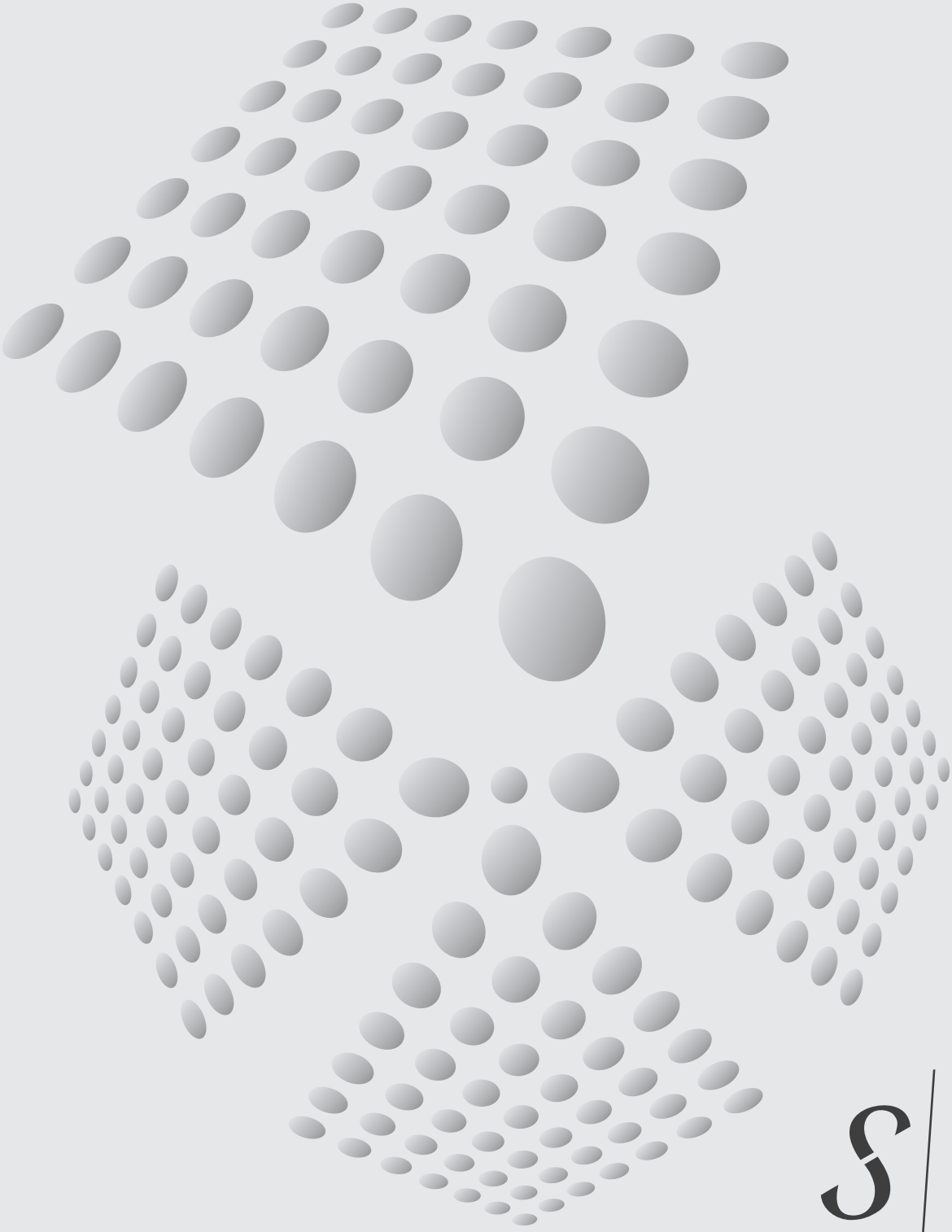

Semapa

2011

ANNUAL REPORT

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STATUTORY BODIES

BOARD OF DIRECTORS

CHAIRMAN

PEDRO MENDONÇA DE QUEIROZ PEREIRA

SECRETARY

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
VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

REMUNERATION COMMITTEE

JOSÉ GONÇALO MAURY
FREDERICO JOSÉ DA CUNHA MENDONÇA E MENESES
SOFIA LUÍSA CORRÊA HENRIQUES CARDOSO DE MENEZES FRÈRE

GENERAL MEETING

CHAIRMAN

VACANT

SECRETARY

RITA MARIA PINHEIRO FERREIRA SOARES DE OLIVEIRA

AUDIT BOARD

CHAIRMAN

MIGUEL CAMARGO DE SOUSA EIRÓ

FULL MEMBERS

DUARTE NUNO D´OREY DA CUNHA
GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

ALTERNATE MEMBERS

MARTA ISABEL GUARDALINO DA SILVA PENETRA

OFFICIAL AUDITOR

FULL MEMBER

PRICEWATERHOUSECOOPERS & ASSOCIADOS - SROC, LDA, REPRESENTED BY ANTÓNIO ALBERTO HENRIQUES ASSIS (ROC) OR CÉSAR ABEL RODRIGUES GONÇALVES (ROC)

ALTERNATE MEMBER

JORGE MANUEL SANTOS COSTA (ROC)

COMPANY SCRETARY

FULL MEMBER

RUI TIAGO TRINDADE RAMOS GOUVEIA

ALTERNATE

JOANA ESPERANÇA FERNANDES LOPES LUÍS

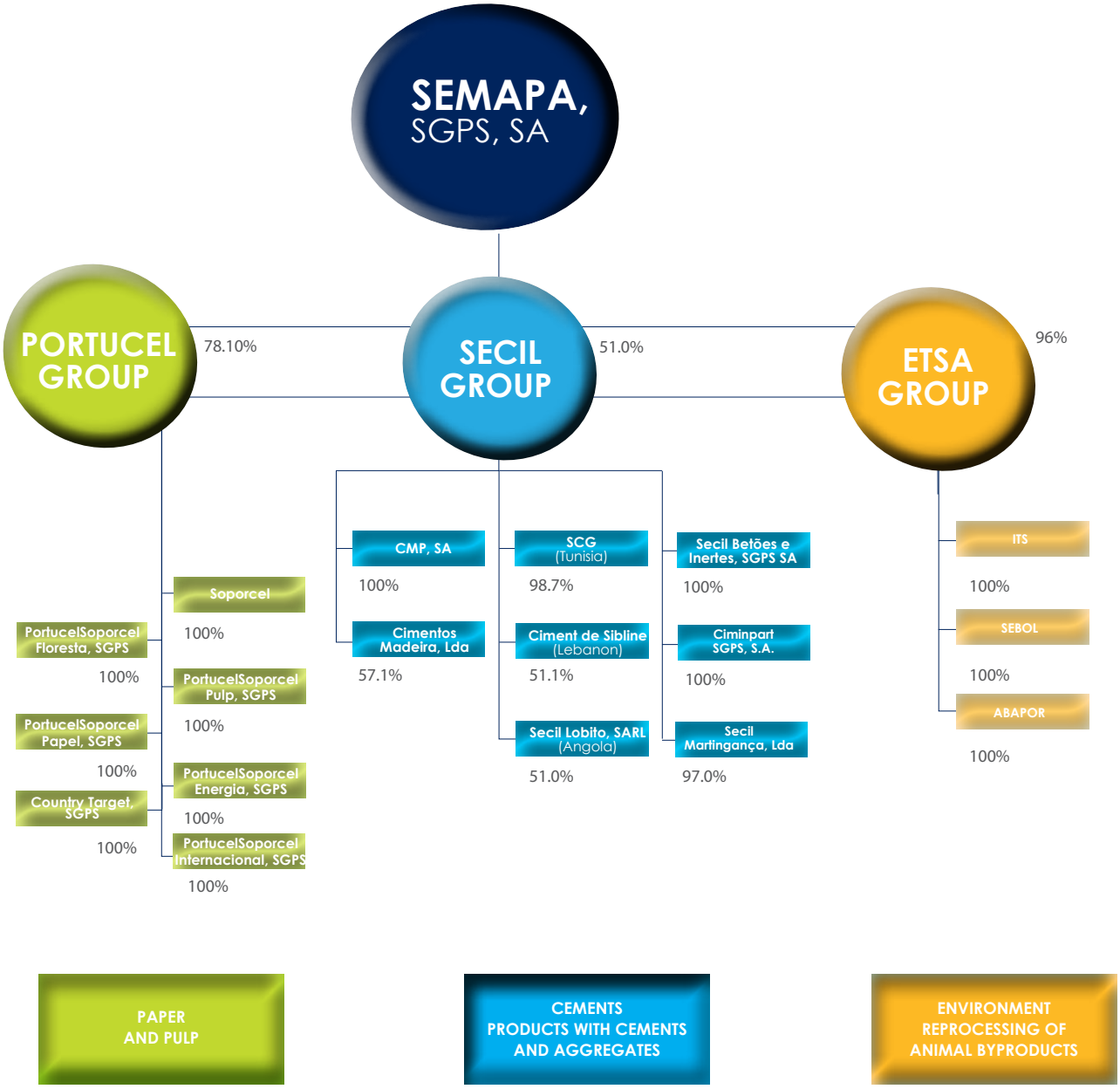
Semapa
2011

FROM LEFT TO RIGHT:

MAUDE QUEIROZ PEREIRA LAGOS
JOSÉ HONÓRIO
FRANCISCO NOBRE GUEDES
CARLOS HORTA E COSTA
JOSÉ MIGUEL PAREDES
MIGUEL VENTURA
RITA AMARAL CABRAL
ANTÓNIO SOUSA CÂMARA
JOAQUIM FERREIRA DO AMARAL
ANTÓNIO VIANA-BAPTISTA
VÍTOR NOVAIS GONÇALVES

