



DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

1st Half 2010

Directors' Report

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1 Semapa Group – Business Overview

Financial highlights and comparison with 1st half 2009:

Turnover: 811.1 million euros ↑ 15.9%

Total EBITDA: 207.5 million euros ↑ 58.4%

EBITDA Margin: 25.6% ↑ 6.9 p.p.

Net Profits: 43.5 million euros ↑ 68.4%

Net Debt: 1,135.3 million euros ↓ - 7.7 million euros

Operating performance in the **1st half of 2010** was **significantly strong**, showing a clear improvement on the 1st half of 2009.

Leading Financial Indicators

IFRS - accrued amounts (million euros)	H1 2010	H1 2009	Var H1 10/H1 09
Turnover	811.1	700.1	15.9%
Other income	23.6	26.5	-10.8%
Costs and losses	(627.3)	(595.6)	-5.3%
Total EBITDA	207.5	131.0	58.4%
Recurrent EBITDA	206.1	130.2	58.3%
Depreciation and impairment losses	(97.4)	(68.6)	-41.9%
Provisions (increases and reversals)	18.0	9.6	87.8%
EBIT	128.1	71.9	78.1%
Net financial profit	(27.0)	(21.9)	-23.5%
Pre-tax profit	101.0	50.0	102.0%
Tax on profits	(38.2)	(11.6)	-228.0%
Retained profits for the period	62.8	38.4	63.7%
Attributable to Semapa equity holders	43.5	25.8	68.4%
Attributable to minority interests	19.3	12.6	54.0%
Cash-flow	142.2	97.4	46.0%
EBITDA margin (% Sales)	25.6%	18.7%	6.9 p.p.
EBIT margin (% Sales)	15.8%	10.3%	5.5 p.p.
	30-06-2010	31-12-2009	Jun 10 vs. Dec 09
Total net assets	3,434.9	3,373.5	1.8%
Equity (before MI)	890.8	865.7	2.9%
Net debt	1,135.3	1,143.0	-0.7%

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

Attention is drawn from the distinct framework in the periods under analysis, given that (i) performance in the 1st half of the previous year was especially hard hit by the extremely adverse business environment due to Great Recession, which bottomed out during the 1st half of 2009, and (ii) the new Paper Mill started up in the 3rd quarter of 2009, significantly changing the operational base in the pulp and paper sector.

Segment Reporting (IFRS)

IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
Sales	657.1	139.3	14.7	0.1	811.1
Total EBITDA	178.2	32.1	4.2	(7.1)	207.5
Recurrent EBITDA	178.2	30.7	4.2	(7.1)	206.1
Depreciation and impairment losses	(85.6)	(10.7)	(1.0)	(0.1)	(97.4)
Provisions (increases and reversals)	20.7	(0.7)	-	(2.0)	18.0
EBIT	113.3	20.7	3.2	(9.2)	128.1
Net financial profit	(12.1)	(0.3)	(0.4)	(14.3)	(27.0)
Pre-tax profits	101.3	20.4	2.8	(23.5)	101.0
Tax on profits	(29.5)	(7.8)	(0.8)	(0.0)	(38.2)
Retained profits for the period	71.7	12.6	2.0	(23.5)	62.8
Attributable to Semapa equity holders	55.2	10.1	1.6	(23.5)	43.5
Attributable to minority interests	16.5	2.5	0.4	-	19.3
Cash-flow	136.6	24.0	3.1	(21.4)	142.2
EBITDA margin (% Sales)	27.1%	23.0%	28.8%	-	25.6%
Recurrent EBITDA margin (% Sales)	27.1%	22.1%	28.8%	-	25.4%
EBIT margin (% Sales)	17.2%	14.9%	21.8%	-	15.8%
Net total assets	2,596.2	510.3	27.0	301.4	3,434.9
Net debt	679.5	48.0	14.8	393.0	1,135.3

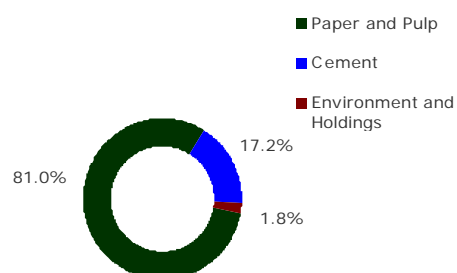
Notes:

- 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

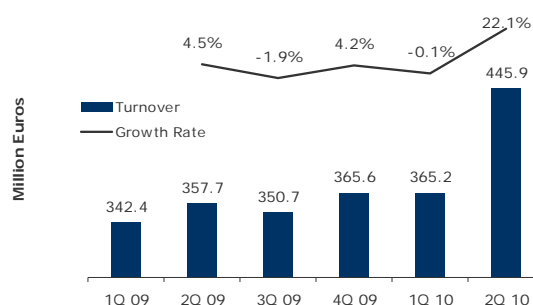
The Semapa Group's turnover in the 1st half of 2010 was up by 15.9% on the same period in 2009. Turnover in the 2nd quarter was up by 22.1% on the 1st quarter of 2010.

Turnover by Segment

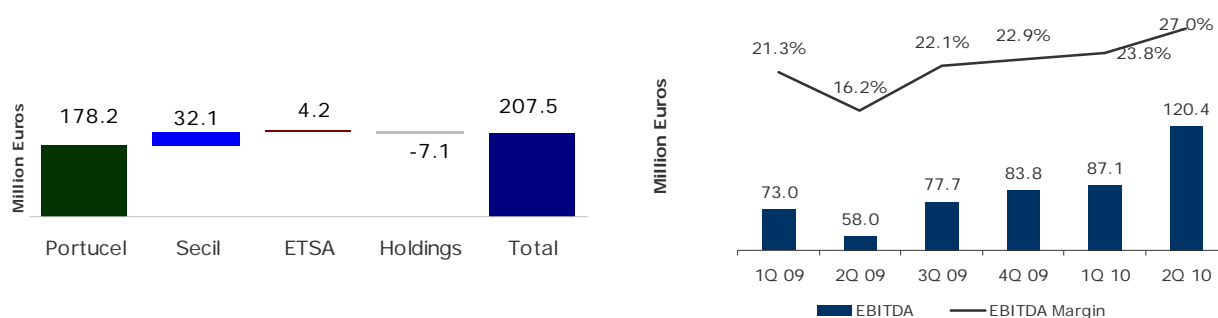
1st Half 2010



Quarterly Turnover



EBITDA rose 58.4% over the 1st half of 2009. EBITDA margin rose by 6.9 p.p. over the same period in 2009. The margin in the 2nd quarter was up by 3.2 p.p. on the 1st quarter of 2010.



Accrued financial results for the 1st half of 2010 show an increased loss of 23.5% over the same period in 2009.

The financial results for the 1st half show an increased loss in relation to the 1st half of 2009, standing at - 27.0 million euros. In the 1st half of 2009 this indicator was positively influenced by a sum of approximately 5.4 million euros relating to the reversal of interest relating to fiscal issues, within the Portucel Group. Between the first two quarters of 2010, a slight improvement may be observed in the second quarter.

Semapa's net profits for the 1st half of 2010 totalled 43.5 million euros, up by 68.4% on the 1st half of the previous year.

2 Paper and Paper Pulp Business Area – PORTUCEL

2.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2010	H1 2009	H1 2010/H1 2009 (Var. %)
Sales	657.1	537.5	22.2%
Other income	13.3	17.0	(21.4%)
Costs and losses	(492.2)	(455.4)	(8.1%)
EBITDA	178.2	99.1	79.9%
Recurrent EBITDA	178.2	99.1	79.9%
Depreciation and impairment losses	(85.6)	(56.6)	(51.2%)
Provisions (increases and reversals)	20.7	9.1	126.8%
EBIT	113.3	51.6	119.7%
Net financial profit	(12.1)	(8.2)	(47.1%)
Pre-tax profit	101.3	43.4	133.4%
Tax on profits	(29.5)	(5.5)	(441.4%)
Retained profits for the period	71.7	37.9	89.1%
Attributable to Portucel equity holders *	71.8	38.0	89.1%
Attributable to minority interests (IM)	(0.1)	(0.0)	(70.9%)
Cash-Flow	136.6	85.4	59.9%
EBITDA margin (%)	27.1%	18.4%	47.1%
EBT margin (%)	17.2%	9.6%	79.7%

	30-06-2010	31-12-2009	Jun 10 vs. Dec 09
Total net assets	2,596.2	2,574.4	0.8%
Equity (before MI)	1,191.2	1,180.2	0.9%
Net debt	679.5	670.0	1.4%

* of which 76.97% is attributable to Semapa and included in its consolidated accounts.

Note: The above figures may differ from those presented individually by the Portucel Group, as a result of consolidation adjustments made by the holding company, Semapa.

2.2 Portucel Group – Overview of Operations

In the 1st half of 2010, the Portucel Group recorded a turnover of **657.1 million euros**, up by 22.2% on the same period in the previous year. This growth was due essentially to an increase in the volume of paper sales, sustained by the output of the new paper mill, and to the increased power generation and sales.

In the 2nd quarter of the year, the Portucel Group's sales were well up on the 1st quarter of the year, rising by 23.3%, thanks to the gradual improvement in conditions in the markets in which the Group operates, reflected in a favourable evolution in sales prices for pulp and paper, and thanks to the increased quantity of paper sales, due to the output of the new mill.

EBITDA totalled **178.2 million euros** in the 1st half of 2010, representing an impressive increase of 79.9% on the same period in the previous year, and generating an EBITDA/Sales margin of 27.1%. This was achieved thanks to growth in turnover and also to favourable performance in certain production costs.

In quarterly terms, performance was just as positive, with 2nd quarter 2010 EBITDA totalling 105.8 million euros, up by 46% on the previous quarter, and the EBITDA/Sales margin standing at 29.2%.

The Group recorded a financial loss of **12.1 million euros**, as compared to a financial loss of 8.2 million euros in the 1st half of 2009. However, it should be noted that the figure for the 1st half of 2009 was positively influenced by reversal of interest relating to fiscal issues, to the extent of approximately 5.4 million euros. For the 2nd quarter, the Group recorded a financial loss of 5.8 million euros, representing an improvement of approximately 0.5 million euros in relation to the previous period, due fundamentally to the result obtained with two interest rate swaps which matured during the quarter.

Net profits attributable to Portucel Group equity holders in the 1st half of 2010 stood at **71.8 million euros**, representing growth of 90.1% over the same period in 2009.

At 30 June 2010, the Group's interest-bearing net debt stood at 679.5 million euros, up by 9.5 million euros over the figure recorded at year-end 2009, despite pressing ahead with the capital expenditure programme, which in the 1st half of 2010 involved an investment of 51.5 million euros, and after paying out dividends in relation to 2009 of € 63.3 million.

With the current level of net debt, coinciding with the final phase of a series of large-scale capex projects, the Group presents a strong financial position, setting it apart from the leading companies in its sector around the world.

2.3 Business Review

2.3.1 Market Background

The European UWF paper market continued to consolidate the recovery which began in the final quarter of 2009, with growth in apparent consumption estimated at approximately 10% in relation to the 1st half of the previous year. Net UWF production capacity in Europe contracted by approximately 4% in relation to the same period in 2009, despite the start-up of the new Portucel mill in August 2009.

During the 1st half of 2010, the euro fell against the currencies of the main exporters of UWF to Europe – Brazil and Indonesia – by 13% and 19% respectively, helping to bring down imports of UWF, especially in the cut-size segment.

The same trend was observed in relation to the USD, making European exports more competitive and resulting in growth of 36% in sales by European producers outside the European region. Total sales by the European industry were consequently up by 12%, with three quarters of output going to European markets and a quarter to exports, resulting in near total take-up of UWF production capacity in Europe.

In this context, the Portucel Group experienced strong growth in the quantity of UWF paper sales in relation to the same period in 2009, with the added output from the new paper machine, causing its European sales to grow by approximately 20%, substantially above the market average. Estimates point to the Group having increased its market share in Europe by approximately 80 000 tons (2.1 pp) in a single six-month period.

Significantly, overall growth in sales was supported by expansion of 14% in the volume of premium product sales. Also important is the fact that sales of the Group's own brands also grew by 20%, with Navigator, the world's best selling premium brand of office paper, enjoying growth of 16%. In the 1st half of 2010, the Group's own brands accounted for almost 60% of cut-size sales, in line with the situation recorded prior to the start-up of the new paper mill. This sales performance was particularly impressive in view of the economic climate and the level of unemployment in the Group's main markets, not to mention the fact that the Group is at the phase of introducing new capacity onto the market, which typically results in deterioration in these indicators, as previous experience has demonstrated.

Despite the growth in the European market, the benchmark prices in this market (PIX Copy B – Foex) dropped by approximately 5% in relation to the previous half (but still rose by 2.6 from the 1st to the 2nd quarter of 2010). The average net sales price recorded by the Group in the 1st half of 2010 was down by 3% on the same period in the previous year, representing a substantially smaller reduction than that recorded by the European benchmark index. The positive differential is more significant when we consider the sharp increase in volume sales, due to its new capacity, where the production curve is always steeper than that for the market's ability to incorporate the new capacity whilst replicating the same business model.

The UWF market in the USA presented a turnaround in relation to 2009, with a slight increase during the 1st half of 2010 which, combined with a further net reduction in capacity, brought occupation rates in the US industry up to 90%. In this context, the Portucel Group increased its volume of sales in the US market by 15% in relation to the same period in 2009.

As we have seen, European UWF exports increased significantly in the 1st half in relation to the same period in 2009. In addition to the growth in volume, the rising prices in export markets and the stronger dollar have enhanced the attractiveness of these regions. A highly significant fraction of the growth in European exports of UWF paper was claimed by the Portucel Group, which saw its share of exports rise by 9 percentage points between year-end 2009 and the end of the 1st half of 2010.

In addition, over the course of the 1st half, the Group continued efforts to penetrate new geographical markets where it had worked throughout 2009, achieving a very significant increase in the list of countries to which it sells paper.

The list price for hardwood pulp was increased six times during the 1st half of 2010, up by a total of 220 USD/t, continuing the trend recorded in the second half of 2009. This trend was sustained essentially by a reduction in the pulp supply in international markets, due to a number of issues, including: the earthquake in Chile, which damaged mills and infrastructures, removing approximately 850 thousand tons from the market; extremely adverse weather conditions, especially in the southern USA, but also in Scandinavia, resulting in a reduction estimated at 400 thousand tons, and restrictions on timber supplies in Canada, Scandinavia, the Iberian peninsula and, above all, in Indonesia, down by an estimated 1 million tons over the last twelve months.

At the same time, this reduction in supply was accompanied by an overall increase in demand for pulp, estimated at 1.4% for the 1st five months of the year, due to the positive situation currently being enjoyed by the paper industry in Europe and the USA, whilst demand in China recorded a slowdown, possibly related to factors in the wider economy, and due to expansion underway in the paper industry.

As a result, stocks at the end of the period at producers, users and ports stood at below the average for recent years.

The performance against the USD of the currencies of some of the main pulp producing countries (short and long fibre) has continued to act as a significant and consistent force in driving up pulp prices. This was the case of the Brazilian Real (Brazil being the leading producer of eucalyptus pulp), which climbed 3.3% against the US dollar over the 1st half of the year.

The Group's pulp sales in the 1st half of 2010 are not comparable with those in the same period of 2009, due to the start-up of the new paper mill in August 2009, and the consequent increase in pulp integration within the Group. Accordingly, in line with the curve anticipated for development of the new paper mill and the respective consumption of pulp, sales of pulp on the market stood at the levels expected.

In terms of sales by paper segments, the Group was successful in giving priority to segments with greater value added – decorative and special papers – which accounted for some two thirds of sales.

Sales by destination show that practically the total volume of sales went to the European market, which is home to the higher quality paper manufacturers who require higher standards and for whom the intrinsic qualities of the globulus pulp produced by the Group is of significant added value.

2.3.2 Portucel Group – Business Performance

The Portucel Group's sales in the 1st half of 2010 stood at 657.1 million euros, with sales of UWF paper and energy representing an increasingly important share of the turnover, in line with the development strategy followed by the Group.

The start-up of the new mill has resulted in a significant increase in the quantity of paper placed on the market, helping to offset the drop in the average sales price for paper in relation to the 1st half of 2009. Indeed, although prices crept up over the course of the 1st half of this year, the price for uncoated paper is still below that recorded in the 1st half of 2009, and the benchmark index for the European market, PIX Copy B, published by Foex, is down by 5%. The average sales price achieved by the Group continues to compare favourably with the market average, down by only 3% in relation to the same period in the previous year. As a result, the Group recorded an increase of approximately 21% in the value of paper sales in the 1st half of 2010.

In the pulp business, the Group's performance reflects on the one hand the sharp increase in the sales price and, on the other hand, a reduction in the quantity of pulp available for sale, due to incorporation into paper at the new Setúbal mill.

Sales were consequently down by 48.4% in volume, but the very positive rise in pulp prices partially offset this drop, meaning that the value of pulp sales on the market corresponded to a decrease of only 4.3%. The Group's average sales price rose by approximately 85% in relation to the same period in 2009, as compared to a variation over the same period in the PIX index for hardwood in euros of approximately 60%.

Power generation was up significantly over the 1st half of 2009, with gross generation for the period of approximately 839 thousand MWh, far in excess of the previous year's figure. This increase was due to the start-up of the new natural gas co-generation plant in Setúbal, in August 2009, and the output of the new biomass power stations in Cacia and Setúbal, which came online in late 2009. As a result, the value of energy sales for the period was up by 84.1% on those in the same period in 2009.

In relation to the 1st half of 2009, a number of production costs evolved favourably, with a reduction in the cost of chemicals, and also of other raw materials, where the prices adjusted down from the abnormally high levels experienced in early 2009. Personnel costs were up on the 1st half of 2009, due essentially to new staff taken on to operate the new paper mill. The increase was also caused by a higher estimate for performance bonuses for 2010.

As a result, consolidated EBITDA performed well in comparison with the same period in 2009, growing by 79.9% and resulting in an EBITDA/Sales margin of 27.1%, up by 8.7 p.p..

Development

The Group is nearing completion of large set of investment projects, including the new paper mill in Setúbal, which started up in the third quarter of 2009, three new power stations, which started up in the third and fourth quarters of 2009, with work still to be completed only on a new steam turbine for the biomass co-generation plant in Figueira da Foz, due to start production in the third quarter of 2010.

These projects will position the Group as Europe's leading producer of UWF printing and writing paper and allow it to generate approximately 5% of the total electricity produced in Portugal, obtaining most of this from renewable resources – forestry biomass and operating by-products.

In keeping with its concern to explore development opportunities, Portucel has signed a cooperation agreement with the State of Mato Grosso do Sul, in Brazil, and is carrying out the studies regarded as essential for setting up a project, comprising of integrated forestry development for pulp production.

At the same time, after approval by the Government of Mozambique of a concession covering 173 thousand hectares in the province of Zambézia, which is expected to be complemented by an additional area of 220 thousand hectares in Manica province, the Group is currently engaged in a number of industrial feasibility and logistical studies in order to determine the conditions for going ahead with an industrial project in the country. Work has also started on the necessary forestry trials, which will precede the start of planting in the concession areas.

3 Cement and Derivatives Business Area – SECIL

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

In order to provide a clearer picture of the real state of affairs of Secil and its subsidiaries, it was decided **in this chapter only** to present the **100% figures for Secil** (after consolidation adjustments), rather than figures merely for the percentage held by Semapa.

3.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2010	H1 2009	H1 2010/H1 2009 (Var.%)
Sales	273.1	292.8	(6.7%)
Other income	19.8	16.2	22.2%
Costs and losses	(229.9)	(237.2)	3.1%
EBITDA	62.9	71.7	(12.3%)
Recurrent EBITDA	60.3	71.6	(15.8%)
Depreciation and impairment losses	(21.0)	(21.8)	3.7%
Provisions (increases and reversals)	(1.4)	(0.3)	(325.4%)
EBIT	40.6	49.7	(18.3%)
Net financial profit	(0.5)	(2.7)	81.0%
Pre-tax profit	40.0	46.9	(14.7%)
Tax on profits	(15.3)	(10.8)	(41.5%)
Retained profits for the period	24.7	36.1	(31.6%)
Attributable to Secil equity holders *	19.9	28.8	(30.8%)
Attributable to minority interests (IM)	4.8	7.3	(34.5%)
Cash-flow	47.1	58.2	(19.1%)
EBITDA Margin (%)	0.2	0.2	(6.0%)
EBIT Margin (%)	0.1	0.2	(12.4%)

	30-06-2010	31-12-2009	Jun 10 vs. Dec 09
Total net assets	1,000.6	945.4	5.8%
Equity (before MI)	484.7	483.5	0.2%
Net debt	94.1	95.3	(1.3%)

* of which 51% is attributable and integrated in Semapa's consolidated accounts.

3.2 Secil Group – Overview of Operations

As a result of an extremely difficult economic environment, the construction industry and cement demand declined significantly in most developed countries, and especially in Europe, including Portugal, which is the key market for the Secil Group.

1st half turnover for 2010 stood at **273.1 million euros**, of which the Semapa Group appropriated approximately 139.3 million euros. This performance represented a reduction of 6.7% in relation to the 1st half of the previous year. However, the 2nd quarter of 2010 presented an increase of 18.3% over the 1st quarter, due essentially to (i) increased exports by cement units in Portugal, offsetting the decline in cement sales on the domestic market, and (ii) growth in cement sales in Lebanon.

EBITDA stood at **62.9 million euros**, of which the Semapa Group appropriated 32.1 million euros. This represents a reduction in this indicator of approximately 12.3% in relation to the same period in 2009. In contrast, the quarterly figures for 2010 show a positive trend, with performance in the 2nd quarter up by approximately 26.8% on the 1st quarter of the year.

However, positive performance in cement business in Lebanon and Tunisia helped to offset the decline in performance by business units in Portugal and cement business in Angola.

Financial results improved over the period, from a financial loss of 2.7 million euros in the 1st half of 2009 to one of only 0.5 million euros in the 1st half of 2010, due essentially to the accounting of exchange rate gains on current transactions.

Net profits stood at approximately **19.9 million euros**, of which Semapa appropriated 10.1 million euros.

Capital expenditure over the period totalled approximately **24.9 million euros**, relating mostly to operational investment.

At the end of the 1st half of 2010, net debt stood at approximately **94.1 million euros**, 1.3% down on the figure recorded at the end of 2009. In view of the capital expenditure mentioned above and the fact that the Secil Group distributed dividends in the 1st half with a value of approximately 37 million euros, the evolution of net debt reflects the Group's strong capacity for generating cash flow.

3.3 Business Review

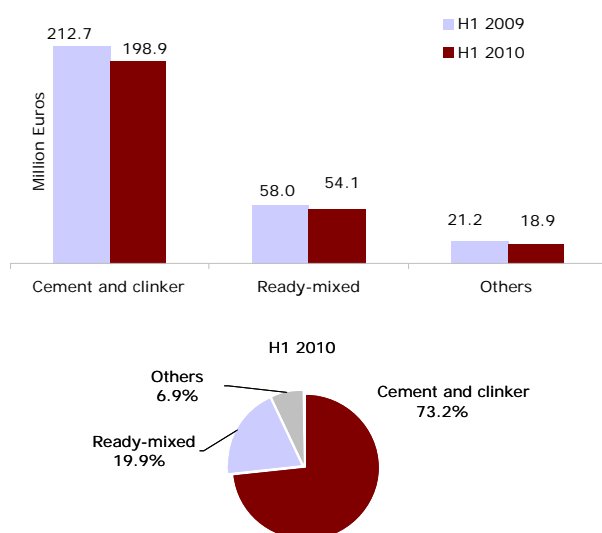
Sales by Segment and Geographical Region

Turnover in the Secil Group's different business sectors declined in comparison with the 1st half of the previous year.

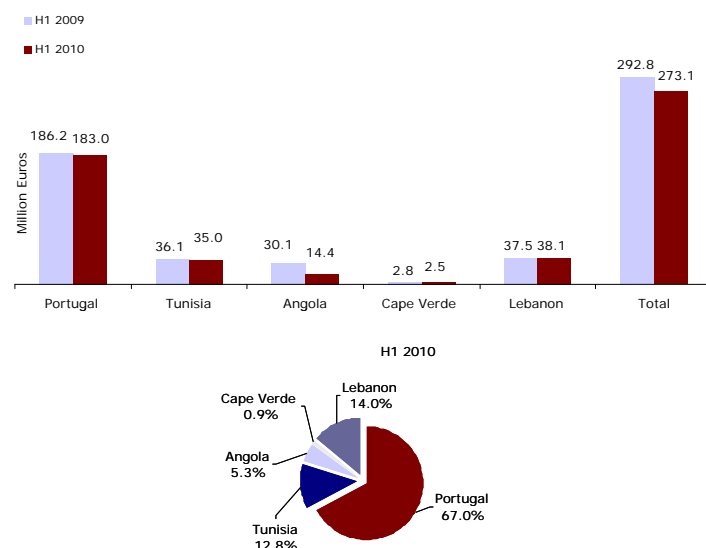
In terms of geographical regions, turnover in the 1st half of 2010 was slightly down on the same period in the previous year, with the most significant reduction in Angola.

During the 1st half of 2010, turnover from operations outside Portugal represented approximately 33% of total.

Segments



Geographical Regions



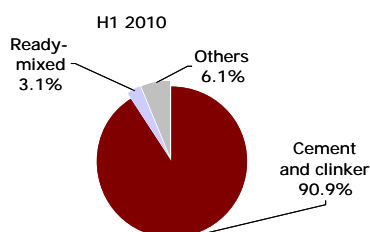
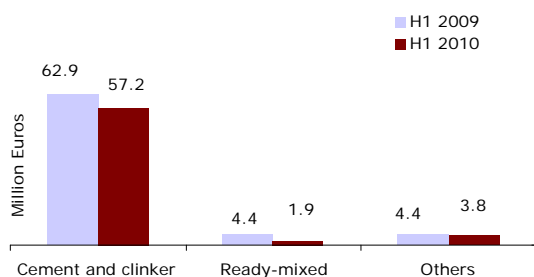
EBITDA by Segments and Countries

Business in the cement and clinker segment and in ready-mixed presented a drop in EBITDA in relation to the 1st half of 2009. The figures for the segment "Others", which includes aggregates, mortars and pre-cast concrete, show a smaller decline in relation to the 1st half of 2009, as they include a one-off operation.

