50.67	50.67	25.84
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	29.14
Beto Madeira - 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, Lda.	Funchal	-	29.14	29.14	14.86
Secil Unicon - SGPS, Lda	Lisbon	50.00	-	50.00	25.50
Secil Prêbetão, S.A.	Montijo	-	39.80	39.80	20.30
Teporset - Terminal Portuário de Setúbal, S.A.	Oeiras	-	50.00	50.00	25.50

BOARD OF DIRECTORS**President:**

Pedro Mendonça de Queiroz Pereira

Members:

Maria Maude Mendonça de Queiroz Pereira Lagos

José Alfredo de Almeida Honório

Francisco José Melo e Castro Guedes

Carlos Maria Cunha Horta e Costa

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Rita Maria Lagos do Amaral Cabral

António da Nóbrega de Sousa da Câmara

António Paiva de Andrada Reis

Joaquim Martins Ferreira do Amaral

**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 the Portuguese Securities Market Code, we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2009 of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. included in the Report of the Board of Directors, consolidated balance sheet (which shows total assets of €3,318,717,698 and a total shareholders' equity of €1,105,802,945, including total minority interests of €290,954,706 and a net profit of €25,819,318), consolidated income statement, statement of comprehensive income, 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 - Interim Financial Reporting 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.

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

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, 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.

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, 2009 is not free of material misstatements that affect its conformity with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union and the information contained therein is not complete, true, timeliness, clear, objective and licit.

Lisbon, August 25, 2009

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
represented by:

[This is a translation, not to be signed]

Abdul Nasser Abdul Sattar, R.O.C.