ORGANIZATION CHART

SEMAPA GROUP (Main shareholder capital participations)


SEMAPA, SGPS, SA
PORTUCEL GROUP
78.10%
SECIL GROUP
51.0%
ETSA GROUP
96%
Soporcel
100%
PortucelSoporcel Floresta, SGPS
100%
PortucelSoporcel Pulp, SGPS
100%
PortucelSoporcel Papel, SGPS
100%
PortucelSoporcel Energia, SGPS
100%
Country Target, SGPS
100%
PortucelSoporcel Internacional, SGPS
100%
CMP, SA
100%
Cimentos Madeira, Lda
57.1%
SCG (Tunisia)
98.7%
Ciment de Sibline (Lebanon)
51.1%
Secil Lobito, SARL (Angola)
51.0%
Secil Betões e Inertes, SGPS SA
100%
Ciminpart SGPS, S.A.
100%
Secil Martingança, Lda
97.0%
ITS
100%
SEBOL
100%
ABAPOR
100%
PAPER AND PULP
CEMENTS PRODUCTS WITH CEMENTS AND AGGREGATES
ENVIRONMENT REPROCESSING OF ANIMAL BYPRODUCTS

MESSAGE FROM THE CHAIRMAN

PEDRO QUEIROZ PEREIRA
CHAIRMAN

In 2011 we faced an extremely challenging year. I am nonetheless pleased to report that the hard work and dedication of our staff throughout the Group allowed us to respond successfully to the adversity around us with efficiency and motivation.

The environment in which we have carried on our business has been largely unfavourable and was overshadowed by a number of events which will inevitably leave their mark on the years to come. In Portugal, I need only refer to the request for financial assistance made to the Troika. In the Euro Zone, the sovereign debt crisis in peripheral countries took a sharp turn for the worse, culminating to a downgrade by S&P of nine European countries, including France's emblematic triple A status. At the same time, the Mediterranean region was shaken by the succeeding events of the Arab Spring. Despite all this, the world economy grew by 3.5%, boosted by contrasting strong performance from the emerging economies.

It is a source of personal satisfaction to note that the strategy we have confidently implemented over the years, based on a strong commitment to the manufacture of export-oriented goods with a high level of value added, has sheltered us from the worst effects of the crisis currently affecting Portugal.

It is more than relevant to note here that more than 3/4 of the Semapa Group's turnover in 2011 was generated in more than 120 countries, showing us to be an export--driven group with a strong international presence.

In a difficult and complex environment, I am delighted to point to the results achieved in the Group's various business areas, which together produced a net profit for the Semapa Group in 2011 totalling 124.2 million euros, only slightly down on the figure recorded in 2010.

I would also point out that, despite the large-scale capital investment projects of recent years, the Group enjoys a balanced financial situation, thanks to continuous generation of cash flow and reduction of borrowing levels over the past three years.

In the paper and pulp business area (Portucel Group), a demanding capital expenditure programme has been followed by successful expansion of business, with the Group diversifying its sources of income and focussing on areas where it can use its competitive advantages to the greatest effect.

In just a few years, the Portucel Group has transformed itself into Europe's leading producer of uncoated woodfree (UWF) printing and writing paper, enabling it to increase its market shares in countries where it was already well established and to extend its sales operations into new regions, which are certain to be important markets in years to come.

In the cement and derivatives area (Secil Group), the economic environment was particularly difficult for the Group's business activities. It was only to be expected that Secil's performance would be hit, requiring it to make special efforts in managing its resources in order to respond most effectively to the troubles in the sector. So despite an overall reduction in business and profits in 2011, Secil was still able to record significantly positive results.

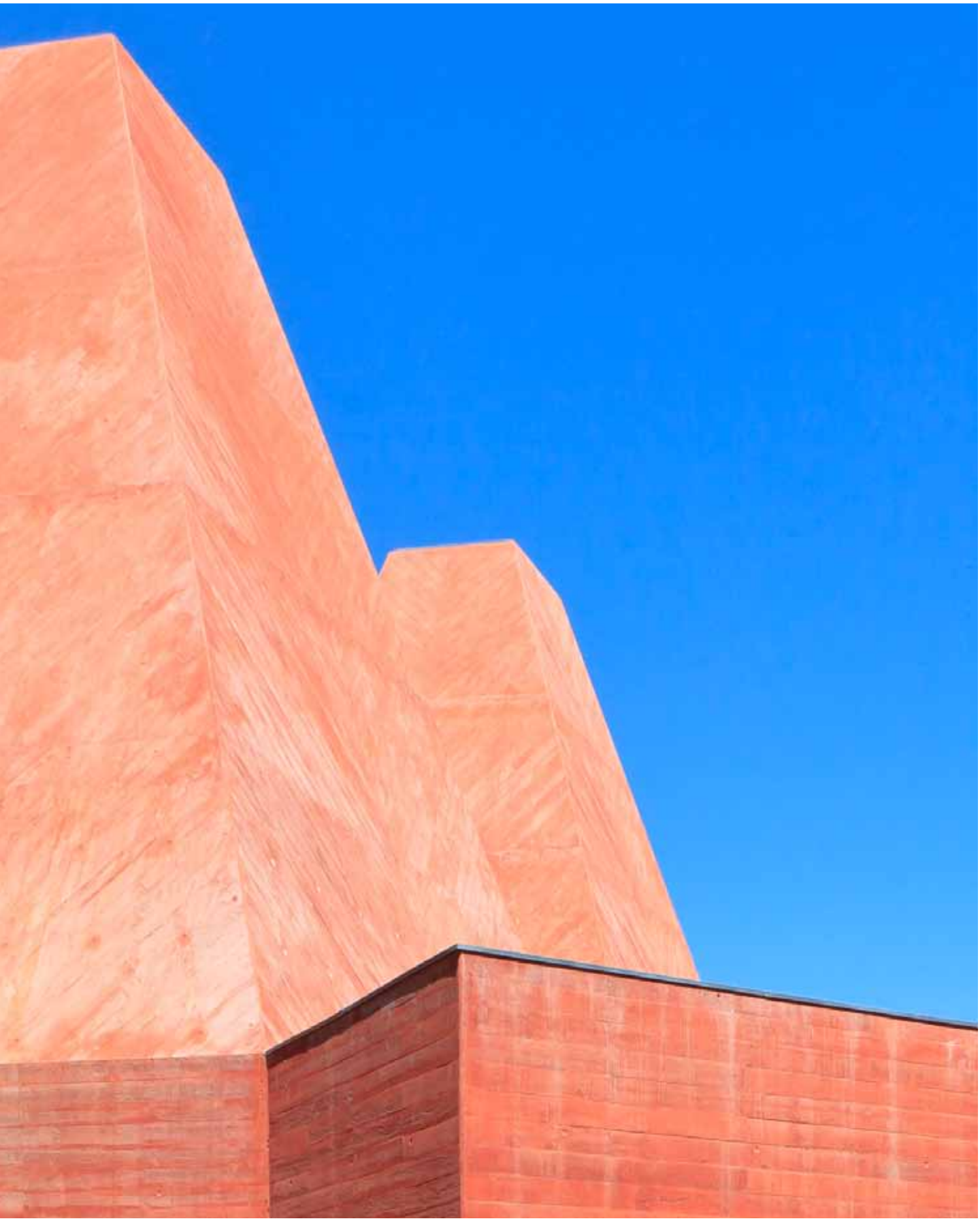
But more importantly, looking forward to major changes ahead, Secil is already busy with a series of initiatives designed to control operating costs, reduce energy costs, increase its use of secondary raw materials, to promote innovation, to move towards integrated management of its operational units and to diversify its business portfolio.

In the environmental sector, the financial year of 2011 presented serious challenges. The ETSA Group's traditional markets offered diminishing scope for business, and the Group responded by diversifying its operations, which included a new line in collecting end-of-life products from retail chains.

I would like to extend a word of appreciation to all our stakeholders, including shareholders, employees, customers, suppliers and financial institutions, for their support which has been crucial to our success as a Portuguese manufacturing group with an established international reputation.

I would also like to thank all the officers of our company and its subsidiaries, once again publicly acknowledging their outstanding performance and achievements. This has only been possible thanks to the dedication of our management teams.

The next few years will certainly be far from easy, but I am confident in the resilience that the Group has demonstrated, founded on high standards of aspiration, experience and know-how.