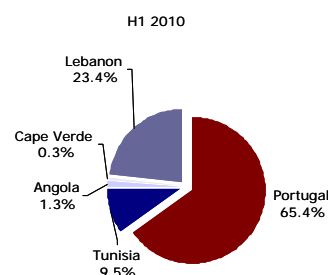
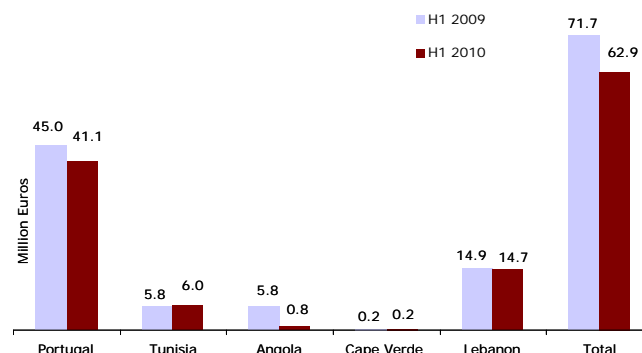
In terms of geographical segments, the EBITDA generated by operations in Portugal and Angola was lower than that recorded in the 1st half of 2009. The most substantial growth in EBITDA was recorded in Tunisia, whilst operations in Lebanon increased its relative contribution.

EBITDA generated by operations outside Portugal represented approximately 34% of the Secil Group's total EBITDA.

Segments



Geographical Regions



3.3.1 Portugal

The Portuguese economy appears to have outperformed expectations in the 1st half of 2010, thanks above all to a combination of growth in consumer spending, exports and gross fixed capital formation. In recently issued forecasts, the Bank of Portugal has revised its estimate of growth in GDP in 2010 from 0.4%, in April, to 0.9% in July (Summer Economic Bulletin – July 2010).

However, the civil construction sector remains in decline, due to the continuing crisis in the residential construction segment. Output in the construction sector for the period from January to May was down by approximately 7.9% (Production Index for Construction and Public Works – April 2010).

Demand for cement in the period was lower than in the 1st half of 2009, down by an estimated 5.5%, continuing the negative tendency observed in the 1st quarter.

In this harsh environment, the cement business unit presented turnover of approximately 117.5 million euros for the 1st half, which actually represents growth of 2.6% in relation to the 1st half of the previous year.

This growth was achieved essentially due to an increase in export business, allowing the Group to offset dwindling sales on the home market and weaker performance in cement business in Madeira, caused by the severe storm experienced in the islands in February, bringing construction work to a halt.

In the 2nd quarter of 2010, turnover in cement business grew by approximately 26.9% in relation to the 1st quarter, when the weather conditions had been extremely unfavourable.

In terms of operating performance, this business unit recorded EBITDA of approximately 36.5 million euros during the 1st half of 2010, 3.1% down on the figure recorded in the same period in the previous year.

The concrete, aggregates and mortars units all presented performance which fell short of the 1st half of 2009, due to heavy dependency on the domestic market.

The positive operating performance experienced in precast concrete business was influenced by a single one-off transaction, comprising of the sale of a plot of land in Madeira.

3.3.2 Tunisia

According to IMF estimates, the Tunisian economy is expected to grow by approximately 4% in 2010, faster than the growth recorded in 2009 (World Economic Outlook, IMF April 2010).

The construction industry enjoyed robust growth during the 1st half of the year, with cement consumption up by approximately 11%, for the country as a whole, and 6% in the southern region, within the natural market for the Secil Group's operations in Tunisia.

Turnover in cement and clinker business stood at approximately 30.6 million euros for the period, representing a reduction of approximately 5.5% in relation to the same period in 2009, due to drop in exports to Libya, caused by government restrictions; these exports had consistently offered better margins than sales on the domestic market.

However, the second quarter brought an increase in business in the domestic market and higher average sales prices (for the internal and external markets) in relation to the 1st quarter of the year, allowing turnover to grow by approximately 18.0% over this period.

In the 1st half of 2010, EBITDA from this business unit stood at approximately 5.3 million euros, up by some 5.9% on the same period in the previous year.

This performance was positively influenced by a reduction in thermal energy costs, due to lower petcoke prices, despite maintenance work carried out during the 1st quarter of the year which meant the Group had to acquire clinker at a price higher than the production cost in Tunisia.

In the 2nd quarter of 2010, turnover in cement and clinker business in Tunisia grew by 18.0% over the 1st quarter of 2010, due essentially to growth in the quantity of sales on the home market.

Nonetheless, EBITDA was down in the 1st half by 18.2%, due to the purchase of clinker at a cost higher than the production cost and to changes in accounting policies made during the period.

3.3.3 Lebanon

According to the IMF, growth of 8% is expected in the Lebanese economy in 2010, slightly down on the 9% growth recorded in 2009 (World Economic Outlook, IMF June 2010).

The construction sector continues to grow, due essentially to the residential construction segment. Estimates point to growth of around 4% in demand for cement over the year as a whole.

During the 1st half of 2010, turnover in cement business in Lebanon stood at approximately 34.2 million euros, up by 2.3% on the same period in 2009. This was due in the main to (i) increased sales on the home market and (ii) appreciation of the dollar against the euro.

EBITDA stood at approximately 14.5 million euros, unchanged from the same period in 2009. The growth in this indicator has been due to successful sales performance and cost savings on thermal energy due to lower petcoke prices.

Significantly, turnover and EBITDA grew by 43.5% and 70.1%, respectively, from the 1st to the 2nd quarter of 2010, thanks to the increase in quantities of cement sold on the domestic market.

3.3.4 Angola

The Angolan economy is currently stabilizing and returning to a period of growth. According to a report from the IMF, the economy is expected to grow by approximately 6.7% in 2010 (World Economic Outlook, IMF, May 2010), turning around the negative trend experienced in 2009.

There are signs of economic recovery, both in the petroleum sector, and in the non-petroleum sector. However, activity in the construction industry has continued to stall, with a continuation of the negative growth experienced in the second half of 2009.

In this context, performance by the cement business unit in the 1st half of 2010 was well down on the same period in 2009.

The turnover of 14.4 million euros recorded in the 1st half of 2010 represented reduction of 52.0% on the figure recorded in the 1st half of 2009, due to a decrease in quantities sold and in the respective average sales price.

EBITDA stood at 0.8 million euros, down by 85.5% on the figure recorded in the same period in 2009.

4 Environment Business Area – ETSA

4.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2010	H1 2009	H1 2010/H1 2009 (Var%)
Sales	14.7	13.0	13.7%
Other income	0.2	0.6	-65.4%
Costs and losses	(10.7)	(9.9)	-7.4%
EBITDA	4.2	3.6	18.1%
Recurrent EBITDA	4.2	3.6	18.1%
Depreciation and impairment losses	(1.0)	(0.8)	-23.1%
Provisions (increases and reversals)	-	(0.2)	100.0%
EBIT	3.2	2.6	25.7%
Net financial profit	(0.4)	(0.3)	-44.5%
Pre-tax profit	2.8	2.3	23.6%
Tax on profits	(0.8)	(0.7)	-23.4%
Retained profits for the period	2.0	1.6	23.7%
Attributable to ETSA equity holders *	2.0	1.7	22.6%
Attributable to minority interests (MI)	0.0	(0.0)	103.2%
Cash-Flow	3.1	2.7	14.3%
EBITDA margin (%)	28.8%	27.7%	3.9%
EBIT margin (%)	21.8%	19.7%	10.6%

	30-06-2010	31-12-2009	Jun 10 vs. Dec 09
Total net assets	27.0	26.3	2.9%
Equity (before MI)	5.0	7.0	(28.3%)
Net debt	14.8	12.8	16.0%

* of which 80% is attributable to Semapa and included in its consolidated accounts.

4.2 ETSA Group – Overview of Operations

The current economic situation in Portugal and Spain continues to hamper the business of the ETSA Group, placing constraints on the collection of raw materials and the quantities processed at the Group's production units.

In the 1st half of 2010, the ETSA Group recorded turnover of **14.7 million euros**, representing growth of 13.7% over the 1st half of 2009. Performance in the 2nd quarter of 2010 was up by 7.6% on the 1st quarter of the year. This performance was sustained by new projects initiated in the 2nd half of 2009.

Accrued EBITDA at the end of June 2010 stood at **4.2 million euros**, corresponding to an increase in this indicator of 18.1% on the 1st half of 2009, thanks to the start-up of these new projects.

A quarterly analysis shows that the EBITDA recorded in the 2nd quarter of 2010 was down on that in the 1st quarter, due in the main to the seasonal nature of the Group's business.

Net profits attributable to ETSA Group equity holders in the 1st half of 2010 stood at **2.0 million euros**.

The net debt of the ETSA Group totalled **14.8 million euros**, up by 2 million euros from the figure recorded in December 2009. It should be noted that in the 1st half of 2010 the Group distributed dividends and retained earnings totalling 4 million euros.

5 Semapa Group Human Resources

The human resources policy of the Semapa Group and its subsidiaries is geared to continuous improvement in productivity and efficiency through developing employee skills and expertise.

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 5,167 in December 2009 to 5,226 employees in June 2010, as shown in the following table:

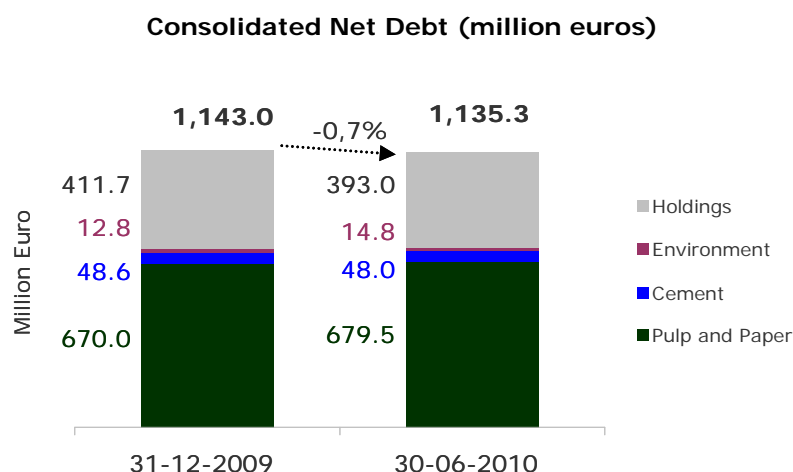
Segment	H1 2010	H1 2009	Var. 10/09
Paper and Pulp	2,348	2,288	60
Cement	2,661	2,676	-15
Environment	196	182	14
Holdings	21	21	0
TOTAL	5,226	5,167	59

6 Semapa Group – Financial Area

6.1 Indebtedness

At the end of June 2010, Semapa's consolidated net debt totalled approximately **1,135.3 million euros**, down by 7.7 million euros from the figures recorded at the end of 2009, for the reasons set out before.

The following graph shows total consolidated net debt and a breakdown at the end of the 1st half of 2010, compared with year-end 2009:



6.2 Net profits for the 1st half 2010

Semapa has recorded a consolidated net profit for the 1st half of 2010, before minority interests, of **62.8 million euros**, of which **43.5 million euros** is attributable to Semapa equity holders, **up by 68.4%** on the 1st half of the previous year.

This was due essentially to:

- An improvement in EBITDA of approximately 76.5 million euros, thanks fundamentally to increased turnover;
- Increased depreciation, as a result of start-up of new plant acquired in the course of the Group's ambitious investment plan, partially offsetting the rise in EBITDA;
- A sharp increase in income taxes, due essentially to the introduction of the State levy, which has increase the rate of tax in Portugal from 26.5% to 29%, payable on: i) pre-tax profits, increasing current taxes by 2.5 million euros, and ii) all deferred taxes on the balance sheet, resulting in a non-recurrent increase of 17.1 million euros. In view of this, the effective tax rate in the 1st half of 2010 rose to approximately 38%.

6.3 Risk Management

As detailed in the specific item in the Notes to the consolidated financial statements, 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.

6.2.1 Financial Risks

Exchange rate risk

Within the Portucel Group, pulp sales and paper exports to non-European countries are predominantly denominated in US dollars, and are highly exposed to foreign exchange risk, mainly in relation to the US dollar.

Accordingly, and when appropriate, the Portucel Group contracts a number of financial instruments designed to minimize the effects of exchange rate variations, in keeping with a policy which is periodically revised and geared to limiting the risk of exchange rate exposure associated with future sales and credits receivable in currencies other than the euro.

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

In view of this, the Secil Group pursues a policy of maximizing natural hedging of exchange rate exposure, by setting off intra-group foreign exchange flows.

Semapa SGPS and its instrumental sub-holdings and the ETSA Group are not exposed to exchange rate risk as none of their transactions are subject to this risk.

Interest rate risk

The main market indexes to which Group borrowing is pegged remained at low levels throughout the 1st half of 2010, as a result of the meagre growth shown by the European economy.

In relation to the Portucel Group, the cost of nearly all the financial borrowing contracted by the Group is indexed to short term reference rates – generally the Euribor 6m rate. In order to reduce its exposure to unfavourable interest rate changes, the Portucel Group has used financial instruments and contracted interest rate swaps covering approximately 13% of the total value of the credit facilities used and owing at 30 June 2010.

In the course of 2009, the Secil Group contracted a forward-starting swap for a notional of 40 million euros.

Since July 2009, Semapa SGPS has interest rate hedging operation operations for two bond loans maturing in 2016, with a total hedged of 225 million euros. This operation consisted of taking out zero cost collars with a number of financial institutions in Portugal.

The ETSA group and the holding companies are exposed to interest rate risk as all borrowing is on a variable rate basis.

Liquidity Risk

A correct match between the maturities on the Semapa Group's borrowing and the requirements of the business areas in which it operates, together with the existence of unused credit facilities, assures the Group a high level of liquidity.

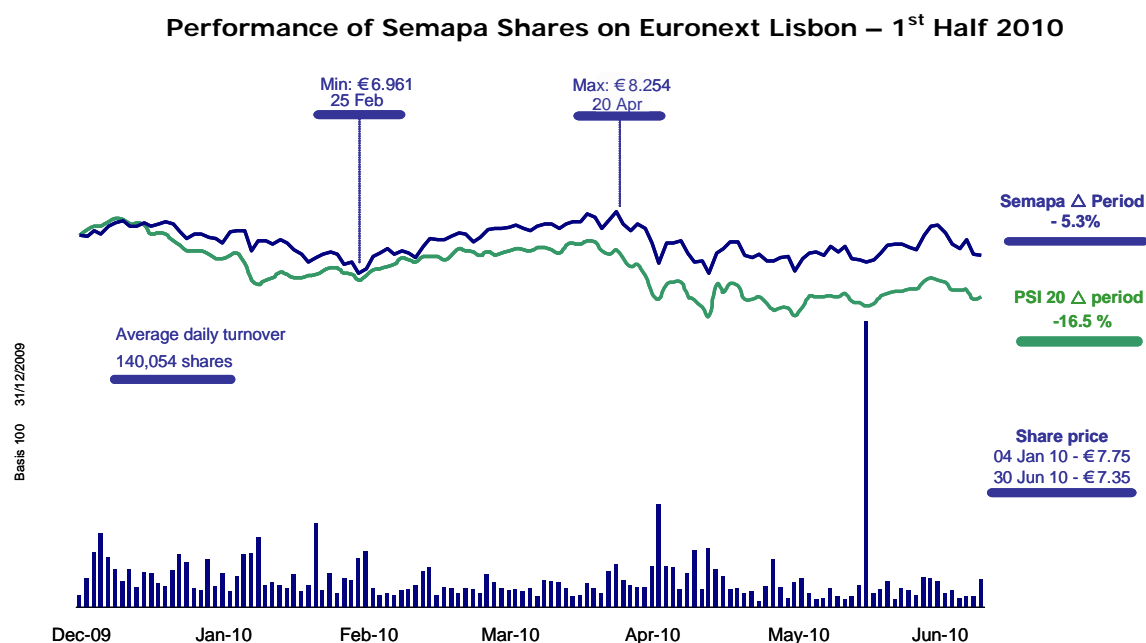
The bank borrowing contracted by the Semapa Group includes a large medium to long term component, with a maturity appropriate to the useful life of its assets.

6.4 Pensions and Other Post-employment Benefits

Total liabilities for pensions, in consolidated terms, at 30 June 2010, stood at 265.2 million euros, of which 152.9 million euros were covered by independent pension funds. Uncovered liabilities at this date, totalling 112.3 million euros, comprise i) 19.3 million euros for the Portucel Group, ii) 3.5 million euros for the Secil Group and iii) 89.5 million euros for Semapa.

In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 10.1 million euros (2.8 million euros for the Portucel Group and 7.3 million euros for the Secil Group).

6.5 Listed Share Price



During the 1st half of 2010, Semapa shares outperformed the PSI20 index, insofar as the company's shares lost 5.3% whilst the Portuguese stock market index recorded a much sharper fall, down by 16.5%.

In the period immediately following publication of the results for 2009, on 5 February 2010, no significant change was observed in the share price. The payment of dividends for the previous year also had no relevant impact on formation of the share price.

6.6 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:

- At the General Meeting of Semapa, held on 22 April 2010, it was resolved to distribute a dividend of 25.5 cents per share, representing a total dividend of 29,481,173 euros.
- At the General Meeting of Portucel, held on 15 March 2010, it was resolved to distribute a dividend of 8.25 cents per share, which was paid on 14 April, representing a total of 63,318,750 euros.

- At Secil's 2010 General Meeting it was resolved to distribute a dividend of 74 cents per share, representing a total of 37,017,345.60 euros.
- At the General Meeting of ETSA, held on 31 March 2010 it was resolved to distribute a total dividend of 2,000,000 euros. On 12 May 2010, a further General Meeting of the ETSA Group resolved to distribute retained earnings totalling 2,000,000 euros.

7 Principal Developments

Holdings – Semapa SGPS and instrumental sub-holdings

- Semapa paid out a dividend of 25.5 cents per share, on 10 May, representing a total dividend of 29.5 million euros.
- In the course of the 1st half of 2010, Semapa acquired on the stock exchange 150,000 thousand shares in Portucel for a sum of 290 thousand euros, increasing its holding to 76.97% of the share capital of the Portucel Group.
- At the General Meeting held on 22 April, new company officers were elected for the four-year term 2010-13.

Paper and Paper Pulp - PORTUCEL Group

- Portucel paid out a dividend of 8.25 cents per share, on 14 April, representing a total dividend of 63.3 million euros.
- The Council of Ministers of Mozambique approved a resolution granting Portucel a provisional permit to use and develop an area of 173,327 hectares in the province of Zambézia, for forestry purposes, along with a package of benefits for possible future industrial investment which Portucel may decide to implement in Mozambique. The same resolution also grants a permit for use and development of an additional area of 220,000 hectares in Manica province, as soon as the formalities currently underway are completed.

Cement and Derivatives – SECIL Group

- In June, Secil paid out a total dividend of 37 million euros.
- Acquisition of an additional holding in its subsidiary Britobetão, increasing its total holding to 82%.

Environment – ETSA Group

- At the General Meeting of ETSA, held on 31 March 2010 it was resolved to distribute a total dividend of 2million euros. On 12 May 2010, a further General Meeting of the ETSA Group resolved to distribute retained earnings totalling 2 million euros.

8 Outlook

After one of the deepest international economic crises of recent decades in 2009, the recovery observed in the 1st half may not be sustainable, as the market continues to present many signs of uncertainty.

Prospects for different world regions are significantly varied, with the Euro Zone presenting the least dynamic outlook, largely constrained by large budget deficits, accompanied by high levels of unemployment and instability in the financial sector.

Paper and Pulp (Portucel Group)

In the paper industry, the expectations for the second half of 2010 have to remain prudent. In addition to uncertainty as to future trends in consumption, there are other factors of uncertainty in the market. New capacity is due to come on line in Asia, which could cause a degree of imbalance in the market, the precise impact of which will depend on trends in exchange rates. At the same time, evolution in pulp prices will be decisive to the evolution of supply in the European market, as any downwards correction in prices might allow less efficient non-integrated paper producers to remain in business, which will create greater pressure in the market.

In the pulp market, the main factor of uncertainty has to do with the sustainability of the level of demand from China. Consumption in this market slowed slightly in the 1st half, due to production starting up again in capacity withdrawn from the market due to the earthquake in Chile, and capacity temporarily closed as a result of the crisis in 2009, as well as, in a broader timeframe, the announcement of new pulp projects in Latin America, which could cause a degree of imbalance, resulting in market volatility and consequent adjustments to prices. However, the Group's operations are increasingly focussed on the paper and energy business, and are consequently much less exposed to the volatility of the pulp market.

In the energy sector, work remains only on the project for a new turbine in the biomass cogeneration plant at the Figueira da Foz industrial complex, due to start up in the second half of this year. The Group's investments in this field represent a strong commitment to sustainable growth, and will enable it to generate approximately 5% of all power produced in Portugal, most of it obtained from renewable resources – forestry biomass and industrial by-products.

The Group has also continued to study opportunities for international expansion in the Southern Hemisphere, in particular in Latin America and Africa, involving very significant investment, in both financial and technical terms, as well as requiring an extensive and complex package of terms to assure their feasibility.

Cement (Secil Group)

The current world economic environment remains unfavourable for positive developments in Secil's principal operations, particularly in Portugal and Angola.

The Group therefore expects to record a positive result overall for the year, but still down on the previous year.

For Portugal, which is its main market, the prospects are still poor for the various segments in which the Secil Group operates, and especially for the residential construction segment.

The economic prospects in Tunisia and Lebanon are brighter, with growth of 4% and 8% respectively anticipated for 2010.

The Angolan economy is currently returning to growth. According to the latest IMF estimates, gross domestic product is expected to grow by 6.7% in 2010, turning around the negative figure of 0.4% recorded in 2009.

Environment (ETSA Group)

The economic environment in Portugal and Spain will largely shape the business operations of the ETSA Group as it continues to pursue sustained development of its subsidiaries' business activities.

The projects launched in 2009, continued efforts to boost commercial performance and competitiveness and other signs observed over the course of the 1st quarter all serve to support moderate optimism as to results over the remainder of 2010.

Lisbon, 27 August 2010

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 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

Joaquim Martins Ferreira do Amaral
Director

António Pedro de Carvalho Viana-Baptista
Director

Vitor Manuel Galvão Rocha Novais Gonçalves
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 2010, 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
Joaquim Martins Ferreira do Amaral	Director
António Pedro de Carvalho Viana-Baptista	Director
Vitor Manuel Galvão Rocha Novais Gonçalves	Director
Miguel Camargo de Sousa Eiró	Chairman of the Audit Board
Duarte Nuno d'Orey da Cunha	Member of the Audit Board
Gonçalo Nuno Palha 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 and 16.000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- 2. During the first half of 2010, 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, at this date, indicating the number of shares held and the corresponding percentage of voting rights, calculated in accordance with Article 20 of the Securities Code.**

	Holder	Nr shares ^o	% shares 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.	20.869.300	17,64%	18,49%
	Sonaca, SGPS, S.A.	1.630.590	1,38%	1,44%
	OEM - Organização de Empresas, SGPS, S.A.	535.000	0,45%	0,47%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625.199	0,53%	0,55%
	Soc. Agrícola da Q.ta 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:	57.855.746	48,893%	51,25%
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%

	Holder	Nr shares^o	% shares and voting rights	% non-suspended voting rights
	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.	-	-	-
	BES Pension Funds	3.871.957	3,27%	3,43%
	Subtotal:	3.871.957	3,27%	3,43%
D -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	3.892.368	3,29%	3,45%
	Bestinfond, 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%
E -	ESAF - Espírito Santo Fund. de Inv. Mobiliário, S.A.	-	-	-
	Securities Invest. Fund ES Plano Dinâmico - Fundo Flexível	2.569.232	2,17%	2,28%
	Subtotal:	2.569.232	2,17%	2,28%

Semapa holds 2.720.000 of own shares, and the company Seminv - Investimentos, SGPS, S.A., totally owned by Semapa, holds 2.727.975 shares in Semapa, totalizing 5.447.975 shares, corresponding to 4,6% of the share capital, subject to the rules on treasure stock

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

- Longapar, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Transaction
28-Apr	10.000	7,552 €	Purchase
28-Apr	10.000	7,60 €	Purchase
28-Apr	5.000	7,615 €	Purchase
28-Apr	5.000	7,62 €	Purchase

Date	Quantity	Price per share	Transaction
28-Apr	10.000	7,63 €	Purchase
28-Apr	10.000	7,64 €	Purchase
05-May	15.000	7,09 €	Purchase
05-May	15.000	7,10 €	Purchase
07-May	4.090	6,99 €	Purchase
07-May	5.910	7,00 €	Purchase
07-May	5.000	7,05 €	Purchase
07-May	5.000	7,10 €	Purchase

- OEM – Organização de Empresas, SGPS, S.A carried out the following transaction with shares in the company:

Date	Quantity	Price per share	Transaction
20-May	5.000	7,10 €	Purchase

- Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira carried out the following transaction with shares in the company:

Date	Quantity	Price per share	Transaction
28-Jun	17.627	7,676 € (*)	Disposal by Swap

(*) Value determined under the terms of Article 14.2 of Securities Market Commission Regulation 5/2008



CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

1st SEMESTER 2010

CONSOLIDATED SEPARATE INCOME STATEMENT AS OF JUNE 30, 2010 AND 2009

Amounts in Euros	Note	1st Semester 2010	1st Semester 2009	2nd Quarter 2010 (unaudited)	2nd Quarter 2009 (unaudited)
Revenues					
Sales	4	793,697,419	683,552,645	438,305,795	350,815,490
Services rendered	4	17,409,881	16,528,727	7,608,163	6,892,818
Other income					
Gains on disposal of non-current assets	5	3,959,092	3,689,207	2,332,050	590,564
Other operating income	5	19,672,627	22,805,100	8,573,389	8,862,551
Change in fair value of biological assets	18	(4,661,606)	814,493	(3,710,304)	(47,258)
Costs, expenses and losses					
Consumed materials and services	6	(290,473,272)	(288,860,203)	(157,460,147)	(145,379,924)
Movement in finished goods and work in progress	6	(6,155,973)	(23,206,602)	(11,649,674)	(18,994,823)
Sold and consumed inventories	6	(215,219,074)	(188,372,515)	(105,402,130)	(96,496,322)
Payroll costs	6	(94,160,224)	(80,183,751)	(50,274,512)	(40,357,349)
Other costs and losses	6	(16,604,810)	(15,812,345)	(7,934,663)	(7,914,019)
Provisions increase / (decrease)	6	17,999,426	9,585,970	11,250,793	7,779,893
Depreciation, amortization and impairment losses	8	(97,402,474)	(68,630,173)	(47,190,331)	(35,217,740)
Operational results		128,061,012	71,910,553	84,448,429	30,533,881
Group share of (loss) / gains of associated companies	9	288,504	391,638	292,948	394,932
Net financial results	10	(27,321,959)	(22,276,257)	(13,696,269)	(7,362,522)
Profit before tax		101,027,557	50,025,934	71,045,108	23,566,291
Income tax	11	(38,201,812)	(11,648,159)	(34,413,306)	(4,583,927)
Net Income		62,825,745	38,377,775	36,631,802	18,982,364
Net profit for the period					
Attributable to Semapa shareholders		43,480,957	25,819,318	25,159,959	13,065,252
Attributable to non-controlling interests	13	19,344,788	12,558,457	11,471,843	5,917,112
Earnings per share					
Basic earnings per share, Eur	12	0.385	0.229	0.223	0.116
Diluted earnings per share, Eur	12	0.385	0.229	0.223	0.116

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2010 AND DECEMBER 31, 2009

Amounts in Euros	Note	30-06-2010	31-12-2009
Assets			
Non-Current Assets			
Goodwill	15	322,226,042	321,274,798
Other intangible assets	16	180,392,874	169,912,322
Plant, property and equipment	17	2,138,203,855	2,152,005,430
Investment properties		157,038	161,117
Biological assets	18	113,628,364	118,289,970
Investment in associates	19	1,895,337	1,855,433
Financial assets at fair value through profit or loss	20	13,154,711	14,871,574
Available-for-sale financial assets	21	588,372	798,167
Deferred tax assets	28	42,279,119	30,904,802
Other non-current assets		2,333,822	1,363,767
		2,814,859,534	2,811,437,380
Current Assets			
Inventories	23	207,582,415	189,847,791
Receivable and other current assets	24	265,724,769	226,038,886
State and other public entities	25	43,305,651	57,100,036
Cash and cash equivalents	31	103,476,426	89,034,727
		620,089,261	562,021,440
Total Assets		3,434,948,795	3,373,458,820
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	(6,979,023)	(17,978,700)
Fair value reserves	27	(8,829,360)	(6,220,818)
Other reserves	27	760,984,662	711,616,512
Retained earnings	27	27,071,124	24,386,833
Consolidated net profit for the period		43,480,957	78,849,324
Consolidated shareholders' equity		890,819,278	865,744,069
Non-controlling interests	13	310,286,101	305,375,260
Total Equity		1,201,105,379	1,171,119,329
Non-current liabilities			
Deferred taxes liabilities	28	299,408,511	280,120,078
Pensions and other post-employment benefits	29	122,313,884	120,484,945
Provisions	30	14,529,753	32,625,824
Interest-bearing liabilities	31	1,204,693,398	871,817,132
Other non-current liabilities		26,480,115	29,437,896
		1,667,425,661	1,334,485,875
Current liabilities			
Interest-bearing liabilities	31	119,235,032	447,973,519
Payables and other current liabilities	32	363,956,470	346,913,088
State and other public entities	25	83,226,253	72,967,009
		566,417,755	867,853,616
Total liabilities		2,233,843,416	2,202,339,491
Total equity and liabilities		3,434,948,795	3,373,458,820

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

AS OF JUNE 30, 2010 AND 2009

Amounts in Euros	1st Semester 2010	1st Semester 2009	2nd Quarter 2010 <i>(unaudited)</i>	2nd Quarter 2009 <i>(unaudited)</i>
Retained earnings for the year without minority interes	62,825,745	38,377,775	36,631,802	18,982,364
Fair value in financial derivative instruments				
Changes in fair value	(2,907,239)	(4,168,838)	(2,465,691)	1,851,087
Tax on items above w hen applicable	227,823	1,104,742	501,749	(490,538)
Currency translation differences	15,972,402	(4,000,109)	10,064,864	(5,005,500)
Actuarial gains / (losses)				
Actuarial gains / (losses)	1,876,546	2,234,861	1,584,506	3,753,797
Tax on items above w hen applicable	53,826	189,425	81,685	166,173
Profit directly recognized in equity	15,223,358	(4,639,919)	9,767,113	275,019
Total recognized income and expense for the period	78,049,103	33,737,856	46,398,915	19,257,383
Attributable to:				
Semapa's shareholders	53,935,330	22,699,775	32,536,291	14,490,818
Non-controlling interests	24,113,773	11,038,081	13,862,624	4,766,565
	78,049,103	33,737,856	46,398,915	19,257,383

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF THE 1ST SEMESTER OF 2010 AND 2009

	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the year	Total	Non-controlling interests	Total
Equity as of 1 January, 2009	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
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)
Income and expenses recognized directly in capital *	-	-	-	(2,268,557)	-	(3,286,876)	2,435,890	-	(3,119,543)	(1,520,375)	(4,639,918)
Differences in minority interests acquisitions	-	-	-	-	-	-	(403,354)	-	(403,354)	(3,222,604)	(3,625,958)
Dividends distributed to subsidiary Seminiv, 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
<i>* Net of deferred taxes</i>											
Equity as of 1 January, 2010	118,332,445	(47,164,986)	3,923,459	(6,220,818)	711,616,512	(17,978,700)	24,386,833	78,849,324	865,744,069	305,375,259	1,171,119,328
Distribution of net profit of 2009:											
- Transfer to reserves	-	-	-	-	49,368,150	-	-	(49,368,150)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(29,481,174)	(29,481,174)	-	(29,481,174)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(18,910,244)	(18,910,244)
Income and expenses recognized directly in capital *	-	-	-	(2,608,542)	-	10,999,677	2,063,238	-	10,454,373	4,768,986	15,223,359
Differences in acquisition of minority interests	-	-	-	-	-	-	(77,028)	-	(77,028)	(292,688)	(369,716)
Dividends distributed to subsidiary Seminiv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-	695,634
Other movements	-	-	-	-	-	-	2,447	-	2,447	-	2,447
Net profit for the period	-	-	-	-	-	-	-	43,480,957	43,480,957	19,344,788	62,825,745
Equity as of 30 June, 2010	118,332,445	(47,164,986)	3,923,459	(8,829,360)	760,984,662	(6,979,023)	27,071,124	43,480,957	890,819,278	310,286,101	1,201,105,379
<i>* Net of deferred taxes</i>											

CONSOLIDATED CASH FLOW STATEMENT

AS OF THE 1ST SEMESTER 2010 AND 2009

Amounts in Euros	Note	1st Semester 2010	1st Semester 2009	2nd Quarter 2010	2nd Quarter 2009
OPERATING ACTIVITIES				(unaudited)	(unaudited)
Received from customers		863,137,570	752,708,851	449,680,350	390,579,131
Payments to suppliers		(675,811,991)	(595,565,637)	(347,131,406)	(280,423,446)
Payments to employees		(67,551,806)	(60,654,939)	(33,916,768)	(34,854,275)
Cash flow generated from activities		<u>119,773,773</u>	<u>96,488,275</u>	<u>68,632,176</u>	<u>75,301,410</u>
(Payments) / receipts of income tax		(6,167,403)	(4,546,839)	(3,297,612)	(1,666,117)
Other (payments) / receipts from operating activities		9,936,123	22,552,622	22,719,724	16,306,651
Cash flow from operating activities (1)		123,542,494	114,494,058	88,054,289	89,941,944
INVESTING ACTIVITIES					
Inflows					
Financial investments		-	26,912,505	-	8,390,171
Property, plant and equipment		1,570,497	41,051	1,516,977	15,439
Intangible Assets		4,552,360	5,522,900	-	-
Government Grants		50,153	6,009,539	50,153	5,813,757
Interest and similar income		7,179,357	7,500,115	401,651	2,617,659
Dividends		1,328,628	560,946	988,840	553,216
		<u>14,680,995</u>	<u>46,547,056</u>	<u>2,957,621</u>	<u>17,390,242</u>
Outflows					
Financial investments		(3,518,920)	(5,224,026)	(4,985,170)	(4,546,917)
Property, plant and equipment		(60,116,163)	(187,149,396)	(27,496,457)	(94,568,273)
		<u>(63,635,083)</u>	<u>(192,373,422)</u>	<u>(32,481,627)</u>	<u>(99,115,190)</u>
Cash flow from investing activities (2)		(48,954,088)	(145,826,366)	(29,524,006)	(81,724,948)
FINANCING ACTIVITIES					
Inflows					
Borrowings		913,861,388	533,102,997	298,618,954	216,931,609
		<u>913,861,388</u>	<u>533,102,997</u>	<u>298,618,954</u>	<u>216,931,609</u>
Outflows					
Borrowings		(908,771,436)	(484,414,149)	(312,492,321)	(184,690,092)
Amortisation of financial leases		(693,966)	(39,822)	824,718	251,188
Interest and similar expenses		(21,754,702)	(34,239,618)	(13,271,853)	(21,138,607)
Dividends		(45,807,102)	(49,011,818)	(44,284,913)	(48,869,839)
Treasury shares acquisition		-	(2,356,650)	-	(17)
		<u>(977,027,206)</u>	<u>(570,062,057)</u>	<u>(369,224,369)</u>	<u>(254,447,367)</u>
Cash flow from financing activities (3)		(63,165,817)	(36,959,060)	(70,605,415)	(37,515,758)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		11,422,588	(68,291,368)	(12,075,132)	(29,298,762)
FOREIGN EXCHANGE DIFFERENCES		3,019,111	(553,035)	1,730,466	(1,001,182)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		89,034,728	205,172,630	113,821,092	166,628,171
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	103,476,426	136,328,227	103,476,426	136,328,227

(Translation of a report originally issued in Portuguese – Note 42)

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2010

(Translation from an original report issued in Portuguese)

(In these notes, unless indicated otherwise, all amounts are expressed in Euro)

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

Head Office: Av. Fontes Pereira de Melo, 14, Lisbon
Share Capital: Euros 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 through its subsidiaries 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..

These consolidated financial statements were approved by the Board of Directors on August 27, 2010.

The Group's senior management, that is the members of the Board of Directors who sign the present report, declare that to the best of their knowledge the information contained herein was prepared in conformity with the applicable accounting standards and present a true and fair view of the financial position and results of the companies included in the Group's consolidation perimeter.

1. Summary of the main accounting policies

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

1.1 Basis of preparation

The consolidated interim financial statements for the six month period ended June 30, 2010 were prepared in accordance with the International Accounting Standard nº 34 – Interim Financial Report.

The Group's consolidated financial statements have been 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.

The accompanying consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 43), and under the historic cost convention, except for biological assets, and financial instruments which are recorded at fair value (Notes 33 and 18).

The preparation of the financial statements requires the use of important estimates and judgments in the application of the Group's accounting policies. The principal statements which involve a greater degree of judgment or complexity, or the most significant assumptions and estimates used in the preparation of the aforesaid financial statements, are disclosed in Note 3.

1.2 Comparability

In the first semester of 2010, no change was recorded in the consolidation methods and therefore comparability is not affected by this aspect.

1.3 Basis of Consolidation

1.3.1 Subsidiaries

Subsidiaries are all the entities over which the Group has the right to determine their financial and operating policies, generally where the Group's interest is represented by more than half of the voting rights. The existence and the effect of the potential voting rights which are currently exercisable or convertible are taken into account when the Group assesses whether it has control over another entity. The subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group, while they are excluded as from the date control ceases

These companies' shareholders' equity and net income/loss, corresponding to the third-party investment in such companies, are presented under the caption non-controlling interests respectively in the Consolidated Statement of Financial Position, in a separate component of shareholders' equity, and in the consolidated income statement. The companies included in the consolidated financial statements are detailed in Note 42.

The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured by the fair value of the assets transferred, the equity instruments issued and liabilities incurred or assumed on acquisition date, plus costs directly attributable to the acquisition.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognised at fair value on the acquisition date, irrespective of the existence of non-controlling interests. The excess of the acquisition cost relative to the fair value of the Group's share of the identifiable assets and liabilities acquired is recorded as goodwill, as described in note 15.

The subsidiaries are fully consolidated since control is transferred to the Group.

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

Whenever an increased stake in the equity of an associated company results in the acquisition of control, as a result of which it is then included in the consolidated financial statements using the full consolidation method, the proportionate fair values attributed to the assets and liabilities, corresponding to the percentages previously held, are recorded under the caption Fair value reserves (Note 27). If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired (negative goodwill), the difference is recognised directly in the income statement under the item "Other operating income".

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

Subsidiaries' accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group.

1.3.2 Associates

Associates are all the entities in which the group exercises significant influence but does not have control, generally applied in the case of investments representing between 20% and 50% of the voting rights. Investments in associates are equity accounted.

In conformity with the equity accounting method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of the changes in the associates' shareholders' equity (including net income/loss) with a corresponding gain or loss recognised for the period, and by dividends received.

The difference between the acquisition cost and the fair value of the assets, liabilities and contingent liabilities attributable to the affiliated company on the acquisition date, is – if positive - recognized as goodwill and recorded as an investments in affiliated companies. If negative, goodwill is recorded as income for the period under the caption "Profit in affiliated companies".

An evaluation of investments in associates is done when there are signs that the asset could be impaired,

while impairment losses are recorded as costs also under the same caption. When impairment losses recognised in previous periods cease to exist, they are reversed, with the exception of goodwill.

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name. Unrealised gains on transactions with associates are eliminated to the extent of the Group's investment in the associates. Unrealised losses are also eliminated, except where the transaction reveals evidence of impairment of a transferred asset.

Associates' accounting policies were amended whenever necessary so as to ensure consistency with the policies adopted by the Group. Investments in associates are detailed in Note 19.

1.3.3 Joint Ventures

A jointly-controlled entity is a joint venture which involves the formation of a company, a partnership or other entity in which the Group has an interest.

Jointly-controlled entities are included in the consolidated financial statements using the proportional consolidation method, with the assets, liabilities and income and expenses of the jointly-controlled entities recognised on a line-by-line basis in the consolidated financial statements, such as Group Secil.

1.4 Segmental Reporting

Segmental reporting is presented according to the internal reporting to Management. Based on this reporting system, Management evaluates performance of each segment and decides on the allocation of the available resources. Management evaluates business performance according to the geographic area and nature of the business. Based on this last perspective, the segments of pulp and paper, cement and derivatives and environment were identified.

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

Three business segments have been identified:

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 sales in Portugal, Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria and United States, among other less relevant, 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..

Environment

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

Geographical segment is an individual area committed to supplying products or services in a particular economic environment and which is subject to different risks and benefits than those arising from segments which operate in other economic environments. The geographical segment is defined based on the destination country of the goods and services sold by the Group.

The segment reporting accounting policies are those consistently used in the Group. All the inter-segment sales and services are registered at market prices and are all eliminated on consolidation. The segment reporting is presented in Note 4.

1.5 Foreign currency translation**1.5.1 Functional and Reporting currency**

The items included in the financial statements of each one of the Group's entities are measured using the currency of the economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Euro, which is the Group's functional and reporting currency.

1.5.2 Balances and transactions expressed in foreign currencies

All Group's assets and liabilities denominated in foreign currencies were converted into euro using the exchange rates ruling at the balance sheet date.

The currency differences, favourable and unfavourable, arising from the differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or balance sheet dates, were recorded as income and costs in the consolidated income statement for the year.

1.5.3 Group companies

The results and the financial position of the Group's entities which have a functional currency which is different from the Group's reporting currency are converted into the reporting currency as follows:

- (i) The assets and liabilities are translated at the exchange rates ruling at the date of the financial statements;

The resulting exchange rates' differences are recognised as a separate component of Shareholders' Equity, under the caption "Foreign currency translation reserve".

- (ii) The income and costs are translated using the average exchange rate of the reporting period (except where the average exchange rate is not a reasonable approximation of the cumulative effect of the rates ruling on the transaction dates, in which case the income and costs are converted at the exchange rate ruling on the transaction dates).

1.6 Intangible assets

With the exception of CO2 emission rights, intangible assets are recognized 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 rights attributed to the Group within the framework of the National Plan for the Allocation of CO2 Emission Licences on a free-hold basis are recognised under the caption Other Intangible Assets at market value on the award date, against a liability, under the caption "Deferred income – grants", for the same amount.

The Group records as an operating cost with a corresponding liability and operating income as a result of the recognition of the proportionate share of the corresponding subsidy relating to the Group's CO2 emissions.

Sales of emission rights give rise to a gain or loss, being the difference between the sales' value and the respective purchase price, net of the corresponding State subsidy, which is recorded in "Other operating income" or "Other operating costs", respectively.

1.6.2 Brands

Whenever brands are identified in a business combination, the Group records them separately in the consolidated statements as an asset at historical 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 acquisition cost over the fair value of the identifiable assets and liabilities of the subsidiaries and associates on the acquisition date.

Goodwill is not amortised and is subject to impairment tests at least once a year. Impairment losses relating to Goodwill cannot be reversed. Gains or losses arising from the sale of an entity include the amount of the corresponding Goodwill.

1.8 Property, plant and Equipment

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

As regards the subsidiaries CMP, Société des Ciments de Gabés (SCG), Portucel, Soporcel and ETSA, the cost of the tangible fixed assets on the date these subsidiaries were acquired was calculated based on valuations made by independent entities.

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

Subsequent costs are included in acquisition cost of the asset or recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the company and the respective cost can be reliably measured. Other repairs and maintenance costs are recognised as a cost in the period they are incurred.

Depreciation is calculated on the acquisition cost, using the straight-line method, as from the date the asset enters into service, using the 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	4 - 9
Tools and utensils	2 - 8
Office equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary at the balance sheet date. If the book value of the asset is higher than the asset's realisable value, then this is written down to the estimated recoverable amount by the recording of impairment losses (Note 1.10).

Gains or losses arising from derecognition or disposal are calculated as the difference between the proceeds received on disposal and the asset's book value, and are recognised in the income statement as other operating income or costs.

1.9 Investment properties

Investment properties are valued at acquisition cost, net of depreciation and impairment losses, being the cost of 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 which do not have a defined useful life are not subject to depreciation, but are subject to annual impairment tests. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the amount at which they are shown in the accounts may not be recoverable.

An impairment loss is recognised as the amount of the excess of the asset's book value over its recoverable amount. The recoverable amount is the higher of the net sale price and its value in use. The net sale price is the amount that would be received on the disposal of the asset in a transaction between independent and knowledgeable entities, after deducting the costs directly attributable to the sale.

For the purpose of conducting impairment tests, the assets are grouped at the lowest level for which cash flows can be identified separately (cash generating units which belong to the asset), when it is not possible to do so individually for each asset.

The reversal of impairment losses recognised in previous periods is recorded when it can be concluded that the recognised impairment losses no longer exist or have decreased (with the exception of impairment losses relating to Goodwill – see Note 1.7).

This analysis is performed whenever there are signs that the previously-recognised impairment loss has reversed. The reversal of impairment losses is recognised in the income statement as Other operating income, unless the asset has been revalued in which case the reversal corresponds to an additional revaluation. However, the reversal of the impairment loss is effected up to the limit of the amount that would have been recognised (net of amortisation or depreciation) had the impairment loss not been recorded in previous years.

1.11 Biological assets

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

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 recognized as operating income/costs. At the time of harvest, wood is recognized 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 according to the following categories: financial assets at fair value through the income statement, loans granted and accounts receivable, investments held to maturity and available-for-sale financial assets. The classification depends on the intention motivating the investment's acquisition. Management determines the classification at the moment of initial recognition of the investments and reappraises this classification on each reporting date.

All acquisitions and disposals of these investments are recognised at the date of the relevant purchase and sale contracts, irrespective of the financial settlement date. Investments are initially recorded at the acquisition cost, while fair value is equal to the price paid, including transaction expenses. The subsequent measurement depends on the category the investment falls under, as follows:

Loans granted and receivables

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They originate when the Group advances money, goods or services directly to a debtor without any intention of negotiating the debt.

These are included in current assets, except as regards that portion with a maturity of more than 12 months at balance sheet date, in which case they are classified as non-current assets.

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

Financial assets at fair value through profit and loss

A financial asset is classified under this category if primarily acquired with the object of being sold in the short term or if so designated by management.

Assets in this category are classified as current if held for dealing or if they are realisable in a period of up to 12 months of the balance sheet date. These investments are measured at fair value through the income statement.

Investments held to maturity

Investments held to maturity are non-derivative financial assets, with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold to maturity. This investment category is recorded at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not meet the conditions to be classified in the above categories. These assets are included in non-current assets unless management expects to sell them over the 12 months following the balance sheet date (Note 21). These financial investments are recognized 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 recognized at acquisition cost. Loss of impairment is recognized whenever a reduction of value is identified and it is justifiable.

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 recognized in profit or loss - is removed from equity and recognized in the income statement.

An impairment loss recognized 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 derivatives with the object of managing the financial risks to which it is exposed.

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 recognized through the income statement as commissions and losses in financial instruments (Note 10).

Whenever possible, the fair value of derivatives is estimated based on quoted instruments. In the absence of market prices, the fair value of derivatives is estimated based on the discounted cash flow method and option valuation models, in accordance with the assumptions generally used in the market. The fair value of derivative financial instruments is essentially included in the captions receivables and other current assets and payables and other current liabilities.

Furthermore, the Group contracted derivative financial instruments relating to the portfolio of greenhouse-gas emission rights. The derivative financial instruments used for hedge purposes may be classified as hedge instruments whether they fulfil the following conditions:

i) The beginning date of the transaction and hedge relationship is identified and formally documented, including the identification of the hedged item, the hedge instrument and the evaluation of the hedge's effectiveness;

ii) There is an expectation that the hedge relationship is extremely effective, at transaction date as throughout the operation;

iii) The hedge effectiveness can be clearly measured at transaction date and throughout the operation;

iv) As for cash flow hedge operations, it should be extremely probable that they will occur.

1.14 Income tax

Corporate income tax includes current and deferred tax. Current income tax is calculated based on net income, adjusted in conformity with tax legislation in force at the balance sheet date.

Deferred tax is calculated using the liability method, based on the temporary differences between the book values of the assets and liabilities and their respective tax base. The income tax rate expected to be in force in the period in which the temporary differences will reverse is used in calculating deferred tax.

Deferred tax assets are recognised whenever there is a reasonable probability that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased whenever it is likely that tax losses will not be utilised.

Deferred taxes are recorded as a cost or income for the year, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption.

1.15 Inventory

Inventories are valued in accordance with the following criteria:

i) Goods and raw materials

Goods and raw, subsidiary and consumable materials are valued at the lower of purchase cost and net realisable value. Purchase cost includes ancillary purchase costs using the weighted average cost as the valuation method.

ii) Finished products and work in progress

Finished and intermediate products and work in progress are valued at the lower of production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) and net realisable value, excluding any storage (warehousing), logistical and selling costs.

Net realisable value corresponds to the estimated selling price after deducting estimated completion and selling costs. Differences between costs and net realizable value, if lower, are recorded in Inventories consumed and sold on the income statement.

1.16 Receivables and other current assets

Debtors' balances and other current accounts receivable are recorded at nominal value, net of impairment losses, so as to state them at their expected net realisable value (Note 24).

Impairment losses are recorded when there is objective evidence that the Group will not receive the full amount outstanding in accordance with the original conditions of the accounts receivable.

1.17 Cash and cash equivalents

The caption Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months which can be mobilised immediately without any significant risk in value fluctuations.

1.18 Share Capital and treasury shares

Ordinary shares are classified in shareholders' equity (Note 26).

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the issue proceeds.

The costs directly imputable to the issue of new shares or options for acquisition of a new business are included in the acquisition cost as part of the purchase consideration.

Treasury shares are recorded at their acquisition amount, as a decrease in shareholders' equity, in the caption Treasury shares, while the gains or losses inherent in their disposal are recorded under Other reserves. Pursuant to applicable corporate legislation, as long as treasury shares remain in the company's possession, it is mandatory to set aside a reserve equal to their acquisition cost.

When any Group company acquires shares of the parent company (treasury shares), the payment which includes directly-attributable incremental costs (net of taxes) is deducted from the shareholders' equity attributable to the holders of the parent company's capital until such time the shares are cancelled, redeemed or sold.

When such shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in the shareholders' equity of the company's shareholders, under other reserves.

1.19 Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value, net of the transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the amounts received (net of transaction costs) and the repayment amount is recognised in the income statement over the term of the debt, using the effective interest rate method.

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

1.20 Borrowing costs

Borrowing costs relating to loans are generally recognised as financial costs, in accordance with the accrual accounting principle (Note 10).

Borrowing costs directly related to the acquisition, construction or production of fixed assets are capitalised when their construction period exceeds one year, and form part of the asset's cost.

Capitalisation of these charges commences after the start of the asset's preparation or development activities and is interrupted after commissioning or when the relevant project is suspended.

Any financial income generated by loans directly related to a specific investment is deducted from the borrowing costs eligible for capitalisation.

1.21 Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events that

will probably entail an outflow of funds and/or resources in order to discharge an obligation and that a reliable estimate can be made of the amount of the obligation.

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 commitments of an environmental nature. Thus, expenditure on equipment and technical staff responsible for compliance with legislation and applicable regulations (as well as curtailing the environmental impacts to levels which do not exceed those corresponding to the viable application of the best technologies available - ranging from those relating to the minimisation of energy consumption, atmospheric emissions, waste production and noise pollution to those laid down for the execution of visual and landscape requalification plans) are capitalised when they are earmarked to sustain the Group's activity over the long term, as well as where they relate to future economic benefits and permit prolonging the life, increasing the capacity or improving the security or efficiency of the other assets held by the Group (Notes 30 and 35).

In addition, the land used for the exploitation of quarries have to be the object of environmental restoration, while it is the Group's practice to continuously and progressively reconstitute the land freed up by the quarries, recognising in the income statement of the period the expenditure incurred.