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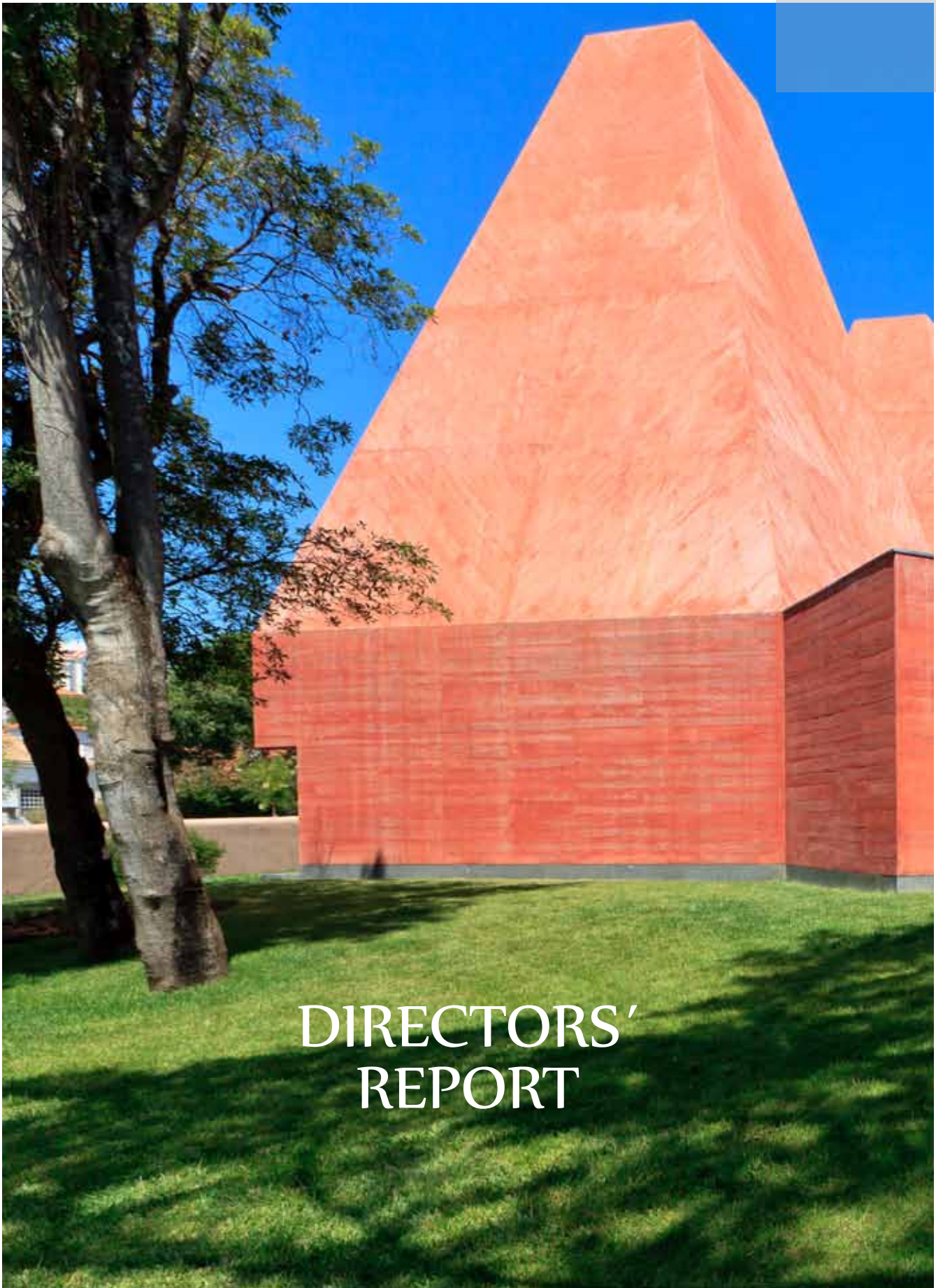


DIRECTORS' REPORT

I ECONOMIC BACKGROUND

In the main developed economies the fundamental indicators as well as business conditions deteriorated across the board in 2011: the pace of growth slowed significantly in the US, the Japanese economy was hit hard by the consequences of a devastating earthquake, whilst Europe experienced a worsening of the sovereign debt crisis and the successive shock waves this produced. Global economic growth, at approximately 3.5%, was based on the performance of the emerging economies, which continued to expand.

In a context of growing fears as to the sustainability of State financing, especially in the Euro zone, and in which unemployment remained extremely high, the advanced economies gave clear signs of a slowdown, pointing to conditions which could tip over into recession in the short term, with the highest risk presented by European countries.

Over the course of the year, the Euro Zone gradually became the main focus of financial instability. Economic growth was relatively weak (approximately 1.5% on average), supported by the performance of the centrally-located countries (Germany in particular), with the peripheral countries on a contrasting downward course. Recent months have been marked by signs of an effective slowdown in the pace of growth, amounting in some cases to recession, with regular increases in the rate of unemployment.

The financial markets have severely penalized the Euro zone economies, exploiting the currency's fragility. Diminishing business confidence, due to the uncertainty generated by the sovereign debt crisis, has been decisive in the poor growth experienced in recent months.

As the "sovereign debt crisis" has increasingly worked its way from the peripheral nations to those at the centre, the deterioration in borrowing terms for European Union countries has become increasingly visible, leading to widespread implementation of highly restrictive budgetary policies. These policies, which the contaminated economies have adopted simultaneously as a response to the crisis, add further weight to expectations of negative business growth. In a context where the fortunes of the banking sector are increasingly tied to the evolution of sovereign debt markets, the strains observed in the financial markets and the drying up of liquidity have hindered the funding of European banks and contributed decisively to a significant slowdown in the economy.

Over the course of the year, it became increasingly clear that the political leaders in the Euro zone needed to take decisive action to increase budgetary coordination and integration, and expectations grew that the ECB (European Central Bank) would take a more active role in the financial stabilization of the economy. At the final EU summit in 2011, progress was made towards budgetary integration, but the meeting failed to adopt the decisions needed to assure an immediate response to the crisis of liquidity and confidence. At the end of the year, the ECB went ahead with a reduction in reference rates and stepped up its operations to provide liquidity in the system.

In Portugal, the situation was affected above all by the programme of financial adjustment currently underway, which involves a highly restrictive budgetary policy and an inevitable impact in terms of economic retraction. GDP is thought to have contracted by 1.6% in 2011, with the jobless rate climbing to over 12%. On the positive side, exports performed well (up by some 7%, despite the gloomy situation in the Euro zone, which is the main export destination), and this will be a crucial factor in turning around the critical state of the country's economy.

In the USA, although the economy remains relatively sluggish (growth of 1.7% in 2011), there have been signs in recent months of a positive tendency, with more encouraging figures for household spending and private investment. This is due in part to an expansionist monetary policy being pursued by the United States Federal reserve, possibly close to the limits of its effectiveness. However, the stand-offs in Congress on an agreement on budgetary policy have served to generate insecurity and strain in the financial markets, undermining any move towards firmer growth.

The main emerging economies (above all China and India) continued to record extremely high rates of growth, despite a slight slowdown in the second half of the year. Growing internal demand, low levels of debt and the macroeconomic stability assured by ample foreign reserves are all factors which have supported the performance recorded by these economies.

Over the course of the first half, the euro rose sharply against the dollar, with the exchange rate moving close to 1.5 USD/EUR. As the crisis in the Euro zone deepened in the second half, the euro lost ground again, ending 2011 at around 1.3 USD/EUR, where it had started the year.

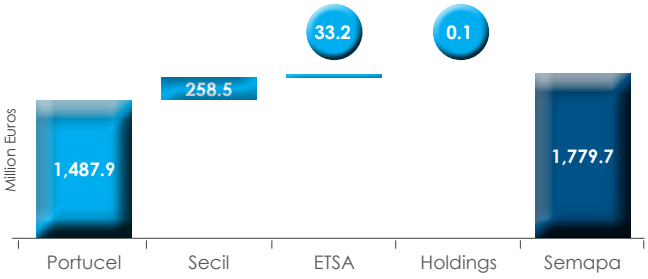
The Brazilian real and the Chilean peso also depreciated against the euro during 2011, especially in the final quarter of the year.

II OVERVIEW OF SEMAPA GROUP OPERATIONS

Despite the extremely harsh economic environment, the Semapa Group recorded **an increase in turnover of 5.4%**, thanks to a strategic commitment to geographical diversification: **3/4 of the Group's turnover is generated on foreign markets** through **exports** and **operations** in other geographical regions. EBITDA and net income proved highly resilient, with **net income standing at 124.2 million euros**, slightly down on 2010. Equally significantly, **net debt was brought down by approximately 137.1 million euros after total capital expenditure of 133.4 million euros.**

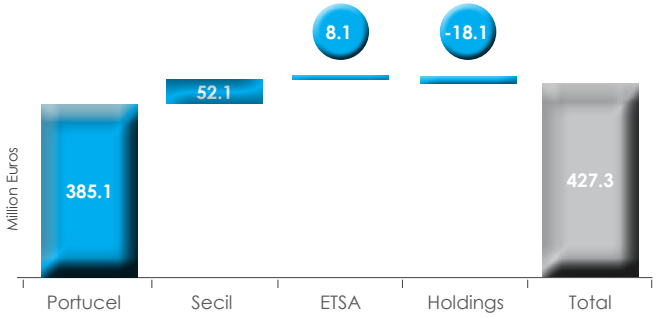
IFRS - Accrued amounts (million euros)	2011	2010	(Var.%)
Turnover	**1,779.7**	**1,688.2**	**5.4%**
Total EBITDA	**427.3**	**452.7**	**-5.6%**
EBIT	**263.1**	**282.8**	**-7.0%**
Retained profits for the year	169.1	174.3	-3,0%
Attribuitable to Semapa equity holders	**124.2**	**126.7**	**-2.0%**
Cash-Flow	333.3	344.2	-3.2%
Total Investments	133.4	129.7	2.8%
EBITDA margin (% Sales)	**24.0%**	**26.8%**	**2.8 p.p.**
Total net assets	3,785.6	3,569.6	6.0%
Equity(before MI)	1,048.8	933.4	12.4%
Net debt	**913.2**	**1,050.2**	**-13.1%**
Net Debt/EBITDA	**2.1 x**	**2.3 x**	**0.1 x**
Nr Employees	**5,133**	**5,172**	**-0.8%**

Semapa Group enjoyed sustained growth, with **turnover at approximately 1,779.7** million euros, of which **3/4 was generated on foreign markets.**

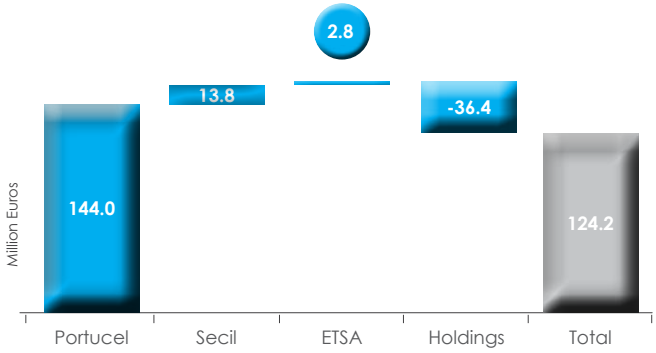


Group proved highly resilient to the harsh conditions in the business environment and the markets in which it operates:

EBITDA of 427.3 million euros, corresponding to an **EBITDA margin of 24.0%.**



Net profit of 124.2 million euros attributable to the Semapa Group, almost unchanged from previous year.