In the case of quarries whose reconstitution is only possible at the close of operations, the Group has approached independent and specialised entities to quantify those obligations, having for this purpose recognised a provision under the caption "Provisions" (Note 30).

1.22 Pensions and other post-employment benefits

1.22.1 Defined benefit pension plans

Some of the Group's subsidiaries have assumed the commitment to make payments to their employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans.

As mentioned in Note 29, the Group constituted autonomous Pension Funds as a means of funding a part of the commitments for such payments. According to IAS 19, companies with pension plans recognise the costs with the granting of these benefits as and when the services are rendered by the beneficiary employees. In this manner, the Group's total liability is estimated at least every six months at the date of the interim and annual accounts for each plan separately by an independent and specialised entity in conformity with the projected unit credit method.

The costs relating to past liabilities, which result from the implementation of a new plan or additional benefits granted, are recognised immediately in the situations in which the benefits are being paid or are vested.

The liability thus calculated is presented in the Consolidated Statement of Financial Position after deducting the market value of the funds constituted, under the caption Pensions and other post-employment benefits included in non-current liabilities.

Actuarial gains and losses resulting from differences between the assumptions used for purposes of calculating the liabilities and what effectively occurred (as well as from changes made thereto and from the difference between the expected amount of the return on the funds' assets and the actual return) are recognised when incurred directly in shareholders' equity (Note 27).

The gains and losses generated by a curtailment in or a settlement of a defined-benefit plan are recognised in the income statement of the financial year when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees or the plan is altered in such a way that the benefits awarded are reduced with a material impact.

1.22.2 Other post-employment benefits

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

Retirement and death subsidy

The subsidiary CMP – Cimentos Maceira e Pataias, S.A. assumed the commitment to its workers to pay (i) an old-age and disability retirement subsidy, which represents 3 months of the last salary earned and (ii) a subsidy on the death of a current employee equivalent to 1 month of the last salary earned.

Portucel assumed an obligation to pay a retirement bonus, equivalent to six-month salary, for employees that retire at the regular date of retirement, 65 years old.

The present value of the liabilities for future retirement payments and bonuses are determined on an actuarial basis and recorded as a cost of the period in line with the services provided by the potential beneficiaries in their employment

Long-service bonus

Secil – Companhia Geral de Cal e Cimento, S.A. and the subsidiary CMP – Cimentos Maceira e Pataias, S.A. have assumed a commitment to its employees to pay bonuses: at Secil, to those who attain 25, 35 and 40 years of service and) at CMP, to those who attain 20 and 35 years, calculated on the basis of the basic monthly remuneration, up to the equivalent of 3 monthly salaries.

Healthcare assistance

Secil – Companhia Geral de Cal e Cimento, S.A. and its subsidiaries CMP – Cimentos Maceira e Pataias, S.A., Cimentos Madeira e Brimade offer their employees a healthcare assistance scheme which complements the official Health and Social Security services, extensive to their families, retirees and widows.

Under this scheme, certain healthcare costs are reimbursed via a Health Insurance contracted by the company.

1.22.3 Holiday pay and allowances and bonuses

In terms of prevailing legislation, employees are entitled annually to 25 working days leave, as well as to a month's holiday allowance, entitlement to which is acquired in the year preceding its payment.

According to the current Performance Management System (Sistema de Gestão de Desempenho), employees have the right to a bonus based on annually-defined objectives, entitlement to which is normally acquired in the year preceding its payment. Accordingly, these liabilities are recorded in the period in which the employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at Consolidated Statement of Financial Position is shown under the caption "Payables and other current liabilities".

1.23 Payables and other current liabilities

Trade creditors and current accounts payable are recorded at their nominal value (Note 32).

1.24 Government grants

Government grants are recognized 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 recognized 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 recognized 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 recognized in the income statement under the caption "Other operating income" during the estimated useful life of the granted asset.

1.25 Leases

Fixed assets acquired under leasing contracts, as well as the corresponding liabilities, are recorded using the financial method.

According to this method, the corresponding liability is recorded under liabilities as loans, while the interest included in the instalments and the asset's depreciation, calculated as described in Note 1.8, are recorded as costs in the income statement of the period to which they relate.

Leases under which a significant part of the risks and benefits of the property is assumed by the lessor, with the Group being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received by the lessee, are recorded in the income statement during the period of the lease.

Leases included in contracts according to IFRIC 4

The Group recognizes 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

The distribution of dividends to shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders and up until the time of their payment.

1.27 Revenue recognition and accrual basis

Income derived from sales is recognised in the consolidated income statement when the risks and benefits attaching to possession of the assets are transferred to the purchaser and the amount of the income can be reasonably quantified. Sales are recognised net of taxes, discounts and other costs associated with their realisation, at the fair value of the amount received or receivable.

The income derived from the provision of services is recognised in the consolidated income statement with reference to the stage of completion of the services rendered at the balance sheet date.

Revenue from dividends received from associates is recognised when the right to receive the dividends is attributed to the members or shareholders.

Interest received is recognised in accordance with the principle of accrual accounting, taking into consideration the amount of the debt and the effective rate of interest during the period to maturity.

The Group companies record as their costs and income in accordance with the principle of accrual accounting, in terms of which the costs and income are recognised as and when generated, irrespective of the moment in which they are received or paid.

The differences between the amounts received and paid and the corresponding costs and income are recorded under the captions Current accounts

receivable and Current accounts payable (Notes 24 and 32, respectively).

1.28 Contingent assets and liabilities

Contingent liabilities in which there is the probability of an outflow of funds affecting future economic benefits is only probable, are not recognised in the consolidated financial statements, and are disclosed in the Notes, unless the probability of the outflow of funds affecting future economic benefits is remote, in which case they are not the object of disclosure. Provisions are recognised for liabilities which meet the conditions contemplated in note 1.21.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when it is probable that there will be a future economic benefit.

1.29 Subsequent events

Events after the balance sheet date which provide additional information about the conditions prevailing at the balance sheet date are reflected in the consolidated financial statements.

Post-balance sheet events which provide information about conditions which occur after the balance sheet date are disclosed in the notes to the consolidated financial statements, if material.

1.30 New standards, amendments 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 January 1, 2010:

New standards to further application	Effective date *
IAS 27 (revised) - Consolidated and separate financial statements	1 January 2010
IAS 39 (amendment) - Financial instruments	1 January 2010
IFRS 1 (amendment) - First-time adoption of International Financial Reporting Standards	1 January 2010
IFRS 2 (amendment) - Group and treasury share transactions	1 January 2010
IFRS 3 (revised) - Business combinations	1 January 2010
IFRS 5 (amendment) - Non-current assets held-for-sale and discontinued operations	1 January 2010
IFRIC 12 - Service concession arrangements	1 January 2010
IFRIC 15 - Agreements for the construction of a real estate	1 January 2010
IFRIC 16 (amendment) - Hedges of a net investment in a foreign operation	1 January 2010
IFRIC 17 - Distributions of a non-cash assets to owners	1 January 2010
IFRIC 18 - Assets transfer by clients	1 January 2010

* Periods beginning on or after

Annual improvements of standards in 2009 (effective for annual financial periods beginning on January 1, 2010)	Effective date *
IAS 17 - Leases	1 January 2010
IAS 36 - Tangible assets	1 January 2010
IAS 38 - Intangible assets	1 January 2010

* Periods beginning on or after

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

New standards and interpretations not mandatory as at June 30, 2010:

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the financial years starting after January 1, 2010 and the Group decided not to adopt them in advance.

(Translation of a report originally issued in Portuguese – Note 42)

New standards approved by the European Commission	Effective date *
IAS 32 (revised) - Financial Instruments: Presentation - Disclosure provisions	1 February 2010
IFRS 1 (amendment) - First-time adoption of International Financial Reporting Standards	1 July 2010
IFRIC 14 - The limit on a Defined Benefit asset, Minimum funding requirements	1 January 2011

* Periods beginning on or after

Standards not yet approved by the European Commission	Effective date *
IAS 24 (amendment) - Related Party Disclosures	1 January 2011
IFRS 9 (new) - Financial Instruments: Recognition and measurement	1 January 2013

Improvements drafts to 2010 standards	Effective date *
IFRS 1 - First-time adoption of International Financial Reporting Standards	1 January 2011
IFRS 3 - Business combinations	1 January 2011
IFRS 7 - Financial Instruments: Disclosures	1 January 2011
IAS 1 - Presentation of Financial Statements	1 January 2011
IAS 27 - Consolidated and separate financial statements	1 January 2010
IAS 34 - Interim financial Report	1 January 2010
IFRIC 13 - Customer loyalty Programmes	1 January 2011

* Periods beginning on or after

Up to date of this report, the Group has not concluded the estimate over the effects of the changes above mentioned to the consolidated financial statements, thereby choosing not to early adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

2. Risk Management

2.1 Financial risk factors

Semapa, as a holding company, does not have any direct operational activities. The main asset of Semapa as a holding company is the shares representative of the share capital of subsidiaries companies. Therefore the fulfillment of the assumed obligations depends on the cash flow generated by its subsidiaries. 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 Foreign Exchange rate risk

Fluctuations in the exchange rate of the Euro against other currencies can affect the Company's revenues in a number of ways.

On the one hand, a significant part of Group's sales are made in a different currency than Euro, namely in USD and other currencies with less relevance, and changes on the exchange rate may have a significant impact on the Group's future sales.

On the other hand, it is customary to set the price of BEKP on the world market in US dollars, and, as such, the change of the Euro against the US dollar can have an impact on the Company's future sales regardless of the currency used (Euro or any other).

Furthermore, once a sale is made in a currency other than the Euro, the Company assumes an exchange rate risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place. Hence the Company's assets will always have a significant component of receivables subject to foreign exchange risk.

The sub-Group Portucel holds an affiliated company on USA, Soporcel North America, whose equity amounts to USD 25 million and is exposed to foreign exchange risk. Besides this operation, the sub-Group does not hold investments in any materially relevant foreign operations whose net assets are exposed to foreign exchange risk.

Occasionally, 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 future sales and 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 optimized 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 favorable 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 Consolidated Statement of Financial Position.

Semapa SGPS, as a holding company and its sub-holdings as well as Sub-Group ETSA are not exposed to foreign exchange risk since its transactions are carried out in the Group's functional and reporting currency.

(Translation of a report originally issued in Portuguese – Note 42)

The Semapa Group's exposure to foreign exchange rate risk as of June 30, 2010, based on financial assets and liabilities balances, totaled Euro 73,090,108 converted at the exchange rate of that date (December 31, 2009 Euro 29,410,308) as follows:

United States	British Pound	Polish Zloty	Swedish	Czech Koruna	Swiss Franc
Amounts in Foreign Currency	Dollar		Krona		
As of 30 June, 2010					
Assets					
Cash and cash equivalents	28,919,199	17,589	176,381	-	94
Receivables	64,158,387	8,154,971	4,112,240	305,015	4,039,179
Other assets	45,032	-	-	-	-
Total Financial Assets	93,122,618	8,172,560	4,288,621	305,015	4,039,274
Liabilities					
Bearing liabilities	(6,464,140)	-	-	-	-
Payables	(3,013,020)	(1,508,393)	(190,808)	(335,212)	(679,970)
Total Financial Liabilities	(9,477,160)	(1,508,393)	(190,808)	(335,212)	(679,970)
Net financial position balance	83,645,458	6,664,168	4,097,813	(30,197)	3,359,304
As of 31 December, 2009					
Total Financial Assets	69,237,451	10,044,396	766,757	845	722,599
Total Financial Liabilities	(26,142,652)	(2,301,637)	(115,008)	(16,157)	(8,316)
Net financial position balance	43,094,799	7,742,759	651,749	(16,157)	(7,471)

Danish Krone	Hungarian	Australian	000 Lebanese	Tunisian	Total
Amounts in Foreign Currency	Florint	Dollar	Pound	Dinar	
As of 30 June, 2010					
Assets					
Cash and cash equivalents	27	-	2,783,293	1,907,636	33,804,219
Receivables	1,636,591	-	193,437	9,907,697	103,752,758
Other assets	-	-	163,542	1,816,427	2,025,002
Total Financial Assets	1,636,618	-	193,437	14,192,075	139,581,979
Liabilities					
Bearing liabilities	-	-	(43,939)	(13,965,772)	(20,473,851)
Payables	(512,964)	(703,073)	(4,716)	(19,700,420)	(12,627,527)
Total Financial Liabilities	(512,964)	(703,073)	(4,716)	(19,744,359)	(59,749,954)
Net financial position balance	1,123,654	(703,073)	188,721	(12,961,539)	79,832,025
As of 31 December, 2009					
Total Financial Assets	210,922	14,527	45,005	13,126,171	20,848,688
Total Financial Liabilities	(236,531)	(1,109)	(2,298)	(28,466,076)	(27,213,376)
Net financial position balance	(27,609)	13,418	42,707	(6,364,688)	29,410,308

As of June 30, 2010 a negative variation of 5% of all currency rates to euro would have a negative impact on results of Euro 3,480,481 (as of December 31, 2009 Euro 601,768) not taking into account the operations in currency hedging (note 33) made for almost all balances that would eliminate this variation.

2.1.2 Interest rate risk

Whenever the evolution in interest rates requires, the Group hedges adverse risks through derivative financial instruments, such as interest rate swaps (IRS), interest rate collars, forwards, etc. In selecting derivative financial instruments, the Group focuses on the economic efficiency underlying such instruments. The inclusion of any additional instrument is also measured regarding the impact on the current portfolio of derivative instruments, namely in terms of results volatility.

The Group, in its management of exposure to interest rate, only hedges for cash flows. These operations are recorded in the Consolidated Statement of Financial Position by its fair value, when its coverage is considered effective, and changes on fair value are initially recorded on equity and reclassified to the caption Gains/Losses in financial derivative instruments when they cease.

Whenever hedge operations are not effective they are recorded directly in results. Therefore, associated costs to covered debt are matched to the rate related to the contracted hedge operation.

When an instrument expires or is sold, or when hedge no longer fulfils the requirements for accounting standards, the accumulated variations presented in reserves are recognized in results when the hedge operation also is.

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 and collars to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters.

The Group Portucel resorted to derivative financial instruments to cover its interest rate risk, namely interest-rate swaps, with the purpose of fixating the interest rate on the Group's borrowings within certain limits: as of June 30, 2010 from the several contracted swaps only one is still active, representing 13% of its interest-bearing debt.

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. It also contracted in 2009 a hedge for interest rate risk with an interest rate swap and the remaining debt was maintained at a variable rate.

During 2009 Semapa SGPS contracted three interest rate collar structures in order to reduce the exposure to interest rate fluctuations risk of the two bond loans that it has.

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 June 30, 2010 and December 31, 2009 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 Euros	Until 1 month	1-3 months	3-12 months	1-5 years	More 5 years	Total
As of 30 June, 2010						
Assets						
Non Current	-	-	-	-	-	-
Held-for-sale assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Current	-	-	-	-	-	-
Cash and cash equivalents	68,607,790	-	-	-	-	68,607,790
Derivatives Financial Instruments	-	-	-	-	-	-
Total Financial Assets	68,607,790	-	-	-	-	68,607,790
Liabilities						
Non Current	-	-	-	-	-	-
Interest-Bearing liabilities	134,350,000	274,950,000	758,079,000	23,137,200	20,184,638	1,210,700,838
Other liabilities	-	-	-	-	-	-
Current	-	-	-	-	-	-
Interest-Bearing liabilities	10,546,815	11,597,279	84,677,467	-	-	106,821,563
Total Financial Liabilities	144,896,815	286,547,279	842,756,467	23,137,200	20,184,638	1,317,522,401
Gap	(76,289,025)	(286,547,279)	(842,756,467)	(23,137,200)	(20,184,638)	(1,248,914,611)

Amounts in Euros	Until 1 month	1-3 months	3-12 months	1-5 years	More 5 years	Total
As of December 31, 2009						
Assets						
Non Current	-	-	-	-	-	-
Held-for-sale assets	-	-	157,206	-	-	157,206
Current	-	-	-	-	-	-
Cash and cash equivalents	63,977,893	-	-	-	-	63,977,893
Total Financial Assets	63,977,893	-	157,206	-	-	64,135,099
Liabilities						
Non Current	-	-	-	-	-	-
Interest-Bearing liabilities	59,350,000	-	554,064,054	14,967,091	243,633,092	872,014,237
Current	-	-	-	-	-	-
Interest-Bearing liabilities	4,781,913	99,440,619	343,526,406	-	-	447,748,938
Total Financial Liabilities	64,131,913	99,440,619	897,590,460	14,967,091	243,633,092	1,319,763,175
Gap	(154,020)	(99,440,619)	(897,433,255)	(14,967,091)	(243,633,092)	(1,255,628,076)

(Translation of a report originally issued in Portuguese – Note 42)

Semapa uses the sensibility analysis technique that measures impacts on earnings and equity of increase or decrease on interest rates maintaining the other variables constant.

This analysis is only for theoretical reasons since interest rate rarely changes alone in the market. The sensibility analysis bases on the following:

1. Changes in interest market rates have an impact on interest variable financial instruments income or expenses;
2. Changes in interest market rates only have an impact on fixed interest rates of financial instruments income when they are recognized at fair value;
3. Changes in interest market rates have an impact on derivative financial instruments' fair value and other financial assets and liabilities;
4. Changes on derivative financial instruments' fair value and other financial assets and liabilities are estimated of discounted cash flow using market rates at the end of the year.

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.

The Group is exposed to the credit risk in the credit it grants to its customers and, accordingly, it has adopted a policy of managing the coverage of such risk within preset limits, through the negotiation of a credit insurance policy with a specialized independent company.

Sales that are not covered by credit insurance are subject to rules that ensure that they are made to customers with a satisfactory credit history and/or are total or partially covered by bank guarantees or documentary credits, and if such coverage is partial, the exposure has to be within reasonable limits.

The Group renegotiates periodically the receivables in accordance with its own management risk policy.

As of June 31, 2010 and December 31, 2009, the accounts receivable from customers showed the following ageing structure, considering the due dates for the opening balances:

Amounts in Euros	1st Semester	
	2010	31-12-2009
amount not due	167,737,387	142,431,815
1 to 90 days	35,996,412	44,910,044
91 to 180 days	4,522,912	4,985,167
181 to 360 days	2,583,318	3,183,047
361 to 540 days	1,067,161	2,786,443
541 to 720 days	441,728	876,859
more than 721 days	8,137,195	4,824,459
	220,486,112	203,997,834
In litigation recovery	5,398,145	4,847,551
Impairments	(13,762,844)	(12,283,776)
Net accounts receivable (Note 24)	212,121,413	196,561,608
Insurance contract Limit Credit	223,368,222	222,966,365

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 guarantees in place for a significant part of the open and old balances, justify the fact that no impairment has been recorded for those balances.

The rules defined by the credit risk insurance policy applied by the Group, ensure a significant coverage of all open balances, for which the limit of the negotiated credit insurance shown above corresponds to the whole of the Group's customers portfolio. However, a resulting conclusion that credit balances are entirely insured is not applicable, given the existence of a *plafond* by entity.

The table below represents the quality of the Group's credit risk, as of June 30, 2010 and December 31, 2009, for financial assets (cash, cash equivalents and Derivative Financial Instruments), whose counterparts are financial institutions:

Amounts in Euros	1st Semester	
	2010	31-12-2009
AA	881,844	3,166,263
AA-	-	6,254,089
A+	7,958,509	7,951,860
A	3,786,622	46,684,989
A-	67,371,221	2,167,188
Others	23,478,231	22,810,339
	103,476,428	89,034,727

The caption "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 analysis of receivables' ageing that are already in delay is as follows:

Amounts in Euros	30-06-2010		31-12-2009	
	Gross Value	FV Warranties	Gross Value	FV Warranties
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	35,901,939	2,114,042	44,850,035	13,051,788
Overdue - more than 3 months	8,579,686	1,645,739	9,249,921	455,446
	44,481,625	3,759,781	54,099,956	13,507,233
Accounts receivable overdue and impaired				
Overdue - less than 3 months	94,472	-	60,009	-
Overdue - more than 3 months	13,212,903	-	12,202,095	-
	13,307,375	-	12,262,104	-

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 and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings.

(Translation of a report originally issued in Portuguese – Note 42)

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 Consolidated Statement of Financial Position as at June 30, 2010 and December 31, 2009, is detailed in the following schedule:

Amounts in Euros	30-06-2010	31-12-2009
Non-current		
Other non-current assets	1.339.822	1.363.767
Current		
Receivables and other current assets	221.909.500	214.558.442
Cash and cash equivalents	103.141.492	88.825.813
	325.050.992	303.384.255
Credit risk exposures relating to off-balance sheet items		
Commitments (Note 38)	57.366.569	44.402.845
Other commitments (Note 24)	(21.671.354)	(13.330.982)
	35.695.215	31.071.863

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.

The liquidity of the agreed financial liabilities will generate the following not discounted cash flows, including interests till maturity at balance date:

Amounts in Euros	Less than 1 year	1-5 years	More than 5 years	Total
As of 30 June, 2010				
Liabilities				
Interest-bearing liabilities				
Bond loans	40,059,950	600,638,482	250,636,850	891,335,282
Commercial paper	37,233,330	27,568,104	28,100,000	92,901,434
Bank loans	51,088,975	256,119,385	131,123,479	438,331,839
Finance lease payables	1,176,585	1,119,348	-	2,295,932
Accounts payable and other liabilities	252,089,608	26,026,531	-	278,116,139
Total liabilities	381,648,447	911,471,849	409,860,329	1,702,980,626
As of 31 December, 2009				
Liabilities				
Interest-bearing liabilities				
Bond loans	341,149,565	401,350,819	254,863,324	997,363,707
Commercial paper	640,627	19,142,936	42,734,444	62,518,007
Bank loans	121,926,075	202,302,768	35,099,243	359,328,086
Finance lease payables	1,274,455	1,641,899	-	2,916,354
Accounts payable and other liabilities	276,561,688	-	-	276,561,688
Total liabilities	741,552,410	624,438,421	332,697,011	1,698,687,842

At June 30, 2010 and December 31, 2009, bank credit facilities granted and not drawn against amounted to Euro 522,183,057 and Euro 708,869,890 respectively.

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 thus eliminating or reducing price risk.

2.2 Operational risk factors

2.2.1 Significant risks from the forestry sector

The Portucel Soporcel group carries out the management of woodlands covering an area of some 120 thousand hectares, north and south of the country, in conformity with the principles laid down in its Forestry

Policy. Eucalyptus trees occupy 74% of this area, namely the *Eucalyptus globulus*, the species that is universally acknowledged as the tree with the ideal fibre for making high quality paper.

The principal risk factor threatening the eucalyptus forests lies in the low productivity of Portugal's forests and in the worldwide demand for certified products, bearing in mind that only a minute proportion of the forests is certified. It is expected that this competitive pressure will remain in the future. By way of example, the forestry area managed by the Group represents less than 3.5% of Portugal's total forested area and 54% of Portuguese forests certified according to the FSC standard.

In this domain, the main risks associated with the sector are the risk attaching to the productive capacity of the plantations and the risk of wildfires. As a way of maximising the productive capacity of the areas it exploits, the Group has developed and employs Forestry Management models which contribute to the maintenance and ongoing improvement of the economic, ecological and social functions of the forestry areas, not only as regards the population but also from the forestry landscaping perspective, and which namely:

- Increase the forestry productivity of its woodlands through the utilisation of better agro-forestry practices adapted to local conditions and compatible with the environment.
- Establish and improve the network of forestry infrastructures in conformity with the necessary accessibility for management, making them compatible with the forestry protection measures against wildfires.
- Ensure compliance with the water-cycle functions promoting, whenever possible, the rehabilitation and qualitative protection of hydro resources.

The Group also has a research institute, *Raíz*, whose activity is centred on 3 principal areas: Applied Research, Consulting and Training. In the forestry research arena, Raíz seeks:

- To improve eucalyptus forests' productivity.
- To enhance the quality of the fibre produced
- To implement a sustained forestry management from the economic, environmental and social perspectives
- To lower the cost of wood

As concerns fire risk, the manner in which it manages its woodlands constitutes the front line for mitigating this risk. The greater part of the Group's forestry resources is certified by the FSC (*Forest Stewardship Council*), a certification programme which guarantees that the Company's forests are managed in a responsible manner from the environmental, economic and social standpoints, and complying with stringent and internationally-recognised criteria.

Amongst the various management measures to which the Group has committed itself, the scrupulous compliance of the biodiversity rules and the construction and maintenance of access roads and routes to each one of the operational areas assume particular importance in mitigating fire risk.

Moreover, the Group has a stake in the Afocelca grouping – a complementary corporate grouping (CCG) between Portucel Soporcel and the ALTRI group which has as its mission assisting in the combat against forest fires at the grouped companies' land holdings, in close coordination and collaboration with the National Civil Protection Authority (*Autoridade Nacional de Protecção Civil – ANPC*). This grouping manages an annual budget of some 2 million euro, having created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimising the losses engendered by forest fires for the CCG companies, which own more than 250 thousand hectares of forests in Portugal.

2.2.2 Supply of raw materials

As of the Group Portucel 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.

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 replacement of some of the present areas, depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed 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.

Concerning the importation of wood, there is a risk related to its shipment from the place of origin to the harbours and Group plants. This transportation risk is reduced by the agreed purchasing conditions, where the ownership of raw materials is transferred at the arrival port, and complemented by insurance coverage of potential supplying losses caused by any transportation accident that may affect the supplying of wood.

Furthermore, and considering the unsurpassable National Value Added in the Portuguese Economy, direct and indirect, of the eucalyptus industry, as well as the significance of such industries for exports, the level of employment they provide and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group has been making the Government and the public opinion aware that it is necessary to guarantee that, whilst the internal production of this type of wood does not increase significantly on an economically viable basis, its use as bio fuels for energy purposes should not be put ahead of its use as a raw material, to be used to produce saleable goods.

In the six months period ended June 30, 2010, an increase of Euro 5 on the cost of the eucalyptus wood's m3 consumed in the production of BEKP would have had an impact on Group's consumed or sold goods of Euros 10,000,000.

The production process depends on the constant supplying of steam and electric energy. For this purpose, the Group owns several cogeneration units that assure this constant supply. A contingent plan with redundancies between the different power generation units is in place in order to reduce the risk of non-planned failure of power supply to the pulp and paper factories.

Regarding 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 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 group.

2.2.3 Market price

Regarding the Group Portucel, the increase in the various competition situations in the BEKP and UWF paper markets could have a significant impact on prices and consequently on the Group's profitability. Market prices for BEKP and UWF paper are formed in the world market within a globally competitive environment and have a profound influence the Group's revenues and its profitability.

The variations in prices of both BEKP and UWF paper essentially result from changes in global supply and demand and from the financial situation of each one of the different economic agents participating in these markets (producers, traders, distributors, customers, etc.) worldwide which provoke different and successive levels of price equilibrium, so boosting the global market's volatility.

The BEKP and UWF paper markets are highly competitive, so that, in the present situation, significant variations on existing production capacity could have a strong influence on world market prices. These factors have encouraged the Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditures to increase productivity and the quality of goods sold.

In the 6 month period ended 30 June 2010, a 10% drop in the price per ton of BEKP and of 5% in the price per ton of UWF paper sold by the Group in the period would have represented an impact on its earnings of about Euro 7,500,000 and Euro 25,000,000.

Group 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.

Unlike the specifications exposed in the privatization process of the Tunisian market, the price of cement is not liberalized being regulated by government entities.

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

2.2.4 Demand for the Group's products

Portucel Group

Without disregarding the Groups' clients' concentration, any decline in the demand for BEKP and UWF paper in the EU and US markets could have a severe impact on 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 the Group's main pulp customers.

As regards this issue and in the specific case of UWF paper, the Group believes that the marketing and branding strategy pursued, in conjunction with the substantial investments made aimed at improving productivity and producing high quality products, will enable it to place its products in target markets which are less sensitive to variations in demand, thus permitting a lower exposure to this risk.

Secil Group

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 group considers 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. A decline in demand is only observed in December. The demand for Secil products is in general aligned with this behavioural pattern.

ETSA Group

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.

2.2.5 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 where the sub-group Portucel acts 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 Group.

2.2.6 Environmental legislation

In recent years, environmental legislation in the EU has increased its constraints regarding the control of effluents. The companies of the Group conform to the prevailing legislation.

Although no significant changes in legislation are expected in the near future, if that was to happen there is always the possibility that the Group may need to incur in increased expenditure, in order to comply with any new environmental requirements that may come into force.

At present date, any known legislative modifications are related to the predictable end of the CO₂ emission rights' free attribution regime, after the conclusion of the current stage of the *National Plan for the Allocation of CO₂ Emission Rights*, PNALE II. This modification will increase costs for the transformation industry in general and in particular for the paper and pulp industry, without existing any compensation for the CO₂ that, annually, is absorbed by the forests of this industry.

In order to reduce the impact of the modification regime, the Group has proceeded a long time ago to several environmental related investments that, among other advantages, have resulted in a continued reduction of the CO₂ emissions, whilst the production volume has continuously increased within the last years.

On the other hand, under the Decree-Law 147/2008, dated June 29, that transposed the 2004/35/CE directive to the national law, the Group assured the environmental insurances demanded by the referred to legislation, guaranteeing regulatory compliance and reducing exposure to environmental risks.

2.2.7 Energy costs

A significant portion of the Semapa Group's costs is dependent on energy costs.

The Group 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.

Energy is considered to an activity of growing importance in the Group but, nonetheless, it is an activity that permits the use of the biomass generated in the BEKP produced by the Group, while also ensuring the supply - under the co-generation regime - of thermal and electric power at the BEKP and UWF paper industrial complexes.

Bearing in mind the increasing integration of the Group's manufacturing plants dedicated to the production of BEKP and UWF paper and as a means of bolstering the use of the biomass engendered by the woodlands, the Group built new natural-gas and biomass power-generating units. These units serve to complement those already in existence, while the Group has a number of redundant units which allow it to mitigate the risk of an interruption to the supply of power to its industrial units.

In this sector, the main risk is linked to the supply of raw material, and more specifically, biomass. The group has played a pioneering role and has been developing a market for the sale of biomass for supplying the power plants owned by it.

The fostering of this market in a phase prior to the start-up of the new power-generating units enabled it to secure a sustained raw-material supply network which it may utilise in the future. As pointed out earlier, the Group has been making the Government and public opinion aware of the need to guarantee that biomass be viewed in a sustainable manner, averting the use of

eucalyptus wood for biomass, to the detriment of its utilisation in the production of tradable goods.

2.2.8 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 producing units;
- iii. Rules regarding territory management and forest fires;
- iv. Low productivity of the country's forests;
- v. The majority of the Portuguese forest is not certified.
- vi. Regulatory changes mainly in the environmental legislation
- vii. Tax changes applicable to the group

3. **Important accounting estimates and judgments**

The preparation of consolidated financial statements requires that the Group's management make judgments and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at balance sheet date.

These estimates are influenced by the judgments of the Group's 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 quite different from those estimates.

The estimates and assumptions which present a significant risk of engendering a material adjustment to the book value of assets and liabilities in the following financial period 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 **Income tax**

The Group recognizes 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 June 30, 2010, an increase of 0.5% on the discount rate, 5.5%, would depreciate those assets by Euro 5,609,037.

3.5 Credit risk

As mentioned before, the Group manages credit risks in its receivables through risk analysis when granting credit to new customers, and through regular review.

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

Group Portucel made a contract with an insurance company and most of the Group's receivables are covered by an insurance policy it contracted that limits the exposure in these receivables – generally - to the retention portion to be paid in case of any incident, which varies based on the customer's geographical location. The insurer's acceptance of the Group's credit portfolio and the premiums that the Group pays for that coverage are a good proof of the average quality of the Group's portfolio.

3.6 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.

(Translation of a report originally issued in Portuguese – Note 42)

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.

Business segment

Financial information by business segment for the period ended June 30, 2010 is shown as follows:

Amounts in Euros	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE	657.068.897	139.260.335	14.721.974	56.094	811.107.300
Operational results	113.332.247	20.683.903	3.213.168	(9.168.305)	128.061.013
Net financial cost	(12.077.978)	(551.588)	(368.526)	(14.323.867)	(27.321.959)
Profit in associated companies	-	288.504	-	-	288.504
Income tax expense	(29.522.511)	(7.821.746)	(815.494)	(42.061)	(38.201.812)
Ordinary activities results	71.731.758	12.599.073	2.029.148	(23.534.233)	62.825.746
Non-controlling interests	(16.485.264)	(2.453.307)	(406.217)	-	(19.344.788)
Net profit for the period	55.246.494	10.145.766	1.622.931	(23.534.233)	43.480.958
OTHER INFORMATIONS					
Segment assets	2.596.240.069	510.296.690	27.015.292	301.396.744	3.434.948.795
Investments in associated companies	130.074	1.765.263	-	-	1.895.337
Total segmental liabilities	1.404.861.263	228.360.494	22.056.375	578.565.287	2.233.843.419
Amortization and impairment losses	85.602.047	10.692.208	1.026.864	81.355	97.402.474
Net provisions	(20.711.869)	707.442	-	2.005.001	(17.999.426)
Fixed capital expenditures	64.268.957	12.583.703	450.001	171.913	77.474.574

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

Amounts in Euros	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	25.322.680	2.556.235	(7.562.446)	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	18.410.859	1.640.204	(19.602.110)	38.377.775
Non-controlling interests	(8.730.858)	(3.744.673)	(82.926)	-	(12.558.457)
Net profit for the period	29.197.964	14.666.186	1.557.278	(19.602.110)	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	2.089.722	-	119	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)	(418.217)	(9.585.970)
Fixed capital expenditures	266.025.278	7.089.400	1.237.914	98.052	274.450.645

(Translation of a report originally issued in Portuguese – Note 42)

Geographical segment

1st Semester 2010	Pulp and paper	Cements	Environment	Total
Sales and services rendered:				
Portugal	118,090,911	79,306,701	9,718,703	207,116,315
Rest of Europe	404,457,510	750,436	4,834,062	410,042,008
America	46,617,599	-	-	46,617,599
Africa	-	25,947,011	169,208	26,116,219
Asia	-	19,402,951	-	19,402,951
Overseas	87,902,877	13,853,236	-	101,756,113
	657,068,897	139,260,335	14,721,974	811,051,206

1st Semester 2009	Pulp and paper	Cements	Environment	Total
Sales and services rendered:				
Portugal	42,795,580	86,754,036	10,121,937	139,671,553
Rest of Europe	382,060,986	462,883	2,658,962	385,182,831
America	39,853,431	-	-	39,853,431
Africa	-	32,773,079	172,568	32,945,647
Asia	-	18,237,245	-	18,237,245
Overseas	72,794,456	11,106,447	-	83,900,903
	537,504,453	149,333,690	12,953,467	699,791,610

It is noted that the segment of Cement and derivatives (sub-group Secil) is consolidated by the proportional method so that the values expressed in the above table is only 51% of the sub-group.

5. Other operating income

Other operating income is detailed as follows for the six month periods ended June 30, 2010 and 2009:

Amounts in Euros	1st Semester 2010	1st Semester 2009
Grants - CO2 Emission licences	15,401,801	8,617,903
Adjustment reversal	-	-
Impairment reversal	360,370	6,259,193
Supplementary income	482,775	1,697,148
Gains on disposals of non-current assets	3,959,092	3,689,207
Gains on inventories	610,089	330,510
Gains on disposals of current assets	17,699	5,806
Government grants	392,042	1,133,378
Work for the company	-	-
Revenues from waste	308,398	-
Other operating income	2,099,453	4,761,162
	23,631,719	26,494,307

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

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

Gains on the sale of non-current assets result from the sale of CO2 emission rights.

6. Costs

Costs are detailed as follows for the six month periods ended June 30, 2010 and 2009:

Amounts in Euros	1st Semester 2010	1st Semester 2009
Cost of sales and service rendered		
Cost of sales	(290,473,272)	(288,860,203)
Third party supplies	(215,219,074)	(188,372,515)
Movement in finished goods and work in progress	(6,155,973)	(23,206,602)
Personnel costs		
Board of directors	(8,367,367)	(10,393,954)
Other remunerations	(57,606,511)	(50,595,422)
Pension costs	(6,276,517)	(5,869,233)
Other payroll costs	(21,909,829)	(13,325,142)
	(94,160,224)	(80,183,751)
Other costs and losses		
Work for the company	15,259	69,615
Quotations	(355,620)	(666,710)
Donations	(274,002)	(247,787)
Emission allowance costs	(10,122,242)	(8,617,903)
Inventories and other receivables impairment	(2,021,405)	(1,928,972)
Losses on inventories	(41,186)	(237,881)
Indirect taxes	(2,761,826)	(569,884)
Losses on disposal of non-current assets	(37,022)	(494,006)
Other operating costs	(1,006,766)	(3,118,817)
	(16,604,810)	(15,812,345)
Net provisions	17,999,426	9,585,970
Total costs	(604,613,927)	(586,849,446)

7. Directors' and Statutory Bodies Remuneration

As of June 30, 2010 and 2009 the remunerations to the members of the corporate bodies, including performance bonuses, were made up as follows:

Amounts in Euros	30-06-2010	30-06-2009
Board of directors		
Semapa SGPS, S.A.	1,561,630	2,790,245
Members of Semapa board in other companies	1,770,896	2,259,967
Corporate bodies from other group companies	5,034,841	5,343,742
	8,367,367	10,393,954

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

8. Depreciation, amortization and impairment losses

As of June 30, 2010 and 2009 depreciation, amortization and impairment losses were as following:

Amounts in Euros	30-06-2010	30-06-2009
Property, plant and equipment depreciation		
Land	(810,540)	(756,810)
Buildings	(12,891,264)	(11,406,976)
Other tangible assets	(83,468,460)	(56,234,177)
	(97,170,264)	(68,397,963)
Intangible assets depreciation		
Industrial property and other rights	(232,210)	(232,210)
	(232,210)	(232,210)
	(97,402,474)	(68,630,173)

Depreciations are net of recognized government grants of Euro 3,993,870 (June 30, 2009: Euro 4,144,265).

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9. Group Share of Associates' Net Profits

In the period ended June 30, 2010 and 2009, the Group recorded its share of the net income/loss of associated companies as follows:

Amounts in Euros	30-06-2010	30-06-2009
Sub-group Secil		
Chryso - Aditivos de Portugal, S.A.	(2,076)	(6,373)
Setefrete, SGPS, S.A.	295,399	393,512
J.M. Henriques, Lda.	(4,819)	4,499
	288,504	391,638

The company does not recognise deferred taxes on these amounts on the grounds that it considers that the provisions of article 51 of the corporate income tax code (Portuguese initials IRC) apply.

10. Net financial costs

Financial costs are detailed as follows for the periods ended June 30, 2010 and 2009:

Amounts in Euros	30-06-2010	30-06-2009
Interest paid on loans from shareholders	(60,862)	(101,745)
Interest paid on other loans	(16,963,187)	(30,946,146)
Interest income on loans to associated companies	40,180	40,312
Other interest earned	973,825	2,937,978
Gains / (losses) on Compensatory interest	(25,115)	5,353,475
Gains on financial investments	(209,793)	866,316
Gains / (losses) on fair value financial assets valuation	(3,564,141)	(556,100)
Gains / (losses) on financial instruments - hedging	(2,514,514)	1,891,559
Gains / (losses) on financial instruments - trading	(5,871,094)	(2,084,284)
Exchange fluctuations	2,360,870	1,887,475
Other financial expenses	(2,260,986)	(1,575,657)
Other financial income	772,858	10,560
	(27,321,959)	(22,276,257)

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 previous years, 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 for hedging and trading comply the results from the instruments detailed in note 33.

11. Income tax

The Groups Semapa, Portucel, Secil and ETSA is subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 90% and which meet the conditions laid down in articles 69 and following of the IRC Code.

The companies which fall within the perimeter of the group companies subject to this regime compute and record corporate income tax just as if they were taxed on an individual basis.

Where there are gains on the application of this regime, these are recorded as a deduction for the parent company's tax.

Pursuant to prevailing legislation, the gains and losses relating to group and associated companies resulting from the application of the equity method are deducted from or added to respectively the net income of the period for the purpose of calculating taxable income.

Dividends are taken into account in the calculation of taxable income for the year in which they are received where the investments were held for a period of less than one year or represent less than 10% of the investee company's share capital, except where the acquisition cost is more than Euro 20.000.000.

As of June 30, 2010 and 2009, income tax comprises:

Amounts in Euros	30-06-2010	30-06-2009
Current tax	34,533,059	17,072,940
Provision for current tax	(3,712,160)	(5,092,682)
Deferred tax	7,380,913	(332,099)
	38,201,812	11,648,159

The reconciliation of the effective tax rate in the periods ended June 30, 2010 and 2009 is as follows:

Amounts in Euros	30-06-2010	30-06-2009
Profit before tax	101,027,558	50,025,934
Expected income tax	26,772,303	13,256,873
State Surcharge	13,992,966	-
Differences (a)	3,429,647	(2,597,741)
Prior year tax adjustments	(401,898)	(91,344)
Recoverable tax losses carried forward	(128,922)	-
Non recoverable tax losses	2,988,384	4,463,175
Tax rate effect	(824,301)	4,143,632
Provision for current tax	(3,712,159)	(5,092,682)
Adjustments to taxable income	(2,412,905)	(2,433,754)
Other adjustments	(1,501,303)	-
	38,201,812	11,648,159
Effective Tax rate	37.81%	23.28%
(a) This amount is made up essentially of :		
Effects arising from the application of the equity method	(288,504)	(170,453)
Capital gains / (losses) for tax purposes	1,468,573	96,161
Capital gains / (losses) for accounting purposes	(1,510,106)	(441,438)
Provisions not allowed for tax purposes	8,516,458	4,901,873
Tax benefits	(691,696)	(630,459)
Dividends received from non EU companies	4,212,146	4,267,647
Decrease in taxed provisions	(21,057,409)	(11,137,332)
Pension fund allocation	2,825,378	2,656,315
Others	18,753,223	(9,345,109)
	12,228,062	(9,802,795)
Tax Effect (26.50%)	3,240,437	(2,597,741)

The annual tax returns in Portugal are subject to review and possible adjustment on the part of the tax authorities during a period of 4 years. However, where there are tax losses, these may be subject to review and additional assessment by the tax authorities for a period of 6 years. In the other countries in which the Group carries on its operations, the periods differ (as a general rule, they are longer).

The Board of Directors is of the opinion that any corrections to those tax returns as a result of assessments by the tax authorities will not have a material impact on the consolidated financial statements at June 30, 2010. Additionally, the periods until 2007 of Portucel, Soporcel and Secil have already been reviewed.

(Translation of a report originally issued in Portuguese – Note 42)

12. Earnings per share

There are no convertible financial instruments over Semapa shares, with the result that there is no dilution of earnings.

Amounts in Euros	30-06-2010	30-06-2009
Profit attributable to Semapa's shareholders	43,480,957	25,819,318
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	0.385	0.229
Diluted earnings per share	0.385	0.229

The weighted average number of shares is shown after deducting 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. Non-controlling interests

At June 30, 2010 and 2009, non-controlling interests shown in the Income statement comprises:

Amounts in Euros	Earnings	
	30-06-2010	30-06-2009
Portucel - Empresa de Pasta e Papel, SA	16,541,416	8,763,718
Raiz - Instituto de Investigação da Floresta e Papel	(56,152)	(32,860)
Grupo Secil Betões e Inertes	9,815	145,972
Société des Ciments de Gabès	14,210	11,661
Secil Martingança	4,670	6,714
Secil - Companhia de Cimento do Lobito, S.A.	(56,348)	1,213,364
Cimentos de Sibilne, S.A.L.	2,386,666	2,351,746
Grupo Cimentos Madeira	91,066	(53,925)
ETSA - Empresa Transformadora de Subprodutos Animais, SA	406,217	98,093
Others	3,228	53,974
	19,344,788	12,558,457

At June 30, 2010 and December 31, 2009, non-controlling interests in the Consolidated Statement of Financial Position comprise:

Amounts in Euros	Equity	
	30-06-2010	30-06-2009
Portucel - Empresa de Pasta e Papel, SA	274,385,724	272,085,085
Raiz - Instituto de Investigação da Floresta e Papel	172,660	230,002
Grupo Secil Betões e Inertes	129,405	197,286
Société des Ciments de Gabès	675,181	675,225
Secil Martingança	171,374	166,700
Secil - Companhia de Cimento do Lobito, S.A.	5,315,254	4,576,867
Cimentos de Sibilne, S.A.L.	25,070,101	22,616,610
Grupo Cimentos Madeira	2,869,401	2,865,844
ETSA - Empresa Transformadora de Subprodutos Animais, SA	966,126	1,392,465
Others	530,875	569,176
	310,286,101	305,375,260

The movement in the non-controlling interests' account in the periods ended June 30, 2010 and December 31, 2009 is as follows:

Amounts in Euros	Pulp and Paper	Cement and Derivatives	Environment	Total
Balance as of 1 January, 2009	273,570,762	29,368,927	803	302,940,492
Change in consolidation perimeter	(3,222,604)	(110,579)	1,655,159	(1,678,024)
Dividends	(18,248,232)	(2,908,243)	(420,000)	(21,576,475)
Currency translation reserve	(4,419)	(1,117,509)	-	(1,121,928)
Financial instruments	(1,548,325)	-	-	(1,548,325)
Actuarial gains and losses	1,689,735	17,993	-	1,707,728
Other movements in equity	63,512	-	(305,453)	(241,941)
Net profit of the year	20,014,658	6,449,676	429,399	26,893,733
Balance as of 31 December, 2009	272,315,087	31,700,265	1,359,908	305,375,260
Acquisitions to minority interest	(228,853)	(63,835)	-	(292,688)
Dividends	(14,311,373)	(3,798,871)	(800,000)	(18,910,244)
Currency translation reserve	529,590	4,443,134	-	4,972,724
Financial instruments	(70,874)	-	-	(70,874)
Actuarial gains and losses	(160,456)	27,592	-	(132,864)
Net profit of the year	16,485,264	2,453,306	406,217	19,344,787
Balance as of 30 June, 2010	274,558,385	34,761,591	966,125	310,286,101

The change of perimeter occurred in the segment of Pulp and paper results from an acquisition of non-controlling interests of 0.02% in subsidiary Portucel.

14. Appropriation of previous year's profit

Amounts in Euros	Application of year's net profit	
	2009	2008
Dividends distribution	29,481,173	29,481,173
Other reserves	49,368,151	61,866,307
Retained earnings	-	15,000,000
Net profit for the year	78,849,324	106,347,480
Dividends per share	0.255	0.249

As of June 30, 2010 legal reserves are recorded at maximum amount, to which is added the share premiums reserve.

15. Goodwill

The following movements were registered in the caption Goodwill during the periods ended June 30, 2010 and December 31, 2009:

Amounts in Euros	30-06-2010	30-06-2009
Net amount at the beginning of the year	321,274,798	330,370,980
Transfers	(9,699)	-
Changes in fair value	(432,143)	-
Acquisitions	-	694,850
Disposals	-	(8,966,590)
Exchange differences	1,393,086	(824,442)
As of 30 June, 2010	322,226,042	321,274,798

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 June 30, 2010 and December 31, 2009 Goodwill was made up as follows:

Entity	Acquisition date	30-06-2010	30-06-2009
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	2008	35,866,358	35,866,358
		259,494,878	259,494,878
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	17,003,033	16,726,887
Grupo Secil Betões e Inertes	2000	6,796,621	6,796,621
Sud-Béton-Société de Fabrication de Béton du Sud	2001	1,010,711	994,295
Tecnosecil, S.A.R.L.	2005	988,313	841,843
IRP - Industria de Reboco de Portugal, S.A.	2005	1,611,226	1,611,226
Sicobetão - Fabricação de Betão, S.A.	2006	421,747	421,747
Secil Cabo Verde Comércio e Serviços, S.A.	2005	61,418	71,117
Secil Betões e Inertes, SGPS, S.A.	2006	311,197	311,197
Cimentos Madeira, S.A.	2007	924,103	924,103
Minerbetão, S.A.	2007	476,507	476,507
Cimentos de Sibilne, S.A.L.	2007	6,521,606	5,567,554
Teporset, S.A.	2008	78,403	78,403
Colegra	2008	43,706	43,706
Quimipedra	2009	262,709	694,850
		61,417,478	60,466,234
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
		322,226,042	321,274,798

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

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Amounts in Euro	1st Semester 2010			
	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	130,339,061	135,565,059	37,180,044	303,084,164
Tunisia	18,013,744	-	-	18,013,744
Lebanon	78,403	-	-	78,403
Angola	988,313	-	-	988,313
Cape Verde	61,418	-	-	61,418
	149,480,939	135,565,059	37,180,044	322,226,042

Amounts in Euro	December 31, 2009			
	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	129,817,150	135,565,059	37,180,044	302,562,253
Tunisia	17,721,182	-	-	17,721,182
Lebanon	78,403	-	-	78,403
Angola	841,843	-	-	841,843
Cape Verde	71,117	-	-	71,117
	148,529,695	135,565,059	37,180,044	321,274,798

For purposes of impairment testing, the recoverable amount of the CGU's is determined based on the value-in-use, in accordance with the discounted cash flow method.

The calculations are based on historical performance and on expectations of business expansion with the current production structure, using for this purpose the Group's 4-year medium-term plan.