An extremely sound financial position despite the squeeze on credit and crisis of confidence in the financial system:

Cash flow generated by the Group of 333.3 million euros. Net debt down by 137.1 million euros in relation to year-end 2010.

Net Debt / EBITDA ratio improved from 2.3x at year-end 2010 to 2.1x at end of December 2011.

Consolidated Net Assets totalling 3.8 billion euros, chief amongst which the Group's holdings in Portucel and Secil.

Semapa is one of Portugal's largest industrial groups with a workforce of more than 5,000 and a business presence on 5 continents, generating more than 3/4 of its turnover on foreign markets (namely, in more than 120 countries). Its main business consists of holdings' management organized in three main industrial sectors:

- Paper and paper pulp
- Cement and derivatives
- Environment

It controls the Portucel (78%), Secil (51%) and ETSA (96%) Groups.

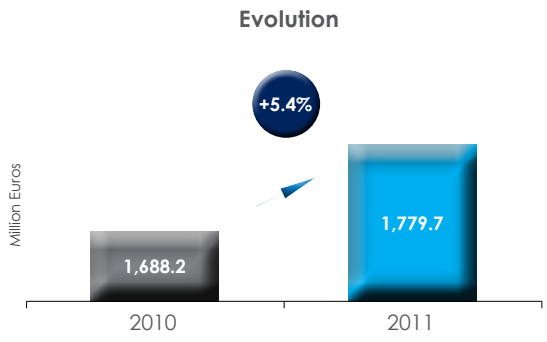
LEADING BUSINESS INDICATORS

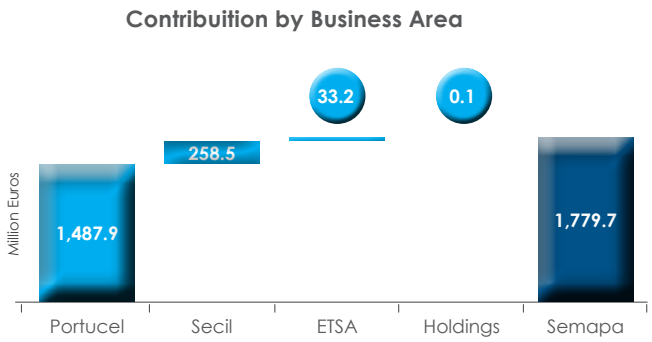
IFRS - accrued amounts (million euros)	2011	2010	(Var.%)
Turnover	**1,779.7**	**1,688.2**	**5.4%**
Other income	53.3	44,3	20.3%
Costs and losses	(1,405.7)	(1,279.9)	-9.8%
Total EBITDA	**427.3**	**452.7**	**-5.6%**
Recurrent EBITDA	424.4	451.8	-6.1%
Depreciation and impairment losses	(165.5)	(166.4)	0.6%
Provisions (increases and reversals)	1.3	(3.5)	138.1%
EBIT	**263.1**	**282.8**	**-7.0%**
Net financial profit	(37.4)	(44.5)	16.1%
Pre-tax profit	**225.8**	**238.3**	**-5.2%**
Tax on profits	(56.6)	(63.9)	11.4%
Retained profits for the year	169.1	174.3	-3.0%
Attributable to Semapa equity holders	**124.2**	**126.7**	**-2.0%**
Attributable to minority interests	45.0	47.6	-5.6%
Cash-Flow	333.3	344.2	-3.2%
Total Investments	133.4	129.7	2.8%
EBITDA margin (% Sales)	**24.0%**	**26.8%**	**-2.8 p.p.**
EBIT margin (% sales)	14.8%	16.8%	-2.0 p.p.
	31-12-2011	**31-12-2010**	**Dec11 vs. Dec.10**
Total net assets	3,785.6	3,569.6	6.0%
Equity (before MI)	1,048.8	933.4	12.4%
Net debt	**913.2**	**1,050.2**	**-13.1%**
Net debt/EBITDA	**2.1 x**	**2.3 x**	**-0.1 x**
Nr Employees	**5.133**	**5,172**	**-0.8%**

NOTES:

- EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash-Flow = retained earnings + depreciation and impairment losses + provisions (increase and reversal)
- 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 own shares in Semapa and Portucel and other securities held (Financial assets at fair value through profit or loss and Available-for-sale assets)

Consolidated Turnover: 1,779.7 million euros ↑ 5.4%





Consolidated turnover grew by 5.4% in 2011 in relation to the previous year, thanks to contributions from the following business areas:

- **Paper and Pulp – Portucel Group: 1,487.9 million euros ↑ 7.4%**
  94.6% exported (excluding energy segment)

The Portucel Group recorded consolidated turnover in 2011 of 1,487.9 million euros, up by 7.4% on the financial year of 2010. This increase was due essentially to growth in uncoated woodfree printing and writing paper (UWF paper), made possible by rising output from the new paper mill and by the growth in power output.

The new **UWF paper** mill in Setúbal achieved an output at year-end 2011 equivalent to 97% of its nominal capacity, producing approximately 485 thousand tons of paper. This output growth allowed the Group to achieve a 7% increase in the quantity of paper placed on the market which, combined with rising paper prices over the course of the year, resulted in overall growth in paper sales of more than 9%.

Despite an increase in the volume of **pulp** produced, the Group recorded a slight decline in sales in relation to the previous year, due to increased integration of bleached eucalyptus kraft pulp (BEKP) into production at the new UWF paper mill in Setúbal. This drop in sales, combined with a steep reduction in prices over the period, resulted in a reduction of approximately 16% in the value of pulp sales.

In the **energy** sector, the Group continued to record strong performance, with total power output of approximately 1.9 TWh in 2011. This segment grew by more than 20% over the previous year.

- **Cement – Secil Group: 506.9 million euros ↓ 5.4%**
  45.9% on the foreign market

Accrued turnover in 2011 stood at 506.9 million euros, of which the Semapa Group appropriated 258.5 million euros. This performance was down by 5.4% on that recorded in 2010, reflecting the poorer performance of sales on domestic markets by the cement business unit in Portugal and the various operations located in Tunisia, partially offset by growing turnover in exports by business units in Portugal and in operations in Angola and Lebanon.

In **Portugal**, the difficult economic environment prevented the construction sector from turning indicators around from the negative course on which they have been set for ten years, with the downturn in 2011 even steeper than previously. According to figures published by INE, business in the construction and public works sector fell by approximately 9.3% in annual terms (production index for the construction and public works sector, INE – January 2012).

Cement consumption is estimated to have stood at 4.9 million tons, down by 15%, continuing the sharp downward trend dating back to 2002.

In this difficult setting, cement operations in Portugal presented turnover of 202.0 million euros in 2011, representing a decline of 9.5% in relation to the same period in the previous year.

Attention should be drawn to growth in export business, where sales were up by 8.8% in relation to the financial year of 2010, making it possible to offset part of the 14.6% drop in sales on the home market.

Turnover in non-cement segments (concrete, aggregates, mortars, pre-cast and waste reclamation) operating from Portugal stood at approximately 126.8 million euros, down by 4.6% on the previous year.

Mortar and pre-cast exports performed well, whilst other segments were directly hit by the harsh conditions in the sector, resulting in a deterioration in performance in relation to the financial year of 2010.

Operations in **Tunisia** were hit by instability resulting from the social unrest which occurred in January 2011, resulting in a reduction in business due to forced stoppages and various factors blocking production operations, with partial and total stoppages. Investment in expanding capacity by installing a third cement mill was undermined by this situation of social instability, and the new mill is now expected to start up during the first half of 2012.

Against this background, cement operations in Tunisia recorded turnover of approximately 52.6 million euros [1], down by 14.0% on the figures recorded in 2010.

In 2011, turnover from cement operations in **Lebanon** stood at approximately 73.2 million euros[1] , representing an increase of 5.2% in relation to the previous year. This reflects the strong performance of the construction industry in Lebanon, where estimates point to record cement consumption of 5.6 million tons.

The cement business unit in Angola recorded performance up by 9.6% in relation to 2010, with turnover standing at approximately 30.4 million euros[1]. Operations in Angola have benefited from gradual growth in the construction industry, where cement consumption is estimated at 3.6 million tons for 2011, up by approximately 3% on the previous year.

It should be noted that although sales in quantity grew by 16.9% in relation to accrued sales in 2010, the presence on the Angolan market of large quantities of cheaper cement imported from China resulted in an appreciable reduction in average sales prices.

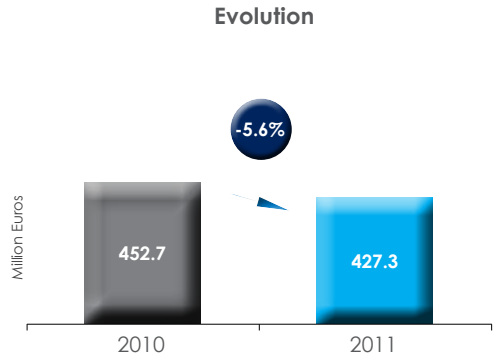
Turnover from other business units (concrete, aggregates, mortars, pre-cast) operated by the Secil Group outside Portugal stood at 22.0 million euros[1], up by 3.5% on 2010.