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16. Other intangible assets

During the periods ended June 30, 2010 and December 31, 2009 changes under the intangible assets heading were as follows:

Amounts in Euros	Brands	Industrial property and other rights	CO2 emission licenses	Total
Acquisition costs				
Amount as of 1 January, 2009	151,488,000	1,898,102	25,611,098	178,997,200
Change in consolidation perimeter	-	-	-	-
Acquisitions	-	-	19,790,627	19,790,627
Disposals	-	-	(6,748,536)	(6,748,536)
Adjustments, transfers and write-off's	-	-	(19,170,252)	(19,170,252)
Exchange differences	-	-	-	-
Amount as of 31 December, 2009	151,488,000	1,898,102	19,482,937	172,869,039
Change in consolidation perimeter	-	-	-	-
Acquisitions	-	-	30,354,951	30,354,951
Disposals	-	-	(8,143,012)	(8,143,012)
Adjustments, transfers and write-off's	-	-	(11,499,177)	(11,499,177)
Exchange differences	-	-	-	-
Amount as of 30 June, 2010	151,488,000	1,898,102	30,195,699	183,581,801
Accumulated depreciation and impairment losses				
Amount as of 1 January, 2009	-	(948,782)	(1,543,516)	(2,492,298)
Change in consolidation perimeter	-	-	-	-
Amortizations and impairment losses	-	(464,420)	-	(464,420)
Disposals	-	-	-	-
Adjustments, transfers and write-off's	-	-	-	-
Exchange differences	-	-	-	-
Amount as of 31 December, 2009	-	(1,413,202)	(1,543,516)	(2,956,718)
Change in consolidation perimeter	-	-	-	-
Amortizations and impairment losses	-	(232,210)	-	(232,210)
Disposals	-	-	-	-
Adjustments, transfers and write-off's	-	-	-	-
Exchange differences	-	-	-	-
Amount as of 30 June, 2010	-	(1,645,412)	(1,543,516)	(3,188,928)
Net book value as of 1 January, 2009	151,488,000	949,320	24,067,582	176,504,902
Net book value as of 31 December, 2009	151,488,000	484,900	17,939,421	169,912,321
Net book value as of 30 June, 2010	151,488,000	252,690	28,652,183	180,392,873

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. Based on the assessment carried out in the first six months of 2010 there was no impairment. The assumptions to this conclusion are presented as follows:

Brand	Markets	Risk-free interest rate	Discount rate	Inflation rate
Navigator	Europe	2,7%	6,4%	2,0%
	USA	3,0%	11,8%	2,5%
Soporset	Europe	2,7%	6,1%	2,0%
	USA	3,0%	12,4%	2,5%

*The discount rate includes the solid level of each brand

(Translation of a report originally issued in Portuguese – Note 42)

17. Property, plant and equipment

The following movements were registered in the periods ended June 30, 2010 and December 31, 2009 on the account Property, plant and equipment, as well as on the respective amortization and impairment losses accounts:

Amounts in Euros	Land	Buildings and other constructions	Equipments and others tangibles	Assets in progress	Total
Acquisition Cost					
Amount as of 1 January, 2009	179,530,283	647,473,486	3,452,542,094	288,345,993	4,567,891,856
Change of perimeter	3,016,134	64,229	1,848,399	-	4,928,762
Acquisitions	5,510,070	47,624,704	460,399,899	28,673,854	542,208,527
Disposals	(10,046)	(183,260)	(6,294,540)	-	(6,487,846)
Adjustments, transfers and write-off's	988,790	47,544,029	78,872,903	(128,259,658)	(853,936)
Exchange differences	(1,311,034)	(1,160,714)	(4,285,593)	(222,741)	(6,980,082)
Amount as of 31 December, 2009	187,724,197	741,362,474	3,983,083,162	188,537,448	5,100,707,281
Change of perimeter	587,949	-	-	-	587,949
Acquisitions	2,075,243	414,916	22,516,478	52,467,938	77,474,575
Disposals	(991,082)	(1,772,244)	(823,007)	-	(3,586,333)
Adjustments, transfers and write-off's	2,261,330	(2,101,115)	104,520,124	(105,421,491)	(741,152)
Exchange differences	1,991,886	3,643,429	11,301,818	911,168	17,848,301
Amount as of 30 June, 2009	193,649,523	741,547,460	4,120,598,575	136,495,063	5,192,290,621
Accumulated depreciations and impairment losses					
Amount as of 1 January, 2009	(14,281,002)	(394,438,371)	(2,383,596,257)	-	(2,792,315,630)
Change of perimeter	(111,285)	(40,836)	(1,416,255)	-	(1,568,376)
Acquisitions	(1,147,430)	(23,707,394)	(139,133,093)	-	(163,987,917)
Disposals	3,415	119,511	6,260,467	-	6,383,393
Adjustments, transfers and write-off's	-	1,982	(54,725)	-	(52,743)
Exchange differences	217,526	525,896	2,096,000	-	2,839,422
Amount as of 31 December, 2009	(15,318,776)	(417,539,212)	(2,515,843,863)	-	(2,948,701,851)
Change of perimeter	-	-	-	-	-
Depreciations and impairment losses	(631,828)	(3,587,421)	(96,060,738)	-	(100,279,987)
Disposals	1,356	545,426	697,083	-	1,243,865
Adjustments, transfers and write-off's	-	633,127	347,238	-	980,365
Exchange differences	(241,988)	(1,647,711)	(5,439,459)	-	(7,329,158)
Amount as of 30 June, 2009	(16,191,236)	(421,595,791)	(2,616,299,739)	-	(3,054,086,766)
Net book value as of 1 January, 2009	165,249,281	253,035,115	1,068,945,837	288,345,993	1,775,576,226
Net book value as of 31 December, 2009	172,405,421	323,823,262	1,467,239,299	188,537,448	2,152,005,430
Net book value as of 30 June, 2010	177,458,287	319,951,669	1,504,298,836	136,495,063	2,138,203,855

The group holds a stake of 8% in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A, a company whose main activity is the production of electricity and steam sold mainly to the subsidiary Soporcel.

In 2009, with the start of the new paper plant in Setúbal, the Portucel recognized as a finance lease the unit cost of production of precipitated calcium carbonate installed for that purpose by Omya, SA, for exclusive use of that new plant, providing the purchase contract, the transfer of ownership of assets at the end of its term.

The Group applies IFRIC 4 – Determining whether an arrangement contains a lease. By following this interpretation Property, plant and equipment – equipment and other tangibles was increased by Euro 58,003,950, from which the respective accumulated depreciation of Euro 31,403,418 (December 31, 2009: Euro 29,714,344), was deducted as of June 30, 2010. As of June 30, 2010, the net book value of these equipments was Euro 26,600,532 (December 31, 2009: Euro 28,289,606).

As of June 30, 2010 the Construction in progress included Euro 31,363,307 (2009: Euro 35,770,635), 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.

(Translation of a report originally issued in Portuguese – Note 42)

18. Biological assets

Over the periods ended June 30, 2010 and December 31, 2009, changes in biological assets were as follows:

Amounts in Euros	30-06-2010	30-06-2009
Amount as of 1 January	118,289,970	122,827,050
Changes in fair value		
Logging in the period	(14,871,294)	(14,389,877)
Growth	6,569,121	5,289,007
New plantations	1,424,924	1,874,122
Other changes in fair value	2,215,643	2,689,668
Total changes in fair value	(4,661,606)	(4,537,080)
	113,628,364	118,289,970

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.

19. Investments in associates

The following movements were registered in this caption during the periods ended June 30, 2010 and December 31, 2009:

Amounts in Euros	30-06-2010	30-06-2009
Opening balance	1,855,433	1,828,322
Appropriated net profit	288,504	395,181
Dividends received	(248,623)	(339,788)
Exchange differences	23	(45)
Other	-	(28,237)
	1,895,337	1,855,433

The investment in associates includes goodwill amounting to Euro 1,136,153 of Setefrete, SGPS, SA.

As of June 30, 2010 and December 31, 2009 investments in associates, including goodwill comprises:

Associated Companies	% Held	Book Value	
		30-06-2010	31-12-2009
Secil - Energia, Lda.	100.00%	-	-
Chryso - Aditivos de Portugal, S.A.	40.00%	11,454	13,530
Setefrete, SGPS, S.A.	25.00%	1,555,698	1,508,924
MC - Materiaux de Construction	49.36%	1,325	1,353
J.M. Henriques, Lda.	100.00%	196,786	201,552
Soporgen	8.00%	4,000	4,000
Liaison Technologie	1.52%	126,074	126,074
		1,895,337	1,855,433

At June 30, 2010, the financial information relating to the associated companies was as follows:

Valores em Euros		June 30, 2010		
		Total Assets	Total Liabilities	Net Income
Chryso - Aditivos de Portugal, S.A.	b)	808,645	780,010	28,637
MC - Materiaux de Construction	c)	499,993	476,052	23,941
Inertogrande Central de Betão, Lda.	c)	985,713	1,024,000	(38,288)
Viroc Portugal - Industrias de Madeira e Cimento, S.A.	b)	5,810,390	11,410,419	(6,513,310)
J.M.J. - Henriques, Lda.	c)	546,097	152,527	393,570
Setefrete, SGPS, S.A.	a)	2,789,967	1,069,533	1,720,435
				1,181,597

a) Values as of 31.12.2009, deducted of distributed dividends by the company.

b) Amounts related to 31.05.2010

c) Amounts related to 30.06.2010

20. Financial assets at fair value through profit or loss

The following movements were registered in this caption during the periods ended June 30, 2010 and December 31, 2009:

Amounts in Euros	30-06-2010	31-12-2009
Fair value at the beginning of the year	14,871,574	13,400,586
Acquisitions	1,847,278	-
Disposals	-	-
Changes in fair value (Note 10)	(3,564,141)	1,470,988
	13,154,711	14,871,574

As of June 30, 2010 and December 31, 2009, “Financial assets at fair value through profit or loss” comprises:

AFJVAR	Fair Value	
	30-06-2010	31-12-2009
Banco Comercial Português, SA	3,803,700	5,184,075
EDP - Energias de Portugal, SA	9,348,261	9,684,749
Others	2,750	2,750
	13,154,711	14,871,574

21. Available-for-sale financial assets

The following movements were registered in this caption during the periods ended June 30, 2010 and December 31, 2009:

Amounts in Euros	30-06-2010	31-12-2009
Fair value at the beginning of the year	798,167	877,174
Acquisitions	-	115,945
Disposals	-	(2,272,580)
Transfers	-	1,741,598
Exchange fluctuation	(2)	222,814
Changes in fair value (Note 10)	(209,793)	113,216
Fair value at period end	588,372	798,167

As of June 30, 2010 and December 31, 2009 available-for-sale financial assets comprises:

Amounts in Euros	Fair value	
	30-06-2010	31-12-2009
Banco Espírito Santo, SA	366,356	515,153
Others	222,016	283,014
	588,372	798,167

22. Impairment in non-current assets and current assets

In the periods ended June 30, 2010 and December 31, 2009, the following movements were registered on impairments in non-current assets:

Amounts in Euros	Goodwill*	Intangible Assets	Tangible Assets	Investments Assoc. Comp.	Total
As of 1 January, 2009	10,279,453	946,547	7,632,093	8,301	18,866,394
Change of consolidation perimeter	-	-	-	-	-
Exchange differences	(246,228)	-	-	-	(246,228)
Increases	-	-	-	-	-
Reversals	-	-	(150,000)	-	(150,000)
Direct utilizations	-	-	(2,643,478)	-	(2,643,478)
As of 31 December, 2009	10,033,225	946,547	4,838,615	8,301	15,826,688
Exchange differences	118,478	-	-	-	118,478
Increases	-	-	-	-	-
Reversals (Note 5)	-	-	-	-	-
Direct utilizations	-	-	-	-	-
As of 30 June, 2010	10,151,703	946,547	4,838,615	8,301	15,945,166

* Goodwill impairment due to affiliates and associated companies

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The amount of impairment losses under the caption Tangible assets is due to the equipment replacement related to energy production in the groups' industrial complexes.

In the periods ended June 30, 2010 and December 31, 2009, the following movements were registered on impairments in current assets:

Amounts in Euros	Inventories	Accounts receivable	Receivables Assoc. Comp.	Other Receivables	Total
As of 1 January, 2009	8.807.114	11.698.242	1.292.818	5.175.097	26.973.271
Change of consolidation perimeter	-	6.076	-	-	6.076
Exchange differences	(72.246)	(47.534)	-	(13.036)	(132.816)
Increases	410.469	1.284.155	29.306	1.682.490	3.406.420
Reversals	(5.893.049)	(462.632)	-	(1.638.277)	(7.993.958)
Direct utilizations	-	(194.530)	-	-	(194.530)
Transfers	-	-	-	731.309	731.309
As of 31 December, 2009	3.252.288	12.283.777	1.322.124	5.937.583	22.795.772
Change of consolidation perimeter	-	-	-	-	-
Exchange differences	188.902	134.032	-	-	322.934
Increases (Note 6)	148.847	1.721.834	11.591	139.133	2.021.405
Reversals (Note 5)	(50.851)	(200.538)	-	(108.981)	(360.370)
Direct utilizations	-	(119.732)	-	-	(119.732)
Transfers	-	(56.528)	-	-	(56.528)
As of 30 June, 2010	3.539.186	13.762.845	1.333.715	5.967.735	24.603.481

23. Inventory

As of June 30, 2010 and December 31, 2009 inventory comprised:

Amounts in Euros	30-06-2010	31-12-2009
Raw materials	109,034,602	106,314,039
Work in progress	23,072,082	18,108,557
Byproducts and waste	192,530	2,034,449
Finished and intermediate products	64,253,634	56,580,323
Merchandise	4,342,132	4,743,283
Advance to inventories' suppliers	6,687,435	2,067,140
	207,582,415	189,847,791

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

24. Receivables and other current assets

As of June 30, 2010 and December 31, 2009 the caption Receivables and other current assets comprised:

Amounts in Euros	30-06-2010	31-12-2009
Accounts receivable	212,096,616	196,467,451
Accounts receivable-associated companies	24,797	2,800,242
Financial instruments derivatives	1,243,164	1,514,537
Other receivables	43,047,784	20,970,996
Accrued income	1,210,962	838,721
Deferred costs	8,101,446	3,446,939
	265,724,769	226,038,886

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

As of June 30, 2010 and December 31, 2009, other receivables comprise:

Amounts in Euros	30-06-2010	31-12-2009
Shareholders and Associated Companies		
Group Companies (Note 34)	990,980	-
	990,980	-
Other receivables		
Advances to suppliers	990,348	707,762
AICEP - Financial incentives to receive	33,672,578	6,891,182
EDP	30,345	-
IMT	150,451	311,919
Others	7,213,082	13,060,133
	43,047,784	20,970,996

At December 31, 2009, the caption "Other" includes notes receivable from Instituto de Gestão da Tesouraria e do Crédito Público, IP, amounting to Euro 8,210,546 (Note 40).

The movements in the AICEP balance were detailed below:

Amounts in Euros	30-06-2010	31-12-2009
As of 1 January	6,891,182	15,840,784
Amounts received	-	(6,556,913)
Increase / (adjustments)	26,781,396	(2,392,689)
As of 30 June	33,672,578	6,891,182

As of June 30, 2010 and December 31, 2009 the captions accrued income and deferred costs comprise:

Amounts in Euros	30-06-2010	31-12-2009
Accrued Income		
Interest receivable	340,861	177,929
Discounts in acquisitions	117,738	122,643
Grants	508,980	-
Others	243,383	538,149
	1,210,962	838,721
Deferred costs		
Major repairs	697,231	1,043,627
Insurance	4,902,002	498,506
Rents and leases	357,596	272,189
Others	2,144,617	1,632,617
	8,101,446	3,446,939
	9,312,408	4,285,660

25. State and other public entities

As of June 30, 2010 and December 31, 2009, there were no overdue debts to the State and other public entities.

Balances relating to these entities were as follows:

Current Assets

Amounts in Euros	30-06-2010	31-12-2009
State and other public entities		
Corporate Income Tax-IRC	5,528,502	2,888,580
Individual Income Tax-IRS	7,474	43
Value added tax	3,908,633	5,080,640
Value added tax - refunds requested	33,596,851	48,939,828
Other	264,191	190,945
	43,305,651	57,100,036

On June 30, 2010, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euros	Enerpulp	Portugal	Sopocel	About The Future	Bosques do Atlântico	Others	Total
Mar/2010	-	2,521,556	-	2,872,250	122,146	-	5,516,952
Apr/2010	962,882	1,705,053	-	3,024,814	73,517	-	5,766,266
May/2010	634,541	-	3,857,225	4,223,778	190,815	1,263,745	10,379,399
Jun/2010	1,286,934	1,319,214	3,968,014	3,427,751	1,872,202	60,000	11,834,115
	3,084,357	5,545,823	7,825,243	13,558,693	2,259,089	1,323,745	33,596,851

Up to the date of completion of this report, Euro 15,355,143 of these amounts had already been received.

On December 31, 2010, the outstanding VAT refunds requested comprised the following, by month and by company:

Amounts in Euros	Enerpulp	Portugal	Sopocel	About The Future	Viveiros Alentejo	Tecnosol	Total
Mar/2008	-	-	-	-	-	10,651	10,651
Jul/2008	-	-	-	2,147,033	-	-	2,147,033
Aug/2008	1,018,776	-	-	-	-	-	1,018,776
Sep/2008	784,091	-	-	-	-	-	784,091
Oct/2008	581,313	6,983,918	2,932,959	-	-	-	10,498,190
Nov/2008	875,444	4,165,523	3,358,595	-	-	-	8,099,562
Dec/2008	875,693	6,872,737	6,428,029	-	71,416	-	14,347,835
	3,935,277	18,123,678	12,619,483	2,147,033	71,416	10,651	36,895,538

All these amounts have been received during the first-half of 2010.

Current liabilities

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Amounts in Euros	30-06-2010	31-12-2009
State and other public entities		
Corporate Income Tax-IRC	33,310,211	6,920,393
Individual Income Tax-IRS	1,645,460	2,836,332
Value added tax	10,953,981	27,219,997
Social Security	3,043,846	3,004,797
Additional tax payment	34,003,160	32,678,716
Others	269,595	306,774
	83,226,253	72,967,009

As of June 30, 2010 and December 31, 2009, the caption "Corporate tax (IRC)" comprises:

Amounts in Euros	30-06-2010	31-12-2009
Year income tax	35,387,063	25,930,923
Exchange differences	62,757	(44,552)
Payments on account	(265,259)	(16,605,478)
RETGS Savings	(249,240)	(605,707)
Withholding tax	(657,795)	(1,651,231)
Prior years income tax	(967,315)	(103,562)
	33,310,211	6,920,393

26. Share Capital and treasury shares

At June 30, 2010 and December 31, 2009, Semapa's share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of 1 Euro each.

At June 30, 2010 and December 31, 2009 the following entities had substantial holdings in the company's capital:

Name	Nº of Shares	30-06-2010	%	31-12-2009
Longapar, SGPS, S.A.	20,869,300	17.64	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	
Bestinvest Gestão, SGIC, S.A.	8,823,222	7.46	7.46	
Banco Espírito Santo, SA	3,222,308	2.72	2.72	
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31	2.31	
ESAF - Espírito Santo Fundos de Investimento Mobiliário, SA	2,569,232	2.17	2.17	
Sonaca - SGPS, S.A.,	1,630,590	1.38	1.38	
Omigest, SGPS, SA	1,097,966	0.93	0.93	
OEM - Organização de Empresas, SGPS, S.A.	520,000	0.44	0.44	
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53	0.53	
Treasury shares	2,720,000	2.30	2.30	
Other shareholders with less than 2% participation	28,568,550	24.14	24.23	
	118,332,445	100.00	100.00	

Seminv Investimentos, SGPS, S.A. is subsidiary of Semapa, the 2,727,975 Semapa shares held by the company are shown 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 market 2,720,000 treasury shares, holding, directly and indirectly, 4.6% of its share capital.

27. Reserves and retained earnings

At June 30, 2010 and December 31, 2009 the captions Fair value reserve, Currency translation reserve and Other reserves comprises:

Amounts in Euro	30-06-2010	31-12-2009
Fair value of available-for-sale financial assets	(7,547,618)	(4,939,076)
Control acquisition revaluation	(1,281,742)	(1,281,742)
Total of fair value reserves	(8,829,360)	(6,220,818)
Currency translation reserve	(6,979,023)	(17,978,700)
Legal Reserves	23,666,489	23,666,489
Others Reserves	737,318,173	687,950,023
Total of other reservers	760,984,662	711,616,512
Total reserves	745,176,279	687,416,994

Fair value of financial instruments

The negative amount of Euro 7,547,618, net of deferred tax shown under the caption "Fair value of financial instruments", relates to the appropriation of financial instruments classified as hedging, which, on June 30, 2010, were negatively valued at Euro 8,467,974 (Note 33), accounted for in accordance with the policy described in Note 1.13.

Control acquisitions revaluation

The negative amount of Euro 1,281,742, 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.

Currency Translation reserve

The negative amount of Euro 6.979.023 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 Company law prescribes that at least 5% of annual net income must be transferred to the legal reserve until this is equal to at least 20% of the issued capital.

This reserve cannot be distributed unless in the event of the company's winding up: however, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

Other reserves

Correspond to free reserves for distribution to shareholders, constituted through the appropriation of prior years' 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 June 30, 2010, the accumulated amount of these differences amounting to Euro 61,779,573.

Actuarial Gains or losses

Under this caption are equally recorded actuarial differences, 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 half of 2010 the Group recorded in this caption a total amount of Euro 1,930,372 (Note 29), where Euro 2,063,238 corresponding to its share on the impacts occurred in Semapa and its subsidiaries were appropriated by the Group,. The remaining share of negative Euro 132,864 was related to the share attributable to non-controlling interests (Note 13).

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28. Deferred taxes

The following movement took place in the caption Deferred income tax assets and liabilities during the period ended June 30, 2010:

June 30, 2010.

	As of 1 January	Exchange	Income Statement		Retained earnings	Changes in perimeter	As of 30 June
Amounts in Euro	2010	adjustement	Increases	Decreases			2010
Temporary differences originating deferred tax assets							
Tax losses carried forward	24,471,815	-	1,855	-	-	-	24,473,670
Fixed assets adjustments	-	-	-	-	-	-	-
Taxed provisions	13,932,567	30,375	644,611	(783,167)	-	-	13,824,386
Fixed assets adjustments	36,991,010	-	23,019,595	-	-	-	60,010,605
Underfunding of the pension fund	2,864,221	1,300	-	(17,427)	8,839	-	2,856,933
Financial instruments	2,317,069	-	1,368,812	-	495,341	-	4,181,221
Deferred accounting gains in inter-group transactions	5,507,032	-	10,519,994	(133,710)	-	-	15,893,316
Forest valuation	10,127,672	-	-	(1,715,693)	-	-	8,411,979
Depreciation in assets subject to IFRIC 4	3,983,424	-	28,813	-	-	-	4,012,237
Liabilities with retirement benefits	597,992	16,601	12,292	-	(5,687)	-	621,198
Liabilities with long service award	687,966	-	-	(4,886)	-	-	683,080
Retirement benefits not covered by an autonomus fund	5,233,862	-	-	(119,997)	(75,558)	-	5,038,307
Derecognition of government grants	2,895,940	-	54,688	-	(18,075)	-	2,932,553
Liabilities for healthcare benefits	5,754,960	-	-	(95,774)	-	-	5,659,186
Other temporary differences	2,662,263	276,608	-	(748,582)	19,685	-	2,209,974
	118,027,791	324,884	35,650,660	(3,619,236)	424,545	-	150,808,644
Temporary differences originating deferred tax liabilities							
Revaluation of fixed assets	(16,874,592)	-	-	2,548,363	1,679	-	(14,324,550)
Retirement benefits	(999,965)	-	(14,455)	-	19,294	-	(995,126)
Financial instruments	(1,514,536)	-	-	-	271,374	-	(1,243,162)
Fair Value of fixed assets- Soporcel	(232,991,369)	-	-	8,674,212	-	-	(224,317,157)
Tax Benefits	(89,442,118)	-	-	29,399,271	-	-	(60,042,847)
Extension of the useful life of the tangible fixed assets	(148,757,332)	(29,256)	(30,261,463)	-	-	-	(179,048,051)
Deferred accounting losses in inter-group transactions	(33,462,192)	(845,267)	-	48,564	-	-	(34,258,895)
Deferred tax gains	(601,752)	-	-	33,032	-	-	(568,720)
Harmonization of depreciation criteria	(81,182,313)	(115,087)	(2,407,016)	-	-	-	(83,704,416)
Fair Value of fixed assets- Brands	(151,488,000)	-	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(223,900,762)	-	-	12,438,932	-	-	(211,461,830)
Subsidiaries fair value	(70,988,607)	(2,099,684)	(78,039)	-	-	(587,949)	(73,754,279)
Overfunding of the pension fund	(2,174,097)	-	-	282,140	239,026	-	(1,652,931)
Other temporary differences	(14,225)	3	(6,035,859)	-	-	-	(6,050,081)
	(1,054,391,860)	(3,089,291)	(38,796,832)	53,424,514	531,373	(587,949)	(1,042,910,045)
Deferred tax assets	30,904,802	51,313	11,816,161	(662,188)	169,031	-	42,279,119
Deferred tax liabilities	(280,120,078)	(714,632)	(32,372,099)	13,837,213	116,892	(155,807)	(299,408,511)

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended December 31, 2009:

Amounts in Euros	As of January 1, 2009	Exchange adjustment	Income Statement		Retained earnings	Transfers	Changes in perimeter	As of December 31, 2009
			Increases	Decreases				
Temporary differences originating deferred tax assets								
Tax losses carried forward	24,754,819	-	-	(283,004)	-	-	-	24,471,815
Taxed provisions	21,884,997	(56,467)	5,184,214	(11,163,778)	-	(969,000)	-	14,879,967
Fixed assets adjustments	13,149,228	-	26,958,421	(3,116,640)	-	-	-	36,991,010
Underfunding of the pension fund	2,597,369	(2,915)	268,843	(14,303)	15,227	-	-	2,864,221
Financial Instruments	-	-	269,098	-	1,981,284	66,687	-	2,317,069
Deferred accounting gains in inter-group transactions	9,535,257	-	-	(4,028,225)	-	-	-	5,507,032
Forests valuation	15,681,948	-	8,507,386	(14,061,662)	-	-	-	10,127,672
Depreciation in assets subject to IFRIC 4	3,842,014	-	368,113	(226,703)	-	-	-	3,983,424
Investment Tax Incentives	11,785,472	-	-	(11,785,472)	-	-	-	-
Liabilities with retirement benefits	582,178	(5,209)	19,855	-	1,168	-	-	597,992
Liabilities with long service award	645,460	-	28,309	-	14,197	-	-	687,966
Retirement benefits not covered by an autonomous fund	5,608,438	-	-	(369,874)	(4,702)	-	-	5,233,862
Derecognition of government grants	2,837,899	-	74,907	-	(16,866)	-	-	2,895,940
Liabilities for healthcare benefits	5,876,962	-	-	(122,002)	-	-	-	5,754,960
Other temporary differences	3,163,754	(57,398)	-	(1,346,406)	-	902,313	-	2,662,263
	121,945,795	(121,989)	41,679,146	(46,518,069)	1,990,308	-	-	118,975,191
Temporary differences originating deferred tax liabilities								
Revaluation of fixed assets	(22,915,042)	-	-	6,040,687	-	-	(237)	(16,874,592)
Retirement benefits	(905,721)	-	(26,200)	-	(68,044)	-	-	(999,965)
Financial instruments	(8,403,307)	-	(66,687)	-	6,955,458	-	-	(1,514,536)
Fair Value of fixed assets- Soporcel	(239,782,448)	-	-	6,791,079	-	-	-	(232,991,369)
Tax Benefits	(1,181,592)	-	(88,260,526)	-	-	-	-	(89,442,118)
Extension of the useful life of the tangible fixed assets	(120,401,323)	54,060	(47,621,465)	19,211,396	-	-	-	(148,757,332)
Deferred accounting losses in inter-group transactions	(102,863,202)	-	(6,541,729)	75,942,740	-	-	-	(33,462,192)
Deferred tax gains	(675,336)	-	-	73,584	-	-	-	(601,752)
Harmonization of depreciation criteria	(76,846,322)	190,315	(4,526,306)	-	-	-	-	(81,182,313)
Fair Value of fixed assets- Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(248,778,625)	-	-	24,877,863	-	-	-	(223,900,762)
Subsidiaries fair value	(70,354,485)	1,767,076	-	503,652	-	-	(2,904,850)	(70,988,607)
Overfunding of the pension fund	(1,899,062)	-	(305,394)	-	30,359	-	-	(2,174,097)
Other temporary differences	(29,535)	-	-	15,310	-	-	-	(14,225)
	(1,046,524,000)	2,011,451	(147,348,308)	133,456,310	6,917,773	-	(2,905,087)	(1,054,391,860)
Deferred tax assets	31,775,603	33,264	10,984,086	(12,307,618)	529,372	(109,905)	-	30,904,802
Deferred tax liabilities	(278,308,207)	616,436	(34,425,347)	30,821,498	1,835,485	109,905	(769,848)	(280,120,078)

(Translation of a report originally issued in Portuguese – Note 42)

As of June 30, 2010 the deferred taxes were recognised based on a corporate income tax rate of 29%. Although the Groups' understanding that the deferred tax reversal will occur after 2013, the period within the scope of the stability and growth plan (PEC), the corporate income tax includes the additional tax (state surcharge) introduced by the additional measures in the stability and growth plan (PEC), legislated by the Law 12-A/2010.