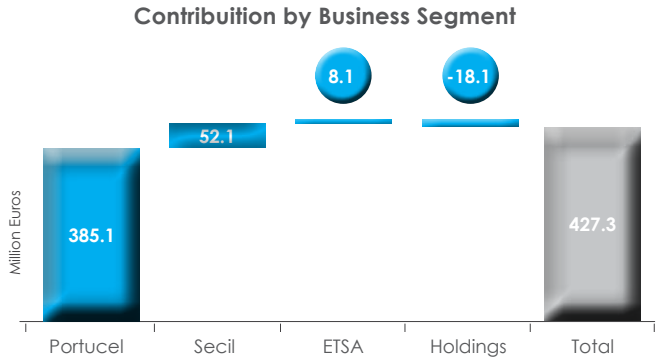
- **Environment – ETSA Group: 33.2 million euros ↑13.2%**
  20.4% from exports

Despite the lower rate of animal slaughter, due to the current economic situation in Portugal and Spain, turnover stood at 33.2 million euros, up by 13.2% in relation to the financial year of 2010, due essentially to (i) business with new abattoirs as a result of the acquisition of assets in April from another operator, (ii) development of SPOA's activities in Abapor and (iii) increased average prices for sales of category 3 by-products (fats and meals).

[1] Of which 51% is appropriated by the Semapa Group

Consolidated EBITDA: 427.3 million euros ↓ 5.6%
Consolidated EBITDA Margin: 24.0% ↓ 2.8 p.p.





- **Paper and Pulp – Portucel Group: 385.1 million euros ↓-3.8%**

The Portucel Group recorded EBITDA of 385.1 million euros, slightly down on the figure recorded in 2010. Despite the growth in turnover in the Paper and Energy business sectors, costs worsened in relation to 2010 due to an increase in the average price of the mix of timber and chemicals, especially during the first half. As a result, the EBITDA / Sales margin stood at 25.9%, down by 3.0 percentage points in relation to the margin recorded in 2010, reflecting higher costs and poorer performance in the pulp sector, in terms of volume and price, as referred to above.

- **Cement – Secil Group: 102.2 million euros↓ 20.7%**

EBITDA for the Secil Group stood at 102.2 million euros, of which approximately 52.1 million euros was appropriated by the Semapa Group, down by around 20.7% on the previous financial year.

We should note that this indicator was positively influenced by: i) the sale of CO_2 emission licenses, contributing 7.3 million euros to the Semapa Group's total EBITDA (as compared to 1.9 million euros in the previous year) and by ii) disposal of 35% of the share capital of AVE – Gestão Ambiental e Valorização Energética, S.A..

The EBITDA margin stood at 20.2% for the period, 3.9 p.p. below the margin recorded in 2010.

EBITDA for cement operations based in **Portugal** stood at approximately 70.6 million euros[1], down by 6.4% in relation to 2010, due essentially to a decline in sales on the domestic market and increased energy costs.

Even so, it proved possible to offset the negative effect of falling sales on the internal market by a significant increase in cement export business, in a year when average prices held largely steady. On the cost side, the Group was faced with the severe impact of higher prices for electricity and thermal fuels.

Factors which had a positive effect on performance included very tight control of fixed production costs, overheads and distribution costs on the internal market.

Most business units operating in the ready-mixed, aggregates, mortars and pre-cast sectors experienced a decline in performance in relation to 2010, due to appreciable contraction of the construction market.

In **Tunisia**, EBITDA from cement operations stood at 7.0 million euros[1], down by 48.8% in relation to 2010. This decline in performance was due to a reduction in operations caused by forced stoppages, an appreciable increase in prices for thermal fuels and a significant reduction in exports to Libya, where margins are higher than those on the home market. Other business operations in Tunisia generated EBITDA of 1.0 million euros, down by 18.5% on the previous year.

[1] Of which 51% is appropriated by the Semapa Group

In **Lebanon**, performance in the cement segment was positive, generating EBITDA of 25.6 million euros[1], albeit still 15.4% short of the figure recorded in 2010. This reduction was due in part to the evolution of the EUR/USD exchange rate. The reduction attributable to operations was due essentially to an appreciable increase in thermal fuel prices. In ready-mixed business, EBITDA (0.43 million euros) was up by 113.3%. This improvement was made possible by the start-up of the new concrete plant located in northern Beirut.

In **Angola**, EBITDA stood at approximately 2.2 million euros[1], up by 168.8% thanks to growth in sales in quantity, improved production efficiency at the mill and tight containment of operating costs, given that the sales price for cement fell, as described above. It should be noted that a new cement mill has started up and another mill in the Luanda region has been expanded. The fact that this new capacity is located in the north of the country meant that it had no effect on the Secil Group's operations.

- **Environment – ETSA Group: 8.1 million euros ↑ 5.8%**

EBITDA in the environment sector totalled 8.1 million euros, representing growth of 5.8% in relation to the financial year of 2010, but nonetheless penalized by the following factors:
(i) a significant increase in transport costs due to soaring fuel prices;
(ii) an increase in specific consumption of naphtha and in the respective unit costs, as well as in power and water costs;
(iii) increased cost of raw materials from Spain;
(iv) a series of non-recurrent costs relating to the transport, adaptation and rehabilitation of assets acquired from another operator; and
v) reduction in the unit price for services provided under the contract signed with the State during the second half for collection of animal carcasses.

The EBITDA margin totalled 24.5%, representing a reduction of 1.7 p.p. in relation to the margin for the financial year of 2010.

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

EBITDA from the holding companies made a negative contribution of 18.1 million euros, which compares favourably with the negative figure of 20.9 million euros recorded in 2010 and represents an improvement of 13.8%. Reductions were achieved in all operating cost items, and especially in Third Party Supplies and Services.

Financial Results: -37.4 million euros (improvement of 16.1%)

Despite the increased spread on financing operations and the respective impact on financial charges, the financial results for 2011 presented an improvement of 7.2 million euros in relation to the financial year of 2010, standing at a negative figure of 37.4 million euros. This was due to a number of factors, including a reduction in the Semapa Group's debt stock, improved yields on investments of cash surpluses, better results on operations with interest rate derivatives and the revaluation of financial assets.

Consolidated Net Profit: 124.2 million euros ↓ 2.0%

Consolidated net profits attributable to the Semapa Group in 2011 totalled 124.2 million euros, slightly down on those recorded in 2010 (126.7 million euros). This was due essentially to the following factors:

- A reduction in EBITDA of approximately 25.4 million euros;
- An improvement in provisions of 4.8 million euros. In 2010, the provisions account had presented a negative balance of 3.5 million euros, changing in 2011 to an accrued positive balance of 1.3 million euros;
- An improvement of 7.2 million euros in financial income in relation to 2010, for the reasons reported above;
- An improvement of 7.3 million euros in the account for taxes, given that the balance had been severely affected in the previous year by the introduction of the State surcharge, increasing the tax rate in Portugal from 26.5% to 29%.

[1] Of which 51% is appropriated by the Semapa Group

Consolidated Net Debt: 913.1 million euros ↓ 137.1 million euros

At 31 December 2011, consolidated net debt totalled 913.1 million euros, down by 137.1 million euros from the figure recorded at year-end 2010, despite investment costs (operational and financial) totalling 133.4 million euros.

SEGMENT REPORTING (IFRS)

IFRS - accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
Sales	**1,487.9**	**258.5**	**33.2**	**0.1**	**1,779.7**
Total EBITDA	**385.1**	**52.1**	**8.1**	**(18.1)**	**427.3**
Recurrent EBITDA	385.0	49.3	8.1	(18.1)	424.4
Depreciation and impairment losses	(139.8)	(22.9)	(2.4)	(0.3)	(165.5)
Provisions (increases and reversals)	5.6	(2.1)	(1.1)	(1.1)	1.3
EBIT	**250.9**	**27.1**	**4.6**	**(19.5)**	**263.1**
Net financial profit	(15.8)	(2.5)	(1.0)	(18.1)	(37.4)
Pre-tax profits	**235.1**	**24.6**	**3.6**	**(37.6)**	**225.8**
Tax on profits	(49.6)	(7.5)	(0.7)	1.1	(56.6)
Retained profits for the year	**185.5**	**17.1**	**2.9**	**(36.4)**	**169.1**
Attributable to Semapa equity holders	**144.0**	**13.8**	**2.8**	**(36.4)**	**124.2**
Attributable to minority interests	41.5	3.4	0.1	-	45.0
Cash-Flow	**319.7**	**42.1**	**6.4**	**(35.0)**	**333.3**
EBITDA margin (% Vol. Sales)	25.9%	20.2%	24.5%	-	24.0%
EBIT margin (% Sales)	16.9%	10.5%	13.9%	-	14.8%
Net total assets	**2,799.1**	**539.5**	**92.2**	**354.8**	**3,785.6**
Net debt	**422.8**	**72.6**	**22.7**	**395.0**	**913.1**

NOTES:

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

III PAPER AND PAPER PULP BUSINESS AREA - PORTUCEL

3.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (millions euros)	2011	2010	Var. %
Sales	**1,487.9**	**1,385.5**	**7.4%**
Other income	21.5	22.9	-6.0%
Costs and losses	(1,124.3)	(1,008.1)	-11.5%
EBITDA	**385.1**	**400.2**	**-3.8%**
Recurrent EBITDA	385.0	400.2	-3.8%
Depreciation and impairment losses	(139.8)	(141.3)	1.0%
Provisions (increases and reversals)	5.6	(1.2)	581.6%
EBIT	**250.9**	**257.7**	**-2,7%**
Net financial profit	(15.8)	(20.1)	21.5%
Pre-tax profit	**235.1**	**237.7**	**-1.1%**
Tax on profts	(49.6)	(51.1)	2.8%
Retained profits for the period	185.5	186.6	-0.6%
Attributable to Portucel equity holders *	**185.5**	**186.6**	**-0.6%**
Attributable to minority interests (IM)	0.0	(0.0)	284.2%
Cash-Flow	**319.7**	**329.0**	**-2.8%**
EBITDA margin (%)	**25.9%**	**28.9%**	**-10.4%**
EBIT margin (%)	16.9%	18.6%	-9.4%
	31-12-2011	**31-12-2010**	**Dec11 vs Dec10**
Total net assets	2,799.1	2,660.2	5.2%
Equity(before MI)	1,353.0	1,189.2	13.8%
Net debt	**422.8**	**652.7**	**-35,2%**

NOTE:

Figures for business segment indicators may differ from those presented individually by the Portucel Group, as a result of consolidation adjustments.

* of which 78.10% is attributable to Semapa

3.2 BUSINESS OVERVIEW: PORTUCEL GROUP

In a year marked by a particularly harsh economic climate, the Group recorded turnover of approximately 1.5 million euros, representing growth of 7.4% over the previous year. This increase was due essentially to growth in sales of uncoated woodfree printing and writing paper (UWF), made possible by rising output from the new paper mill and by the growth in power output.

The new UWF paper mill in Setúbal achieved output at year-end 2011 equivalent to 97% of its nominal capacity, producing approximately 485 thousand tons of paper. Growing output allowed the Group to achieve a 7% increase in the quantity of paper placed on the market which, combined with rising paper prices over the course of the year, resulted in overall growth in paper sales of more than 9%.

Despite an increase in the volume of pulp produced, the Group recorded a slight decline in sales in relation to the previous year, due to increased integration of bleached eucalyptus kraft pulp (BEKP) into production at the new paper mill in Setúbal. This drop in sales, combined with a steep reduction in prices over the period, resulted in a reduction of approximately 16% in the value of pulp sales on the market.

In the energy sector, the Group continues to record strong performance, with total power output of approximately 1.9 TWh in 2011. This segment grew by more than 20% over the previous year.

Costs evolved unfavourably in relation to the previous financial year, due to a hike in the average price for the mix of timber and chemicals, especially during the first half. The Group also experienced an increase in certain fixed production costs, such as maintenance and personnel expenditure. Maintenance costs were influenced by the recognition in specific periods of costs relating to maintenance stoppages in 2011 and 2010. The increase in personnel expenditure was due essentially to higher pension fund costs and costs related to streamlining the workforce.

In this scenario, consolidated EBITDA stood at 385.1 million euros, down by 3.8% in relation to 2010. This resulted in an EBITDA / Sales margin of 25.9%, down by 3.0 percentage points in relation to the previous year, reflecting the upward course of costs.

Operating results were down by 2.7%, due in part to the fact that the 2010 results had been boosted by reversals of provisions during the period in question.

The Group recorded a negative financial result of 15.8 million euros, which compares favourably with the similarly negative figure of 20.1 million euros recorded in 2010. This progress is explained essentially by a significant reduction in net debt in relation to the previous year and by improving yields on the application of cash surpluses.

The Group accordingly recorded a consolidated net result for the period of 185.5 million euros, very close to the figure recorded in the previous year (-0.6%).

3.3 BUSINESS OVERVIEW

3.3.1 Paper

3.3.1.1 Market Background

The financial year of 2011 was marked by a downturn in the global economy, especially in the economies in key regions for the Group's business activities - Europe and the US. The emerging economies in Asia and Latin America also experienced slower growth in 2011. The Group's commercial performance is significantly influenced by the resulting business climate, and has felt the effects of high and growing unemployment rates in its main markets and of contraction in the advertising and printing sectors.

Estimates point to a decline in demand for UWF (uncoated woodfree) paper in Europe of 4% in relation to 2010, whilst consumption in the cut-size segment remained unchanged. The European UWF market has shrunk by approximately 950 tons since 2008, corresponding to a rate of around 4% a year. Despite this, the Portucel Group succeeded over this same period in increasing its output of paper by approximately 500 thousand tons, placing this on the various markets in which it operates.

This sharp drop in demand was partially offset by reductions in imports from outside Europe and by rising exports by the European industry. Nonetheless, producers experienced dwindling operating rates and order books over the course of the year, putting the profitability of some European production units under strong pressure and setting off a further wave of capacity closures, with estimates pointing to more than 550 thousand tons of annual UWF capacity being closed down. As a result, the average capacity utilization rate in Europe stood at 92%, rising to 94% in the final quarter after the implementation of closures. The Portucel Group once again operated at full capacity.

The UWF market in the US declined again in 2011, with a reduction estimated at approximately 3%, whilst the American production sector maintained a capacity utilization rate of 90%.

Prices performed favourably in 2011, with the European benchmark index (PIX Copy B) standing at 870 euros/ton, as against 814 euros/ton in 2010, up by 6.8%.

Despite the sharp increase in quantities placed on the market, the Group's sales prices in Europe were in line with market trends. However, on overseas markets, sales prices followed a downwards course, with average prices in USD/t falling in relation to 2010. This fact, combined with the effect of the changing USD/EUR exchange rate, had a negative impact on sales prices in these export destinations.

3.3.1.2 Performance

In this market context, total paper sales increased by 7% on 2010. This performance was achieved thanks to solid growth in all regions of the world and moves to broaden geographical coverage of sales, with the Group exporting to 115 countries in the course of 2011.

The Group expanded its sales on the European market, improving the mix, and in particular achieving strong growth in cut-size sales, up by approximately 6%, allowing it to increase its market share in these products.

Business growth was also significant in the US, where the Group recorded 20% expansion in overall product sales. After a full decade of regular sales on this market, the Group now enjoys a market share of approximately 2%, having increased this share by 30 thousand tons in 2011, thanks to a business model based primarily on premium cut-size products and mill brands.

Despite the difficult environment described above, the Group succeeded in achieving 6% growth in sales of premium products, allowing it to maintain a level of premium products as a proportion of total sales unrivalled by other manufacturers of the same size.

3.3.1.3 Branding

The Portucel Group regards the development of its own brands as a key factor in its business strategy. Sales of mill brands increased significantly in 2011, with double-digit growth in all regions of the world (Europe, US and other markets). This was particularly impressive in the demanding European market, contributing decisively to an increase of 4 percentage points in the proportion of total cut-size sales represented by sales of the Group's own brands.

The recently published Europe Brand Equity Tracking Survey, from Opticom International Research, offering independent research data on office stationery brands, has for the tenth time examined the way in which European consumers assess brands. Navigator was regarded the second most valuable brand in Europe, taking into consideration brand awareness, perceived quality and consumer loyalty, and has consistently climbed up the ranking over the years. The Discovery brand made its first appearance in the top ten, reflecting its established presence in the market, thanks to its environmental attributes and excellent performance.

3.3.2 Pulp

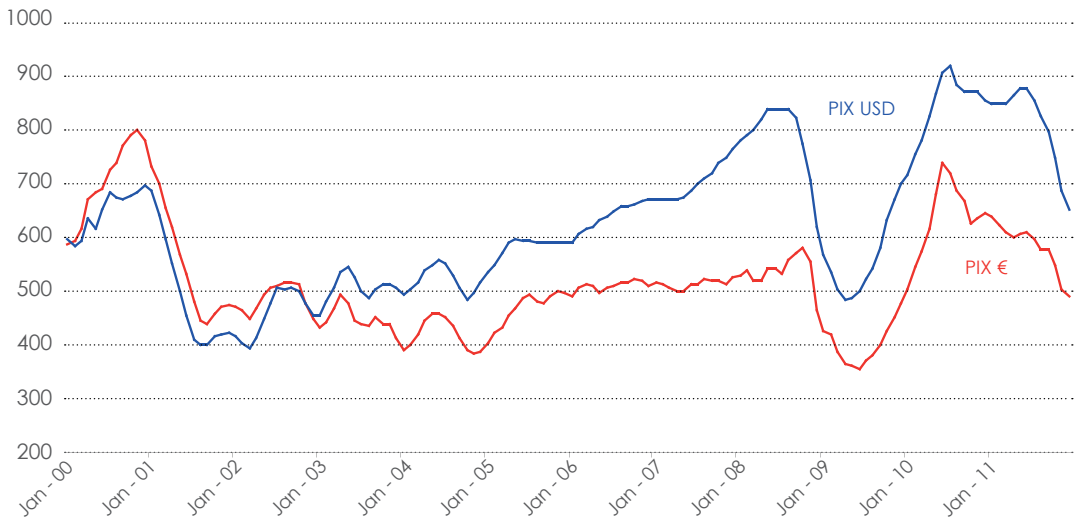
3.3.2.1 Market Background

As in 2010, the market for bleached eucalyptus pulp (BEKP) went through two distinct phases in 2011. After a widespread reduction in prices during the second half of 2010, the market held steady for the entire first half of 2011, allowing for a hike in the PIX index to USD 880 /ton at the start of the second quarter.

Two factors - demand for pulp from the Chinese market, still one of the main drivers of the world market, and the evolving exchange rate, with the currencies of the main producer countries, and the Brazilian *real* in particular, rising against the dollar – combined to sustain the market and USD pulp prices.