Deferred tax assets on tax losses carried forward

Deferred income tax assets resulting from tax losses are recognised to the extent that the realization of the relevant tax benefit is probable by means of the existence of future taxable profits.

The deferred income tax assets recognised by the Group refer to tax losses which can be offset against future taxable profits, as follows:

Amounts in Euros	30-06-2010	31-12-2009	Expiry date
Teporset - Terminal Portuário de Setúbal, S.A.	25,187	23,333	2012
Minerbetão, S.A.	116,055	116,054	2011
Interholding Investment BV	24,332,428	24,332,428	2013
	24,473,670	24,471,815	

However, the new wording of the number 1 of the article 52 of the corporate income tax code (CIRC) introduced by the article 87 of the State Budget Law reduced the period of carry forward of tax losses from 6 to 4 years for tax losses after 2010 (included).

Tax loss carried forward without a deferred income tax asset

Tax losses which the Group considers, at this date, cannot be offset against future taxable profits, and as such do not warrant recognition as a deferred income tax asset, are shown by year in which they expire as follows:

Amounts in Euros	30-06-2010	31-12-2009	Expiry date
Semapa and other Holdings			
Semapa SGPS S.A.	56,970,315	47,333,113	2015
Seminv SGPS S.A.	7,743,074	15,730,099	2010
Seinpart SGPS S.A.	12,279,536	12,382,302	2014
Verdeoculto SGPS S.A.	1,566	1,566	2014
Sub-group Portucel			
Portucel Florestal, S.A.	-	7,385,939	2009
Sub-group Secil (51%)			
Betomadeira, S.A.	584,586	427,028	2014
Brimade, S.A.	167,827	-	2014
Cimentos Costa Verde	182,722	247,327	2016
Ecoresíduos, Lda.	251,589	279,296	2012
Florimar, SGPS, Lda	19,958	22,284	2015
Hewbol, SGPS, Lda	564,286	652,573	2014
I3 Participações e Serviços, Lda.	415	-	2014
Madebritas, Lda.	18,269	15,257	2012
Parcim, B.V.	35,332	12,868	2018
Pedra Regional S.A.	289,562	158,838	2014
Promadeira, Lda.	-	434,377	2014
Sanimar	199	165	2015
Secil Pré-betão, S.A.	1,477,820	1,405,979	2015
Secil Unicon - S.G.P.S., Lda.	5,224	5,851	2015
Serife, Lda.	10,433	-	-
Silonor, S.A.	4,023,439	3,872,972	Not defined
Zarzis Béton	24,883	24,478	2017
	84,651,035	90,392,312	

29. Pensions and other post-employment benefits

As referred to in Note 1.22, the Group grants various post-employment benefits to its employees and their families.

The following is a breakdown of the obligations assumed and reflected in the Consolidated Statement of Financial Position at June 30, 2010 and December 31, 2009:

Amounts in Euros	30-06-2010	31-12-2009
Liabilities with pensions	265,217,377	262,314,386
Pensions' funds	(151,877,255)	(150,801,537)
Covered capital	(1,080,603)	(1,027,336)
Liabilities with pensions not covered	112,259,519	110,485,513
Other unfunded liabilities		
Assistance in health	5,971,616	5,935,003
Death and retirement liabilities	3,399,669	3,376,463
Long services award liabilities	683,080	687,966
Total unfunded liabilities	122,313,884	120,484,945

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 being guaranteed survival pensions, to the spouse or direct descendants which are under aged or incapable, corresponding to 50% of the pension when the beneficiary deceases.

However, these amounts are deducted from the values received by the beneficiaries through the Social Security system.

As determined in the articles of incorporation the Company's corporate bodies are assigned for a period of four years, the liability of this plan is recognized from the beginning of the second year.

As of June 30, 2010 the liabilities of the plan amount to Euro 89,499,404 (December 31, 2009: Euro 96,600,253). 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 June 30, 2010, the liability related with post employment benefit plans for five members of Portucel's Board was Euro 4,553,046 (December 31, 2009: Euro 4,676,538).

Sub-Group Secil

Sub-group SECIL has implemented defined-benefit plans, as follows:

(i) Defined-benefit plans with funds managed by independent entities

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVORS' PENSIONS

Secil and its subsidiaries CMP - Cimentos Maceira e Pataias, S.A., Unibetão- Industrias de Betão Preparado, S.A., Cimentos Madeira, Lda. and Société des Ciments de Gabes have assumed the commitment to pay their employees amounts by way of complementary old age, disability, early retirement and survivors' pensions and a retirement subsidy.

The liabilities arising from these plans are guaranteed by independent funds, administered by third parties, or covered by insurance policies.

The plans are valued every six months, at the dates of the closing of the interim and annual financial statements, by specialised and independent entities, using the projected unit credit method.

(ii) Defined-benefit plans managed by the Group

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVORS' PENSIONS

The liabilities relating to Secil's retirees at the date the Pension Fund was constituted, 31 December 1987, are guaranteed directly by Secil. Similarly, the liabilities assumed by a number of its subsidiaries in Portugal which are involved in the production and sales of ready-

mixed concrete, are guaranteed directly by those companies.

These plans are also valued every six months by independent entities using the method for calculating capital cover corresponding to single premiums of the immediate life annuities in the valuation of the liabilities to current pensioners and the projected unit credit method for valuing liabilities relating to current employees.

LIABILITIES FOR HEALTHCARE

Secil and its subsidiaries CMP - Cimentos Maceira e Pataias, S.A., Cimentos Madeira, Lda. and Brimade – Sociedade de Britas da Madeira, S.A., provide their employees with a healthcare scheme which supplements the official health services and which is available to their families, pre-retired and retired staff and widows.

Under this scheme, certain healthcare costs are subsidized:

- (i) at Secil through the Health Insurance scheme contracted by the company,
- (ii) until June 30, 2010 at CMP, through "Cimentos - Federação das Caixas de Previdência" for the employees included therein, as well as through the prior approval of the company's medical services for the remaining employees, and
- (iii) at the subsidiaries Cimentos Madeira e Brimade through the approval of expenses for medical services and medicines.

During the first half of 2010, the impact of an increase or decrease of 1% on healthcare expenses is as follows:

Amounts in Euros	Decrease 1%	Increase 1%
Impact on long services liabilities:		
- Active	(952,819)	1,270,116
- Retired	(596,205)	699,829
	(1,549,024)	1,969,945
Impact on interest costs and current services	(66,100)	86,563

LIABILITIES FOR RETIREMENT AND DEATH BENEFITS

The subsidiary CMP - Cimentos Maceira e Pataias, S.A. assumed the commitment to its employees to pay an old-age retirement and disability subsidy. This retirement subsidy corresponds to 3 months of the last salary earned.

In addition, Secil and the subsidiary CMP grants a subsidy on the death of a current employee, equal to one month's last salary earned.

The subsidiaries Secil Angola, S.A.R.L. and Secil Lobito, S.A. (Angola) pay their employees on retirement date and in terms of the General Labour Law no. 2/2000, a retirement subsidy equivalent to one quarter of the last salary multiplied by the number of years service with the company.

(Translation of a report originally issued in Portuguese – Note 42)

The subsidiary Société des Ciments de Gabes (Tunisia) assumed a commitment to its workers (Collective Labour Agreement, article 52) to pay a retirement subsidy equivalent to:

- (i) 2 months of the last salary if the worker has less than 30 years service to the company, and
- (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

LIABILITIES FOR LONG-SERVICE AWARDS

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

- at Secil, attain 25, 35 and 40 years of service; and
- at CMP, attain 20 and 35 years service at the aforesaid companies, which are paid in the year the employee reaches that number of years service with the company.

These liabilities are guaranteed directly by the company.

ASSUMPTIONS USED IN THE VALUATION OF LIABILITIES

The actuarial studies conducted by the independent entities with reference to June 30, 2010 and December 31, 2009 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	30-06-2010	31-12-2009
Social Benefits formula	Decret-Law nº 187/2007 of May 10th	Decret-Law nº 187/2007 of May 10th
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate - Group Secil	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%
Pensions reversibility rate	50.00%	50.00%
Number of annual payments of Semapa complement	12	12
Cost to the health insurance - Secil	498.84	478.95
Cost to the health insurance - CMP	484.00	484.00

FUNDS LINKED TO THE BENEFIT PLAN'S PENSIONS

During the first half of 2010 and the year 2009 the fund assets/insurance policies registered the following movements:

Amounts in Euros	1st Semester 2010		31-12-2009	
	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	150,801,536	1,027,336	139,531,808	987,968
Exchange differences	-	1,376	-	(1,865)
Endowments made in the year	1,020,500	22,999	3,687,551	26,173
Actuarial Return of funds	2,143,051	50,933	12,058,872	20,536
Pensions paid	(2,087,831)	-	(4,476,693)	-
Retirement charged	-	(22,041)	-	(5,476)
	151,877,256	1,080,603	150,801,538	1,027,336

At periods ended June 30, 2010 and December 31, 2009, the fund assets were made up as follows:

Amounts in Euros	1st Semester 2010	31-12-2009
Shares	29,745,849	31,355,263
Bonds	87,186,927	90,795,721
Index Linked Bonds	736,399	82,680
Property	1,522,117	87,273
Liquidity	27,166,625	27,446,789
Other applications - short term	41	61,784
	151,877,256	150,801,538

Restructuring of the retirement and survival pension Plan - Portucel

During the year ended December 31, 2009, Portucel S.A. presented to its employees a proposal for the restructuring of the pension plan currently in use. This proposal had the purpose of changing the pension plan from a defined benefit plan to a defined contribution plan. The proposal had the acceptance of the majority of Portucel's employees.

Therefore, the necessary diligences will be conducted with the regulatory and tax authorities in order to formalize this amendment.

As of June 30, 2010, estimations for the impact of the above mentioned reconstruction are not materially relevant.

Restructuring of the retirement and survival pension Plan - Secil

At Secil Group an agreement with employees has been reached towards the change of the defined benefit plan to a defined contribution plan. The referred change is subject to the regulatory entity - Instituto de Seguros de Portugal approval.

(Translation of a report originally issued in Portuguese – Note 42)

Obligations for pensions and other post-employment benefits

As of June 30, 2010 companies' liabilities with pensions were as follows:

Amounts in Euros	Opening Balance	Exchange differences	Costs and Income in FS	Actuarial gains and losses	Pensions Paid	Retirement Ended	Closing Balance
Post-work benefits							
Assumed by the Group	95,834,109	-	2,682,596	(2,797,350)	(1,181,650)	-	94,537,705
Autonomous Fund	165,835,438	-	7,241,238	(948,197)	(2,087,831)	-	170,040,648
Insurance policy	644,838	2,676	26,545	(12,996)	-	(22,040)	639,023
Retirement and Death	3,376,464	16,601	34,820	(5,687)	(22,528)	-	3,399,670
Assistance in Health	5,935,003	-	211,387	(18,075)	(156,699)	-	5,971,616
Long Service Award	687,966	-	36,006	-	(40,892)	-	683,080
	272,313,818	19,277	10,232,592	(3,782,305)	(3,489,600)	(22,040)	275,271,742

Costs incurred in pensions and other post-employment benefits

For costs incurred in pensions and other post-employment benefits, the detail was as follows:

Amounts in Euros	1st Semester 2010				1st Semester 2009			
	Current services	Interest cost	Expected return on the plan assets	Impact in the profit for the year	Current services	Interest cost	Expected return on the plan assets	Impact in the profit for the year
Post-work benefits								
Group liability for pensions	95,254	2,587,342	-	2,682,596	137,124	2,569,859	-	2,706,983
Under/(overfunding) of pensions funds	2,671,591	4,739,858	(4,099,741)	3,311,708	2,160,886	4,417,812	(3,839,353)	2,739,345
Death and retirement	13,185	21,635	-	34,820	12,258	170,690	-	182,948
Assistance in health	48,607	162,780	-	211,387	48,544	157,958	-	206,502
Long services award	16,196	19,810	-	36,006	14,886	18,569	-	33,455
	2,844,833	7,531,425	(4,099,741)	6,276,517	2,373,698	7,334,888	(3,839,353)	5,869,233

Actuarial gains and losses recognized on Equity during the year

Actuarial gains and losses directly recognized in shareholders' equity during the first half of 2010, as described in Note 1.22, were as follows:

Amounts in Euros	Actuarial gains & (losses)				
	Others	Return of assets expected vs real	Gross value	Deferred tax	Impact in equity
Post-work benefits					
Group liability for pensions	(2,797,353)	-	(2,797,353)	19,390	(2,777,963)
Under/(overfunding) of pension	(948,197)	1,905,762	957,565	(78,372)	879,193
Death and retirement liabilities	(12,996)	-	(12,996)	-	(12,996)
Assistance in health liabilities	(5,687)	-	(5,687)	-	(5,687)
Long services award liabilities	(18,075)	-	(18,075)	5,156	(12,919)
	(3,782,308)	1,905,762	(1,876,546)	(53,826)	(1,930,372)

(Translation of a report originally issued in Portuguese – Note 42)

30. Provisions

In the six month period ended June 30, 2010 and the year ended December 31, 2009 changes in provisions were as follows:

Amounts in Euros	Legal claims	Tax claims	Environmental recovery	Others	Total
As of 1 January, 2009	1,917,090	2,393,391	529,438	50,025,876	54,865,795
Change of perimeter	-	-	1,539	148,920	150,459
Increases	687,414	-	205,807	2,000,881	2,894,102
Reversals	(507,548)	(2,393,391)	(26,153)	(22,071,779)	(24,998,871)
Direct Utilizations	-	-	(23,871)	(1,904,063)	(1,927,934)
Exchange differences	-	-	-	(99,324)	(99,324)
Transfers	-	-	-	1,741,597	1,741,597
As of 31 December, 2009	2,096,956	-	686,760	29,842,108	32,625,824
Increases	200,000	-	68,763	2,735,809	3,004,572
Reversals	(249)	-	-	(21,003,749)	(21,003,998)
Direct Utilizations	-	-	(6,913)	(229,550)	(236,463)
Exchange differences	-	-	-	139,818	139,818
As of 30 June, 2010	2,296,707	-	748,610	11,484,436	14,529,753

As of December 31, 2009 provisions for risks with other entities were related to other public entities that were extinguished during the period.

31. Interest-bearing liabilities

As of June 30, 2010 and December 31, 2009, Group's interest-bearing liabilities were as follows:

Amounts in Euros	30-06-2010	31-12-2009
Interest-bearing liabilities		
Non-current	1,204,693,399	871,817,132
Current	119,235,032	447,973,519
	1,323,928,431	1,319,790,651
Cash and cash equivalents		
Cash	334,934	208,914
Short term bank deposits	34,533,702	24,847,920
Others	68,607,790	63,977,893
	103,476,426	89,034,727
Market Value	85,161,924	87,733,655
Interest-bearing net debt	1,135,290,081	1,143,022,269

Non-current interest-bearing liabilities

As of June 30, 2010 and December 31, 2009, non-current interest-bearing liabilities were as follows:

Amounts in Euros	30-06-2010	31-12-2009
Non currents		
Bonds loans	795,400,000	595,400,000
Commercial paper	53,050,000	59,350,000
Loans from financial institutions	358,510,266	220,402,282
Expenses with bond loans issuance	(6,102,368)	(5,681,979)
Interest-bearing bank debt	1,200,857,898	869,470,303
Financial leases	1,100,289	1,582,631
Other loans - POE	43,004	57,338
Other loans - QREN	2,692,207	706,860
Other interest-bearing debts	3,835,500	2,346,829
Non-current interest-bearing liabilities	1,204,693,398	871,817,132

Loans to banks

As of June 30, 2010 and December 31, 2009, non-current interest-bearing liabilities were as follows:

Amounts in Euros	30-06-2010	31-12-2009
Bond loans		
Portucel 2005 / 2010	-	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
Portucel 2010 / 2015	100,000,000	-
Portucel 2010 / 2015 - 2nd Emission	100,000,000	-
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
	820,400,000	920,400,000

Amounts in Euros	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
Portucel 2010 / 2015 - 2nd Emission	100,000,000	February 2015	Euribor 6m
Portucel 2010 / 2015	100,000,000	March 2015	Euribor 3m
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
	1,120,400,000		

During 2005, the Group issued five bond loans amounting to Euro 700,000,000. The 2005/2008 loan amounting to Euro 25,000,000 has been repaid during 2008, as well as the 2005/2010 loan of Euro 300,000,000 in March 2010.

In December 2009, Portucel contracted a bond loan designated "Obrigações Portucel 2010/2015" that was only used on February 2010 amounting to Euro 100 million. The loan is indexed to the 3-month Euribor, with a designed 40% repayment at the end of the fourth year, and the remaining 60% at maturity date. A spread is added to interest according to the ratio Net Debt/EBITDA level.

In February 2010, Portucel contracted an additional bond loan designated "Obrigações Portucel - 2010 / 2015 - 2ª Emissão" with an amount of Euros 100,000,000 indexed to the 6-month Euribor with a single reimbursement in maturity, February 2015.

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. This last is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", whose unit value is, as of June 30, 2010, Euro 94,10 (December 31, 2009: Euro 94).

Commercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 28,100,000 as at June 30, 2010.

During the year ended December 31, 2008, Semapa and holdings contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years, which is fully used by Semapa in the amount of Euro 24,950,000 as of June 30, 2010.

Maturity of bank loans and other loans

The redemption terms relating to the balance recorded on bank and other medium and long-term loans is shown as follows:

(Translation of a report originally issued in Portuguese – Note 42)

Amounts in Euros	30-06-2010	31-12-2009
1 to 2 years	154,334,978	105,493,392
2 to 3 years	375,559,177	28,168,969
3 to 4 years	68,596,861	163,246,642
4 to 5 years	191,083,227	212,539,263
More than 5 years	367,071,234	306,411,354
	1,156,645,477	815,859,620

Current interest-bearing liabilities

As of June 30, 2010 and December 31, 2009, current interest-bearing liabilities were as follows:

Amounts in Euros	30-06-2010	31-12-2009
Currents		
Bond loans	25,000,000	325,000,000
Loans from financial institutions	82,638,579	111,087,808
Interest-bearing bank debt	107,638,579	436,087,808
Shareholders short term loans	10,413,229	10,637,809
Financial leases	1,154,555	1,219,233
Other loans - POE	28,669	28,669
Other interest-bearing debts	11,596,453	11,885,711
Current interest-bearing liabilities	119,235,032	447,973,519

Bank loans

As of June 30, 2010 and December 31, 2009, bank loans were as follows:

Amounts in Euros	30-06-2010	31-12-2009	Interest Rate
Non -current			
Semapa and Holdings			
Caixa Galicia	18.000.000	-	Euribor 3m
Caixa Geral de Depósitos	133.079.000	133.079.000	Euribor 6m
Sub-group Secil			
Amen Bank	2.008.527	-	TMM
Banco Espírito Santo	1.555.763	-	Euribor
Banque Mediterranee	568.181	350.248	Fixa
Other loans	-	1.304.621	Vários
UBCI Credit	4.086.055	4.669.338	TMM
Sub-group Portucel			
BEI	180.000.000	68.125.000	Euribor 6m
Caja Duero	6.250.000	6.250.000	Euribor 6m
Sub-group ETSA			
Banco BBVA	583.822	725.322	Euribor 3M
Banco BPI, SA	7.000.000	-	Euribor 3m
Banco Espírito Santo	2.000.000	2.000.000	Euribor 3M
Banco Santander Totta	3.250.000	3.750.000	Euribor 3M
Other loans	128.918	148.753	Euribor 6M
	358.510.266	220.402.282	
Current			
Semapa and Holdings			
Banco Português de Investimento	241	-	Euribor 3m
Caixa Galicia	2.000.000	25.001.320	Euribor 12m
Caixa Geral de Depósitos	-	480.717	Euribor 3m
Fortis Bank	25.000.000	25.000.000	Euribor 3m
Sub-group Secil			
Banco BCP Investimentos	-	3.984.375	Euribor 3m
Banco BPI, SA	-	2.798.256	Euribor 3m
Banco Espírito Santo	2.114.231	32.526.723	Euribor 3m
Banco Santander Totta	36.720.000	-	Euribor 1s
Banque Mediterranee	2.909.225	4.628.018	TMM
Other loans	4.437.733	6.287.525	Vários
Sub-group Portucel			
Caja Duero	8.130.225	6.311.677	Euribor 6m
Sub-group ETSA			
Caixa Geral de Depósitos	6.672	97.778	Euribor 3M
Banco BBVA	280.586	1.279.518	Euribor 3M
Banco Santander Totta	1.000.000	2.000.000	Euribor 3M
Banco Espírito Santo	-	652.234	Euribor 3M
Other loans	39.666	39.667	Euribor 3M
	82.638.579	111.087.808	
	441.148.845	331.490.090	

Liabilities related to financial leasing

As of June 30, 2010 and December 31, 2009, the Group uses the following goods acquired under finance leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), details are as follows:

Amounts in Euros	30-06-2010	31-12-2009
Less than 1 year	1,157,959	1,224,578
1 to 2 years	560,545	763,557
2 to 3 years	341,366	429,107
3 to 4 years	201,471	278,827
4 to 5 years	2,604	118,880
More than 5 years	-	-
	2,263,945	2,814,949
Future interests	(9,101)	(13,085)
Actual liabilities value	2,254,844	2,801,864

At June 30, 2010, Group's debt under financial lease plans, was as follows:

Amounts in Euros	Acquisition cost	30-06-2010 Accumulated amortization	Net book value
Machinery and equipment	6,138,972	(2,332,512)	3,806,460
Machinery and equipment - IFRIC 4	58,003,950	(31,375,443)	26,628,507
Transport equipment	141,086	(77,474)	63,612
Administrative equipment	101,602	(94,033)	7,569
	64,385,610	(33,879,462)	30,506,148

The group holds 8% of Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A, a company whose main activity is the production of electricity and steam sold mainly to the subsidiary Soporcel.

Soporcel has the purchase option to the capital that does not holds in Soporgen by the amount of expected cash flows present value of the company until the contract of steam electricity supply expiry between Soporgen e Soporcel, for pre-assigned values during 2010 at 2015, option exercisable on January 1 of each year.

In 2009, with the start of the new paper plant in Setúbal, the Portucel recognized as a finance lease the unit cost of production of precipitated calcium carbonate installed for that purpose by Omya, SA, for exclusive use of that new plant, providing the purchase contract, the transfer of ownership of assets at the end of its term to About The Future, S.A..

Bank credit facilities granted and not drawn

At June 30, 2010 and December 31, 2009, bank credit facilities granted and not drawn against amounted to Euro 522,183,057 and Euro 708,869,890 respectively.

Financial Covenants

For certain types of financing operations, there are commitments to maintain certain financial ratios within previously negotiated limits.

(Translation of a report originally issued in Portuguese – Note 42)

32. Payables and other current liabilities

As of June 30, 2010 and December 31, 2009 the caption Payables and other current liabilities comprises:

Amounts in Euros	30-06-2010	31-12-2009
Accounts payable	128,159,617	142,193,701
Accounts payable - related parties	3,065,437	1,369,273
Accounts payable - fixed assets suppliers	38,194,324	56,075,786
Instituto do Ambiente - CO2 Emission licences	11,979,145	19,859,906
Financial instruments derivatives (Note 33)	15,838,520	6,702,720
Other payables	13,327,931	13,102,034
Accrued costs	67,993,496	63,820,894
Deferred income	85,398,000	43,788,774
	363,956,470	346,913,088

The amount presented in the caption Instituto do Ambiente – CO2 emission licenses, as of June 30, 2010, related to the fair value of gases emission rights to be delivered by the emissions carried through that period, which were allocated free of charge to the Group under the National Plan for the Allocation of CO2 Emission Licences (PNALE).

At June 30, 2010 and December 31, 2009, the captions Accrued costs and Deferred income comprised:

Amounts in Euros	30-06-2010	31-12-2009
Accrued Costs		
Insurance	39,859	47,432
Payroll	31,972,885	36,515,061
Interests payable	5,836,424	5,541,185
Power costs	16,804,293	10,581,714
Forest acquisitions	226,265	329,796
Commitments to settle the sale of paper	329,608	1,920,346
Others	12,784,162	8,885,360
	67,993,496	63,820,894
Deferred income		
Government grants	64,417,646	40,809,361
Grants - CO2 Emission licences	19,664,132	1,383,589
Others	1,316,222	1,595,824
	85,398,000	43,788,774

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, endeavoring 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.

In order to minimize the effects of exchange rate variations on the Group's sales of pulp and paper exports to non-European countries, financial instruments were contracted to hedge all balance sheet items denominated in foreign currency, as well as for hedging a part of projected sales subject to currency risk.

In addition and in order to hedge interest rate risk, interest rate swaps and collars associated with bonds loans have been contracted.

As of June 30, 2010 the reconciliation of the financial position to financial assets and liabilities are as follows:

30 June, 2010	Financial Instruments - trading	Financial Instruments - hedging	Loans and Other Accounts receivable	Financial Assets at Fair Value through Profit and Loss	Financial Assets Held-for-sale	Other Interest-bearing Liabilities	Non Financial assets/liabilities
Amounts in Euros	Note 33	Note 33	Note 24	Note 20	Note 21	Note 22	
Assets							
Assets at fair value	-	-	-	13,154,711	-	-	-
Held-for-sale assets	-	-	-	-	588,372	-	-
Other non-current assets	-	-	2,333,822	-	-	-	-
Receivables	1,243,164	508,980	255,510,058	-	-	-	-
Cash and cash equivalents	-	-	103,476,426	-	-	-	8,462,567
Total assets	1,243,164	508,980	361,320,306	13,154,711	588,372	-	8,462,567
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,204,693,398	-
Other liabilities	-	-	-	-	-	-	26,480,115
Current interest-bearing liabilities	-	-	-	-	-	119,235,032	-
Current liabilities	4,251,699	11,586,821	-	-	-	218,728,061	129,389,889
Total liabilities	4,251,699	11,586,821	-	-	-	1,542,656,491	155,870,004

As of June 30, 2010 the fair value of these assets and liabilities is nearly the same as presented in the Consolidated Statement of Financial Position.