This situation changed significantly during the second half of the year, as market conditions deteriorated, with a slowdown in demand and successive drops in prices. A number of factors contributed to this situation, chief amongst which was the worsening of the economic climate in Euro Zone countries, an important paper market, leading to a drop in demand for paper, as well as a significant degree of instability on the foreign exchanges.

Monthly PIX – BHKP prices per ton (Eucalyptus / Birch)



Another factor disrupting the pulp market was the growing mismatch between supply and demand caused partly by increased supply, due to the arrival on the market of additional pulp, and also by falling demand from the paper sector and the slowdown in June and July in demand for pulp from the Chinese market, although this was corrected over the course of the second half, and especially in the fourth quarter, allowing 2011 to set a new record for Chinese pulp imports.

As a result of this deterioration in the market, total stocks at manufacturers and European ports increased during 2011, ending the year at higher levels than at year-end 2010. However, attention should be drawn to very positive evolution, in December, in stocks at short fibre producers, which ended the year down on the previous year, and even down on the monthly average for the last 15 years.

3.3.2.2 Performance

Production of bleached eucalyptus grew by more than 5% on the previous year. However, as expected, the level of integration within the company has increased after the start-up of the new paper machine in Setúbal, leaving less pulp available for sale on the market, meaning that sales were down by 3% on the previous year.

In terms of sales by paper segments, the Group continues to gear its output to use in segments with greater value added (special papers), which represented the majority of sales, accounting for approximately 60% for the year as a whole.

As in previous years, nearly all pulp sales were made on the European markets which are home to producers of better quality paper at the forefront of technological and environmental developments. These are the manufacturers which best appreciate the inherent qualities of the *eucalyptus globulus* pulp produced at the Group's mills.

3.4 INDUSTRIAL OPERATIONS

3.4.1 Production

The industrial units operated by the Portucel Group once again recorded excellent performance, with significant gains in pulp and paper output as the main plants broke their previous records.

By working at full capacity with the added benefit of extremely high levels of efficiency, the Group achieved an increase in output of printing and writing paper of some 7% in relation to the previous year.

It should be noted that the growth in paper output was matched by a significant increase in pulp production, which ended the period up 5.4% on the previous year.

In its second full year of operation, the new Setúbal Paper Mill increased its output by approximately 18% in relation to 2010.

The remarkable performance recorded by the Group's industrial assets can be ascribed to its policy of capital projects, most notably the new paper mill in Setúbal which, in this second full year of operation, reached output levels very close to its rated capacity.

Special mention should be made of the efficiency levels obtained at the Group's industrial units, which constitute an international benchmark for the sector. These levels made it possible to assure significant stability of production, with a natural knock-on effect on product quality and efficient use of natural resources.

In terms of pulp output, we should draw attention to the Figueira da Foz and Setúbal mils which set new records, whilst the Cacia Mill also achieved excellent performance thanks to an improvement in production efficiency.

High levels of paper output led to growing integration of the Group's industrial units and means that only part of the pulp output of the Cacia Mill is available for sale on the market, significantly reducing the Group's exposure to this type of product.

Attention should also be drawn to the quality of the paper produced. The standard of excellence achieved means that the Group's product portfolio is regarded as an international benchmark for quality in this market segment.

In the pulp sector, all three mills recorded positive performance, finding ways to offset the increase purchase cost of timber, chemicals and fuel, by boosting energy efficiency and cutting specific consumption of certain chemicals and raw materials representing a larger share of production costs.

In paper production, the Group achieved a sustainable reduction in variable production costs across all its units, essentially due to the cost of virgin fibre, complemented by good performance in terms of consumption of chemicals and energy which, as a whole, was enough to offset the increase in purchase costs.

The Group's excellent energy performance made an important contribution to cutting production costs at all its units. This can be attributed in particular to the biomass and natural gas cogeneration plants, to a significant reduction in fuel oil consumption and to the intensive use of biomass.

In terms of overheads, significant reductions were achieved at all the Group's production units, due essentially to the streamlining of operations and improved efficiency.

The Group's industrial maintenance activities are essential for maintaining the highest levels of availability at its plants and proceeded in accordance with the pre-set parameters. This work is carried out by the Group's own maintenance company (EMA 21), responsible for all maintenance operations at the mills and power stations.

Maintenance costs were kept at the levels planned, with a number of reductions in specific unit costs.

A project was launched at the end of the year to improve further the efficiency of energy use at the Group's main industrial units.

The LEAN project proceeded in 2011 with activities at all plants, aimed essentially at improving production and maintenance operations. The results achieved by the end of the year could be quantified in what amount to materially relevant accrued gains.

3.4.2 Capital Expenditure Projects

After a period of very heavy investment in increasing production capacity for paper and energy, the Group channelled its capital expenditure this year into troubleshooting its plants and projects, allowing it to improve its competitive position, cut costs and increase efficiency.

Special attention was paid in 2011 to investment projects designed to replace end-of-life equipment and to carry out major repairs, essential for sustainable operation of the Group's plants, and to improving safety conditions at timber yards and industrial facilities.

Projects making a significant contribution to industrial efficiency included the contract awarded for increased evaporation capacity at the Figueira da Foz Industrial Complex, due to come on line in 2012, and the project to replace the furnace and superheaters for the biomass boiler at the Setúbal Industrial Complex.

In the energy field, mention should be made of the project to install fixed biomass shredders, to serve the biomass power stations in Cacia and Setúbal. The shredders started up in the first quarter, leading to significant savings in the cost of biomass acquired.

The Cacia mill connected its turbo-generator no. 1 to the electrical network, thereby optimizing its energy efficiency.

Another important investment project was the work on PM1 at the Setúbal Paper Mill, with a view to production of recycled papers at this facility.

3.5 RESOURCES AND SUPPORTING FUNCTIONS

3.5.1 Sustainability

A firm commitment to sustainability issues continued to drive all aspects of Portucel Group operations in 2011, from the forests through to the products it manufactures and markets, in keeping with the sustainability policy approved and adopted since 2005.

This commitment is the natural consequence of a growing perception, at every level in the Company, that sustainable practices are socially correct, environmentally essential and indeed economically advantageous.

Thanks to the opportunity to share experiences and learn from others offered by its membership of the WBCSD – World Business Council for Sustainable Development, the Portucel Group has been able to position itself at the forefront of developments in this field in the Portuguese pulp and paper industry.

This leadership position – and the alliance with its two fellow Portuguese members of the WBCSD in 2001 – offered it the opportunity to set up BCSD Portugal (as a regional arm of the wider World Council) which the Portucel Group currently chairs, and to pass on the sustainable principles and practices which will have to guide the course of companies as they look to the future.

Proof of the success of this enterprise is offered by the fact that BSCD Portugal has a membership of more than one hundred and thirty of the country's largest companies and conglomerates, with combined turnover in excess of 75 billion euros, and the fact that Portugal today, in the words of the Executive Chairman of the WBCSD, "is the country best represented on the WBCSD, in proportion to the size of its economy."

The Portucel Group is accordingly proud of the important role it has played throughout this process.

In this context, special attention was paid in 2011 to internalizing the principles of good forestry management contained in the Code of Good Forestry Practice draw up by the Group and published in 2010, in order to assure that woodlands management practices are implemented across the Group's holdings on a daily basis in line with the certification of forest management under the FSC and PEFC systems.

In view of the importance of the forestry sector to the Portuguese economy, and as the country's largest forest landowner and manager, the Group regards its woodlands as one of the most important pillars for the sustainability of its operations, and works constantly to assure that its plantations and agro-forestry holdings are managed in an efficient, competitive and responsible manner.

The Portucel Group's forestry policy clearly defines and sets out its approach to managing and protecting woodlands, seeking to help its employees and suppliers to adopt the best practice in these fields, which it proactively disseminates, through long-term engagement with other organizations in the forestry sector, with a view to improving the performance, competitiveness and sustainability of the forestry sector.

Portugal's woodlands are almost wholly made up of plantations, and the plantations of *Eucalyptus Globulus*, which represent the majority of the Group's forestry holdings, have attracted special attention from technical experts, environmental NGOs and the general public. In view of this, the Portucel Group organized an international conference on this subject in 2011, providing an opportunity to look more deeply into the balance – both possible and necessary – between the economy, the environment and the social good. This was the event with the highest media profile in Portugal marking the International Year of Forests, attracting interest both at home and abroad, and mobilizing some four hundred participants.

Forest certification and biodiversity are other issues of relevance to woodlands management which have continued to receive special attention from the Group, which further expanded the range of its efforts to defend and add to the value of Portugal's forests, in particular through cooperation agreements signed with federations of forestry producers.

In the specific case of eucalyptus, the Group has continued to press ahead with R&D work through RAIZ and has also made preliminary contacts with universities with a view to research into the conditions for regeneration and multiplication of the species, in the context of existing conditions and those which might result from climate change, taking the maritime pine (*Pinus pinaster*), the most abundant woodlands species in Portugal, as the point of comparison.

The Portucel Group has also been invited to lead the Forest Resources Action Team, a subgroup looking into the issue of the sustainability of forest resources, as part of the Sustainable Forest Products Industry (SFPI) project of the World Business Council for Sustainable Development (WBCSD).

In the field of production processes, the concern for sustainability was most clearly expressed in efforts to reduce environmental impacts and to improve working and safety conditions (as detailed in the Sustainability Report).

These initiatives led naturally to increased eco-efficiency in the Group's paper products, as it consolidated growth in the low grammage ranges (between 75 and 70 g/m2) manufactured and sold.

The Group's Code of Ethics also came into effect in 2011, designed to offer a clear guide to the long-standing principles and procedures in force in its companies and to provide an ethical framework for the activities of all employees and officers, from the shop floor to the boardroom.