On the following table are presented the assets and liabilities at fair value as of June 30, 2010 in accordance with hierarchic levels on IFRS 7:

- Level 1: financial instruments fair value based on net asset markets as of balance sheet date;
- Level 2: financial instruments fair value based on evaluation models. Main inputs can be observed in the market; and
- Level 3: financial instruments fair value based on evaluation models where main inputs cannot be observed in the market.

Assets measured at fair value

Amounts in Euros	30-06-2010	Level 1	Level 2	Level 3
Financial assets at fair value recognized in earnings				
Trading Derivatives	1,243,164	-	1,243,164	-
Financial assets at fair value through profit or loss				
Shares	13,154,711	13,154,711	-	-
Available-for-sale financial assets				
Shares	588,372	588,372	-	-

Liabilities measured at fair value

Amounts in Euros	30-06-2010	Level 1	Level 2
Financial assets at fair value recognized in earnings			
Trading Derivatives	(8,467,974)	-	(8,467,974)
Financial assets at fair value through profit or loss			
Trading Derivatives	(6,127,382)	-	(6,127,382)

(Translation of a report originally issued in Portuguese – Note 42)

Derivative Financial instruments

The Group has a currency exposure on Sales invoiced in North American dollars (USD) and pounds sterling (GBP) to the United States of America, the United Kingdom and to other places outside the European zone. Since the Group's financial statements are translated into euro, it runs an economic risk on the conversion of these currency flows to the Euro.

The Group is also obliged, albeit to a lesser degree, to make certain payments in those some currencies and which for currency exposure purposes function as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of balance sheet items denominated in USD and GBP against respective currency fluctuations.

The hedging instrument used in this operation are foreign Exchange forward contracts covering the net exposure to the USD and to the GBP at the time the invoices are issued, for the same maturity dates and the same amounts of these documents in such a way as to fix the exchange rate associated with the sales.

The nature of the risk hedged is the book exchange rate variation recorded on sales and purchases expressed in USD and GBP. At the end of each month customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value of the forwards negotiated

As of June 30, 2010 and December 31, 2009 details of the fair value of derivative financial instruments were as follows:

Amounts in Euros	Fair Value Variation (Trading)	Fair Value Variation (Hedging)	Total
As of 1 January 2010	(256,289)	(4,931,893)	(5,188,182)
New agreements	(131,644)	1,885,671	1,754,027
Variation in fair value at earnings (Note 10)	(5,739,450)	(628,843)	(6,368,293)
Variation in fair value at equity (DGR)	-	(4,792,910)	(4,792,910)
As of 30 Jun 2010	(6,127,383)	(8,467,975)	(14,595,358)
Variation in fair value at earnings (Note 10)	(5,871,094)	(2,514,514)	(8,385,608)
Variation in fair value at equity (DGR)	-	(2,907,239)	(2,907,239)

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 June 30, 2010 and December 31, 2009 relating to financial instruments was as follows:

Amounts in Euros	Currency	Notional	Maturity	Fair value	
				30-06-2010	31-12-2009
Financial instruments - trading					
Foreign exchange forwards	EUR	2,849,880	31-Dec-10	(176,759)	-
	USD	28,849,000	28-Oct-10	(472,495)	-
	GBP	3,082,000	14-Oct-10	(148,593)	-
	USD	35,084,000	27-Oct-10	(1,460,584)	(338,615)
	GBP	6,150,000	15-Oct-10	(416,329)	(1,040,545)
Foreign exchange options	EUR	6,782,631	3-Dec-10	-	(25,145)
SWAPs	EUR	20,400,000	28-Feb-10	(1,576,938)	(310,640)
Collar interest rate	EUR	175,000,000	30-Nov-15	(1,256,130)	1,368,373
Collar interest rate	EUR	25,000,000	30-Nov-15	(161,653)	70,070
Collar interest rate	EUR	25,000,000	30-Nov-15	(457,901)	20,210
Ending balance				(6,127,382)	(256,292)

Amounts in Euros	Currency	Notional	Maturity	Fair value	
				30-06-2010	31-12-2009
Financial instruments - hedging					
Interest rate hedging	EUR	150,000,000	29-Mar-10	-	(762,218)
Interest rate hedging	EUR	75,000,000	27-Oct-10	(536,029)	(1,219,066)
Hedge (Future sales)	EUR	83,970,000	31-Dec-10	(1,940,596)	-
Forwards cambiais (USD)	EUR	3,186,480	28-Feb-10	1,243,164	1,514,537
Collar interest rate	EUR	175,000,000	30-Nov-15	(5,905,639)	(3,749,335)
Collar interest rate	EUR	25,000,000	30-Nov-15	(807,575)	(382,898)
Collar interest rate	EUR	25,000,000	30-Nov-15	(521,098)	(332,911)
Ending balance				(8,467,974)	(4,931,891)

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 5,084,283.

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 earnings

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

Financial assets available for sale

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

Loans and receivables

These amounts are recognized 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 recognized 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).

(Translation of a report originally issued in Portuguese – Note 42)

34. Balances and transactions with related parties

As June 30, 2010 and December 31, 2009, balances with related parties are as follows:

Amounts in Euros	Interest-bearing liabilities	
	30-06-2010	31-12-2009
Shareholders		
Cimo SGPS, SA	885,680	198,015
Longapar, SGPS, SA	9,039,205	9,871,902
Sonaca SGPS, SA	488,344	567,892
	10,413,229	10,637,809

Amounts in Euros	30-06-2010		31-12-2009	
	Other Receivables	Other Payables	Other Receivables	Other Payables
Associated companies				
Cofit Sicar	-	12,075	-	11,878
Senbo, S.A.	-	94,737	-	94,737
J.M. Henriques, Lda.	-	-	52,078	-
Cimentaçor	-	-	35	-
Secil Unicon - S.G.P.S., Lda	-	-	103,704	-
Setefrete	-	132,127	339,788	52,965
Chryso Portugal, S.A.	-	145,773	-	119,790
Secil Prebetão - Pré-Fabricados de Betão, S.A.	24,012	6,628	86,972	12,688
Viroc Portugal - Indústria de Madeira e Cimento, S.A.	1,278	-	574,452	-
Teporset	-	-	786,383	-
Soporgem	-	-	854,034	489,856
Other related parties	(493)	2,674,097	2,796	587,359
Total	24,797	3,065,437	2,800,242	1,369,273

As of June 30, 2010 and 2009, transactions with related parties are as follows:

Amounts in Euros	30-06-2010		30-06-2009	
	Service Purchase	Financial Losses	Service Purchase	Financial Losses
Shareholders				
Cimanto SGPS, SA	53,870	-	53,870	-
Cimo SGPS, SA	-	2,312	-	2,811
Longapar, SGPS, SA	-	55,416	-	89,640
Sonaca SGPS, SA	-	3,134	-	9,295
	53,870	60,862	53,870	101,746

Amounts in Euros	30-06-2010			
	Service Purchase	Services rendered	Operating Income	Losses/(Gains) financial
Subsidiaries shareholders				
Viroc Portugal, S.A.	-	208,972	35,922	(26,053)
Chryso Portugal, S.A.	254,379	-	-	-
Setefrete, S.A.	834,234	-	-	-
Secil Prebetão, S.A.	11,743	157,907	33,857	1,512
Others	-	-	2,235	(14,127)
	1,625,657	366,879	72,014	(38,668)

Amounts in Euros	30-06-2009			
	Service Purchase	Services rendered	Operating Income	Losses/(Gains) financial
Subsidiaries shareholders				
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
Soporgem	2,647,658	-	-	-
TASC	43,538	-	-	-
Others	83,724	-	36,419	(4,685)
	4,252,133	478,097	107,379	22,175

35. Environmental related expenditures

Within the scope of its business operations the Group incurs various expenditures on environment-related items which, depending on their characteristics, is being capitalised or recognised as a charge in the operating results for the period.

Environmentally-related expenditure incurred in order to preserve resources or to avoid or reduce future damage, and which is deemed to permit prolonging the life or expanding the capacity or improving the security or efficiency of other assets held by the Group, is capitalised.

Expenditure capitalized and recognised as costs in the period ended June 30, 2010 comprise:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	609,534	560,831	1,170,365
Management of residual waters	1,425	-	1,425
Waste/residual management	120,964	272,362	393,326
Protection of soils and underground waters	20,870	127,322	148,192
Protection of nature	184,987	-	184,987
Recovery boiler	3,736,144	112,900	3,849,044
Liquid effluent treatment	716,169	-	716,169
Materials recycling	232,082	63,000	295,082
Sew age netw ork	57,268	-	57,268
Solid waste embankment	139,998	-	139,998
Other environmental protection activities	174,907	1,144,348	1,319,255
	5,994,348	2,280,763	8,275,111

Expenditure capitalized and recognised as costs in the year ended December 31, 2009 comprise:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	1,223,689	696,203	1,919,892
Management of residual waters	4,408	14,607	19,015
Waste/residual management	590,963	1,857,675	2,448,638
Protection of soils and underground waters	45,063	11,990	57,053
Protection of nature	437,140	199,044	636,184
Recovery boiler	2,800,820	93,640	2,894,460
Liquid effluent treatment	157,895	-	157,895
Materials recycling	1,135,168	-	1,135,168
Sew age netw ork	247,900	-	247,900
Solid waste embankment	611,152	-	611,152
Other environmental protection activities	267,479	215,047	482,525
	7,521,677	8,895,691	16,417,368

CO2 emission rights

Within the scope of the Kyoto Protocol, the European Union has undertaken to reduce the emission of greenhouse gases. In this context, a Community Directive was published which makes provision for the trading in the so-called CO2 emission licences. In the meantime, this directive was transposed into Portuguese legislation and is applicable with effect from 1 January 2005, amongst others, to the cement and pulp and paper industries.

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.

36. Audit fees

In the periods ended June 30, 2010 and 2009, expenses with statutory audits and other audit services, were as follows:

Amounts in Euros	30-06-2010	30-06-2009
Statutory auditors services	260,468	198,906
Tax consultancy services and others	53,693	118,155
Other reliability assurance services	180,025	53,200
	494,186	370,261

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

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work proposed and careful definition of the work to be performed by the auditors.

37. Number of employees

At June 30, 2010 and December 31, 2009, the number of employees in the service of the Group's various companies, was as follows:

30-06-2010	Pulp and paper	Cement	Environment	Holdings	Total
Portugal	2,270	1,391	186	21	3,868
Rest of Europe	78	2	10	-	90
Angola	-	307	-	-	307
Lebanon	-	504	-	-	504
Tunisia	-	421	-	-	421
Cape Verde	-	36	-	-	36
	2,348	2,661	196	21	5,226

31-12-2009	Pulp and paper	Cement	Environment	Holdings	Total
Portugal	2,212	1,414	171	21	3,818
Rest of Europe	76	-	11	-	87
Angola	-	306	-	-	306
Lebanon	-	495	-	-	495
Tunisia	-	425	-	-	425
Cape Verde	-	36	-	-	36
	2,288	2,676	182	21	5,167

38. Commitments

At June 30, 2010 and December 31, 2009, the guarantees and other financial commitments provided by the Group were as follows:

Entities	30-06-2010	31-12-2009
Warranties		
IA PMEI (in the perimeter of FOE)	15,060	870,944
IA PMEI (in the perimeter of QREN)	1,538,183	-
VAT refunds request	3,330,746	3,330,746
DGCI - Portuguese tax authorities	36,666,049	23,618,566
Soporgen financing	333,333	444,444
Câmara Municipal de Setúbal	487,700	487,700
AFSS - Adm. dos Portos de Setúbal e Sesimbra	1,246,355	1,246,355
Direcção Geral de Alfândegas	435,751	435,751
APDL - Administração do Porto de Leixões	322,505	322,505
Simria	340,005	514,361
Instituto de Conservação da Natureza - Arrábida	508,188	481,771
IFAP	1,520,820	1,937,544
BankMed for SOIME (Lebanon)	1,126,286	959,394
IA PMEI (in the perimeter of PEDIP)	50,878	50,878
Comissão de Coord. e Desenv. Reg. Centro	419,971	419,971
Chaussee	123,820	121,809
Comissão de Coordenação e Desenv. Regional LVT	-	366,424
AKA (Lebanon)	4,455,732	3,705,238
Others	4,445,187	5,088,444
	57,366,569	44,402,845
Other commitments		
Purchase commitments with suppliers	70,187,696	169,431,236
Operating lease - rent due less than 12 months	2,801,239	5,861,628
Mortgage loan guarantee	2,778,446	3,856,587
	75,767,381	179,149,451
	133,133,950	223,552,296

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 June 30, 2010 by the amount of Euro 133,079,000, having been given as security 75,990,350 Portucel shares.

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 Euro 22,480,095 and financial incentives amounting to Euro 102,038,801, corresponding to a total of Euro 124,518,896, of which tax incentives Euro 21,708,681 and financial Euro 32,576,316 have already been used until June 30, 2010.

Due to the stage of development of the projects, the Group recognized gains with financial incentives related with eligible investments up to June 30, 2010, of Euro 30,446,418. Under these contracts Portucel and Soporcel will still have to invest a total amount of about Euro 14,200,000.

Additionally, a contract was signed with the subsidiary About The Future, SA (ATF), for investments initially estimated at Euro 482,000,000. This contract includes tax incentives of Euro 52,433,150, of which Euro 1,259,464 were used in 2008, ATF will also invest approximately Euro 25,000,000.

Regarding these contracts, as at December 31, 2009 the Group received financial incentives totalizing Euro 64,028,211. For the upcoming investments related to these agreements, an amount of Euro 38,010,590 is yet to be received as financial incentives and Euro 51,945,100 to be recognized for tax purposes.

39. Other commitments of the group

In December 2008 the subsidiary Ciments de Sibline, S.A.L. renegotiated with a Lebanese bank a medium/long-term loan (financing operation) and a bank overdraft of '000LBP 22,612,500 (Euro (12,223,634) e '000LBP 15,075,000 (Euro 8,149,089), respectively. Under the terms of these facilities, the subsidiary Ciments de Sibline, S.A.L. registered two mortgages over property, plant and equipment owned by it in favour of the bank in the amounts of '000LBP 86,681,250 (Euro 46,857,262) and '000LBP 18,497,025 (Euro 9,998,932). At 30 June 2010, the amount recognised in the Consolidated Statement of Financial Position relating to the medium/long-term was '000LBP 10,552,500 (Euro 5,704,362), while the bank overdraft had not yet been utilised.

The subsidiary Secil Martingança, S.A., contracted in April 2005 a loan from a bank with maturity in 2012 for the acquisition of the subsidiaries IRP – Industrias de Rebocos de Portugal, S.A. and Lusocil – Sociedade Portuguesa de Cimento Cola, S.A..

In terms of this financing facility, Secil Martingança issued an irrevocable power of attorney to the financial institution, enabling it to place a lien over the aforesaid companies' shares in the event of defaulting on its obligations.

Comfort letters

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Secil has issued comfort letters to two financial institutions as security for compliance with the obligations under the financing facilities contracted by the associate Viroc Portugal, S.A..

40. Contingent assets

Portucel Group

Public debt settlement fund

According to the Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (November 25, 2006) are the responsibility of the Public Debt Settlement Fund. Portucel submitted an application to the Public Debt Settlement Fund on April 16, 2008 requesting the payment by the State of the tax debts raised by the tax authorities.

In this context, the aforementioned Fund is liable for Euro 30,995,158, detailed as follows:

Amounts in Euros	Period	Amounts Requested	1st Refund	Outstanding
Portucel				
Value added tax - Germany	1998-2004	5,850,000	(5,850,000)	-
Corporate Income Tax	2001	314,340	-	314,340
Corporate Income Tax	2002	625,033	(625,033)	-
Value added tax	2002	2,697	(2,697)	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-
Corporate Income Tax	2003	182,230	(157,915)	24,315
Corporate Income Tax (RF)	2004	3,324	-	3,324
Corporate Income Tax	2004	766,395	-	766,395
Corporate Income Tax (RF)	2005	1,736	(1,736)	-
Corporate Income Tax	2005	11,754,680	-	11,754,680
Corporate Income Tax	2005*	9,238,171	-	9,238,171
		30,311,771	(8,210,546)	22,101,225
Soporcel				
Corporate Income Tax	2002	161,392	-	161,392
Corporate Income Tax (replacement)	2003	5,725,771	-	5,725,771
Value added tax	2003	2,509,101	-	2,509,101
Stamp Tax	2004	497,669	-	497,669
		8,893,933	-	8,893,933
		39,205,704	(8,210,546)	30,995,158

In December 2009, the Group was informed by the Institute for Public Credit and Treasury Management of the eminent payment of Euro 8,210,546, related to the amounts previously paid and unclaimed to the Tax Authorities. A similar outcome for the remaining open amounts is expected once the legal and administrative processes are over. This amount was received on January 22, 2010.

Withholding tax in Spain – Euro 516,729

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

Portucel challenged the amount withheld on the basis that it violated the right of free establishment foreseen in the Treaty of Rome (dividends paid to an entity resident in Spain are not 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 tax treatment of income of the same nature when paid to a resident company 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 Ruling, which supports the company's position.

More recently, in a court ruling of 3 June 2010 – case C-487/08 (European Commission vs. Kingdom of Spain), the TJCE concluded, so reinforcing the findings of the “Amurta” ruling, that Spanish legislation envisages differing treatment between beneficiary companies residing in Spain and companies based in other Member States and which, therefore, is contrary to the EU Treaty. It is hoped that this decision, of extraordinary importance, will lead to the refund of the excess amounts paid by Portucel, with the result that the said decision was added to the lawsuit currently in progress, on 11 June 2010.

Stamp tax on loans – Stamp tax on share capital – €77,000

On April 7, 2008, SPCG and Portucel/Soporcel Cogeração de Energia S.A. lodged an appeal with the Almada Administrative and Tax Court against the stamp duty of Euro 50,000 and Euro 27,000, respectively, levied on the share capital increases made 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 dated July 17, 1969, as amended by Directive 85/303/EEC of the Council of June 10, 1985.

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

BEKP Sales' agency

In October 2009, the Group through its German subsidiary Portucel International Trading, GmbH, set off two legal actions for undue agency contract termination, celebrated in December 2007 with CPK S.A. and Celtejo, S.A. These legal actions amounted to approximately €175,000 and aim at proper compensation of Portucel International Trading, GmbH, for the predictable gains, in case the contracts had not been unilaterally terminated.

41. Exchange Rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on June 30, 2010.

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 the first semester of 2010 and the year of 2009 against the euro, were as follows:

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	30-06-2010	31-12-2009	Valuation/ (depreciation)
TND (tunisian dinar)			
Average exchange rate for the period	1,8784	1,8728	(0,30%)
Exchange rate at the end of the period	1,8535	1,8841	1,62%
LBN (libanese pound)			
Average exchange rate for the period	2.000,20	2.102,60	4,87%
Exchange rate at the end of the period	1.849,90	2.171,70	14,82%
USD (american dollar)			
Average exchange rate for the period	1,3268	1,3948	4,88%
Exchange rate at the end of the period	1,2271	1,4406	14,82%
GBP (sterling pound)			
Average exchange rate for the period	0,8697	0,8909	2,38%
Exchange rate at the end of the period	0,8175	0,8881	7,95%

42. Note added for Translation

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

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43. Companies included in Consolidation

Name	Head Office	subsidiary Semapa detido pela 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.	Amesterdam	100.00	-	100.00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amesterdam	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 ETSA – under the full consolidation method

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./	Mérida	100.00	-	100.00	80.00
Transportes Carvajal	Mérida	80.00	-	80.00	64.00

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Subsidiary companies of Sub-Group Portucel – Under the full consolidation method

Name	Head Office	Direct and indirect % of equity held by subsidiary Portucel			Equity % acutally held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	12.89	64.07	76.97	76.97
Subsidiaries					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	76.97
Portucel International GmbH	Germany	100.00	-	100.00	76.97
CountryTarget SGPS SA *	Setúbal	100.00	-	100.00	76.97
Portucel Cacia - Produção de Pasta, S.A *	Cacia	100.00	-	100.00	76.97
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	76.97
Portucel Floresta – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.97
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.97
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	76.97
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	76.97
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	76.97
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	76.97
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	76.97
Atlantic Forests, SA	Setúbal	-	100.00	100.00	76.97
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios	Portugal	-	64.80	64.80	49.87
Bosques do Atlantico, SL	Spain	-	100.00	100.00	76.97
Naturfunji, ACE	Setúbal	-	50.00	50.00	38.48
Verde Arena - Sociedade Gestora de Zonas de Intervenção Florestal, S.A.	Setúbal	-	100.00	100.00	76.97
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100.00	-	100.00	76.97
EPFF - Empresa de Pasta de Figueira da Foz, S.A.	Figueira da Foz	-	100.00	100.00	76.97
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100.00	100.00	76.97
CELCA CIA - Celulose de Cacia, S.A.	Cacia	-	100.00	100.00	76.97
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	76.97
Soporcel North America Inc.	USA	-	100.00	100.00	76.97
About the Future - Empresa Produtora de Papel, SA	Setúbal	0.01	99.99	100.00	76.97
Portucel Papel Setúbal, S.A.	Setúbal	-	100.00	100.00	76.97
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56.00	44.00	100.00	76.97
PortucelSoporcel Sales & Marketing NV	Belgium	25.00	75.00	100.00	76.97
Soporcel España, SA	Spain	-	100.00	100.00	76.97
Soporcel International, BV	Netherlands	-	100.00	100.00	76.97
Soporcel France, EURL	France	-	100.00	100.00	76.97
Portucel Soporcel United Kingdom, Ltd	UK	-	100.00	100.00	76.97
Portucel Soporcel Italia, SRL	Italy	-	100.00	100.00	76.97
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	76.97
Soporcel Deutschland, GmbH	Germany	-	100.00	100.00	76.97
Soporcel Handels, GmbH	Austria	-	100.00	100.00	76.97
PortucelSoporcel Afrique du Nord *	Morocco	-	100.00	100.00	76.97
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	76.97
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100.00	100.00	76.97
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	76.97
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	76.97
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	76.97
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	76.97
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	76.97
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	76.97
Outpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	38.48
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	76.97
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	76.97
Ena Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91.15	91.15	70.15
Ena Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	71.24
Ena Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	70.40
ImpactValue - SGPS, SA	Setúbal	100.00	-	100.00	76.97
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	25.00	75.00	100.00	76.97
Portucel Floresta Brasil - Gestão de Participações, Ltda	Brasil	25.00	75.00	100.00	76.97
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	43.00	51.00	94.00	72.35
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50.00	50.00	100.00	76.97
PortucelSoporcel Logística de Papel, ACE	Figueira da Foz	33.33	66.67	100.00	76.97

* Created in 2010

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Subsidiary companies of Sub-Group Secil – Under the proportional consolidation method

	Name	Head Office	Direct and indirect % of equity held by subsidiary Secil			Equity % acctuallly held by Semapa
			Direct	Indirect	Total	
Parent - company:						
	Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	6.42	44.58	51.00	51.00
Subsidiaries						
	Parcim Investments, B.V.	Amesterdam	100.00	-	100.00	51.00
	Secilpar, SL	Madrid	-	100.00	100.00	51.00
	Somera Trading Inc.	Panamá	-	100.00	100.00	51.00
	Hew bol, 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	
	Seciment Investments, B.V.	Amesterdam	100.00	-	100.00	51.00
	Serife - Sociedade de Estudos e Realizações Industriais e de Silonor, S.A.	Lisbon	100.00	-	100.00	51.00
	Société des Ciments de Gabés	Dunkerque - France	100.00	-	100.00	51.00
	Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	98.72	-	98.72	50.35
	Zarzis Béton	Tunis	-	98.72	98.72	50.35
	Zarzis Béton	Tunis	-	98.52	98.52	50.25
	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	-	82.00	82.00	41.82
	Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100.00	100.00	51.00
	Minerbetão - Fabricação de Betão Pronto, Lda.	Lisbon	-	100.00	100.00	51.00
	Sicobetão - Fabricação de Betão, S.A.	Lisbon	-	100.00	100.00	51.00
	Secil Britas, S.A.	Lisbon	-	100.00	100.00	51.00
	Quimipetra - Secil Britas, Calcários e Derivados, Lda.	Lisbon	-	100.00	100.00	51.00
	Colegra - Exploração de Pedreiras, S.A.	Lisbon	-	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.	Santarém	-	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.	Setúbal	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	22.41	51.05	26.04
	Soime, S.A.L.	Beirute	-	51.05	51.05	26.04
	Premix Liban, S.A.L	Beirute	-	51.05	51.05	26.04
	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
	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 - S.G.P.S., Lda.	Lisbon	50.00	-	50.00	25.50
	Secil Prébetão, S.A.	Montijo	-	39.80	39.80	20.30
	Teporset - Terminal Portuário de Setúbal, S.A.	Lisbon	-	50.00	50.00	25.50

(Translation of a report originally issued in Portuguese – Note 42)

BOARD OF DIRECTORS

Chairman:

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

Joaquim Martins Ferreira do Amaral

António Pedro de Carvalho Viana-Baptista

Vitor Manuel Galvão Rocha Novais Gonçalves

**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, 2010 of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. included in the Report of the Board of Directors, Consolidated Statement of Financial (which shows total assets of €3,434,948,795 and a total shareholders' equity of €1,201,105,379, including Non-controlling interests of €310,286,101 and a net profit of €43,480,957), Consolidated Separate Income Statement, Statement of Comprehensive Income, Consolidated Statement of Changes in 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.
August 27, 2010

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, 2010 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 27, 2010

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

[This is a translation, not to be signed]

António Alberto Henriques Assis, R.O.C.