Issues relating to training and professional development once again received careful attention from the Group, which undertook a review of its performance assessment system, covering all staff, as well as perfecting the career development process. Both of these are tools focussed on identifying personal and corporate objectives. Improvements were also made in the field of health and safety, reflected in results which amount to clear progress in relation to previous years.

For the Portucel Group, prosperity and growth are goals which go hand in hand with progress and better living standards in the community, especially in the local areas around its production facilities.

In order to provide information about the Company and its principal achievements, the Group has undertaken a number of initiatives involving the national and local media, aimed at raising awareness in the local community and public opinion of the importance of its operations to the country as a whole and to the specific regions, at the same time as gaining publicity for the main economic, social and environmental issues associated with the forestry sector.

Taking its cue from the environmentally-friendly nature of paper and other related forest-based industries, the Group has pursued a large number of initiatives based on the concept of "Paper in a forest of urban myths". From plantations to recycling, and from industrial practices to the use of IT, the Group has taken its "sustainability story" to schools, companies and stakeholders.

Under its policy of social responsibility, the Group continued in 2011 to pursue and support educational, welfare and humanitarian projects, devoting a significant share of its support to educational work.

In view of its social importance in the hard economic times currently being experienced in Portugal, special mention should be made of the "Social Project" run by the Group, supporting needy families by proving basic foodstuffs, in the areas around its industrial plants.

3.5.2 Logistics

The logistical operations carried out by the Portucel Group involved handling 4.8 million tons of inbound goods and 2.4 million tons of outbound goods, as well as 1.8 million tons of primary transport and 0.6 million tons in secondary transport.

The Group sold to 115 countries 2011, placing its products in more than 4,300 locations around the world.

Maritime shipping continued to be the Group's prime commitment in this area, accounting in 2011 for 58% of primary logistics. As a result, the Group represented 9% of all containerized and conventional cargo exported through Portuguese ports.

3.5.3 Forestry and Timber Supply

Sustainable Management

The financial year of 2011 represented a further milestone in the reorganization of the Portucel Group's forestry operations, in particular with the specialization of land and forestry assets, with the goal of standardizing processes and the management model. The company *Portucel Soporcel Florestal* now operates as the Group's public face in the Portuguese forestry sector.

At year-end 2011, the Group had approximately 120 thousand hectares of woodland assets under its management, divided into 1415 management units, spread between 158 Portuguese municipalities.

Work continued during the year on the careful selection of forestry assets, with a view to increased and sustainable yields, in addition to operations designed to improve soil fertility in line with best environmental practice.

Figures for forestry operations in the 2011 season point to levels of activity not witnessed for many years, reflecting the Group's firm commitment to increasing and improving the productivity of its woodland holdings.

Forestry operations to conserve and improve eucalyptus plantations involved routine maintenance work on 24,500 hectares (including 10,600 hectares of undergrowth clearance and 10,125 hectares of shoot selection), special maintenance work on a further 14,054 hectares (fertilization) and as well as maintenance work on 5,374 kilometres of paths and fire breaks.

Value is attached to efficient management of diversity in the Group's agro-forestry holdings, resulting in significant output of cork, wine, and pine timber for various uses, game and pasture, as well as other products.

Viveiros Aliança – the Portucel Group's nursery operator – produced approximately 7.4 million plants in 2011, of which around 1 million were indigenous or protected species and 100 thousand ornamental plants or shrubs.

At the same time, work proceeded on expansion of the Group's nurseries at the Espirra Estate, which will allow the Group to boast the largest and most up-to-date woodland nurseries in Europe, to match its positioning as global benchmark for efficiency and technological innovation in this field.

The new unit will produce 12 million plants each year and is designed to respond to market demand for certified *Eucalyptus globulus* clones, in addition to supporting the Group's own forestation activities. This capital project is yet further evidence of the Group's systematic commitment to contributing to real improvements in the Portuguese forestry sector.

Forest Certification and Biodiversity Management

The Portucel Group maintained in 2011 the certifications obtained in previous years, under the two forest certification schemes most widely recognized internationally: that of the FSC (Forest Stewardship Council) and the PEFC (Programme for the Endorsement of Forest Certification schemes). The Group's certified holdings include all its woodlands in mainland Portugal, representing a substantial proportion of all certified forests in Portugal (61% under the FSC scheme and 54% under the PEFC). These certifications encompass a range of products, from eucalyptus timber for pulp and paper manufacture (the Group's main output) through to cork (FSC and PEFC) and pine timber and pine cones (PEFC).

As landowner and estate manager, the Group has pursued a strategy of adopting best practice in forest planning and management and conducting its operations in keeping with a set of rules on responsible management, set out in its Forestry Code of Conduct. The certifications obtained bear witness to the Group's stance on this issue, and to its commitment to managing its woodlands assets so as to pursue yields by means of an integrated approach which embraces environmental, social and economic concerns. For the Portucel Group, forest certification is means of strengthening its presence on an international market which makes increasing demands as to the sourcing of raw materials, and an opportunity to respond to the legitimate concerns of society.

The Group has invested since 2007 in cooperation agreements with the leading organizations in this sector, with a view to furthering the cause of forest certification.

In 2011, this involved a series of training and awareness raising activities aimed at landowners and the technical staff of forestry associations, as well as sponsorship and participation in programmes related to certification. The Group has sought to help landowners and timber producers and hauliers, as well as other service providers, to adopt good practice as followed by its own companies, whilst offering a pioneering cash premium for suppliers of certified timbers. This scheme was highlighted in 2011 as a case study of international interest, in the report entitled "*Celebrating Success: Stories of FSC® Certification*", launched at the 6th General Assembly of the Forest Stewardship Council, following up the reference to Portugal made in "Forest Products 2007/2008" issued by the FAO (Food and Agriculture Organization) in relation to the same initiative.

The Group continued in 2011 to represent the Portuguese paper industry on the Certification Issue Group of CEPI (Confederation of European Paper Industries) and to make its contribution to the Policy and Standards Committee (PSC) of the FSC, as representative of the northern economic sub-chamber.

Since an early point in its history, the Portucel Group has understood the need to take an innovative approach to forestry management, so as to conserve the natural assets of its woodland holdings. This vision gave rise to a strategy based on assessment of wildlife and biodiversity (species and habitats), the mapping of areas of conservation value, assessment of the potential impacts of operations and design and implementation of measures to mitigate these effects through Conservation Action Plans and monitoring programs.

This work has been integrated into the Group's forestry management model and applied systematically to different forestry activities, contributing to recognition of responsible management in the form of forest certification. Improved environmental reporting on forestry issues, combined with the Group's efforts to raise awareness and share experiences through a range of projects and community schemes, has been welcomed by the Group's stakeholders in the light of the results achieved.

In addition to processes related to management of its own assets, the Group has sought to add to our knowledge of biodiversity and to programmes designed to halt losses in this area, through a series of conservation campaigns, at home and abroad, reflecting its conviction that these are the greatest challenges faced by society today. Special attention may be drawn to the Group's partnerships with leading environmental NGOs in Portugal and worldwide, which have lasted for several years.

At the same time, the Group pursued a policy in 2011 of active media engagement, dealing not only with the issue of forest certification but also with the conservation of biodiversity. In addition to its contributions to a number of seminars and conferences, the Group has been eager to collaborate with higher education establishments, especially in the field of forestry engineering (through study visits to units under its management, training courses and seminars for MA programmes), as well as featuring itself in case studies disseminated in a series of publications and on television.

Forest Fire Prevention

Defence of Portugal's woodlands, through systematic programmes to prevent and combat wildfires, remains one of the Portucel Group's central priorities. In 2011, the Group stepped up its investment in this area, focussing in particular on prevention, training and research and development. Overall, this investment amounted to approximately 3.2 million euros.

The Group's strategy in managing fire risk is geared primarily to reducing the likelihood of fire events, as well as minimizing exposure and mitigating risks, all of which is achieved by means of a series of tools for overseeing and controlling operations over approximately 120 thousand hectares. This is a year-round task, involving strong links with the institutions making up the national wildfire defence system (the National Forestry Authority, the Institute of Nature Conservation and Biodiversity, the civil defence and police authorities, the fire service, local authorities and organizations of forest landowners, amongst others) and with a research and development network in Portugal and abroad. The Group's contribution includes the largest private budget allocation to forestry protection in Portugal as well as efforts to promote the design of more balanced public and private policies. In doing this, the Group has sought to set an example and play a full part in the professional management of Portugal's woodlands, contributing to the creation of more efficient national system for combating fires.

The Group's involvement in defending Portugal's forests entered a new phase in 2011 with its committed participation in a research and development project organized under the MIT Portugal programme, in conjunction with the Massachusetts Institute of Technology and three Portuguese universities. Over the next three years, the FIRE-ENGINE project – Flexible Design of Forest Fire Management Systems (http://www.mitportugal.org/research-overview/research.html) is expected to make technical and scientific contributions to the design of forest protection solutions (prevention and combat) and of decision-making models which explicitly take into account the economic efficiency of the various fire risk management alternatives.

In operational terms, the Group was directly involved in 2011 in work to raise public awareness in high risk areas, as well as sitting on more than 35 municipal forest fire defence committees and assuring that 25 weather risk information boards were kept permanently up to date during the summer. By the start of the critical period for fires, maintenance work was carried out on water points and, as mentioned before, on some 5,400 km of paths and fire breaks, in addition to the treatment of forest fuel in a further 11 thousand hectares, using a variety of techniques such as cutting back undergrowth, controlled burning, application of herbicides, pruning and thinning.

In order to mitigate the fire risk during the period from June to October, the Group continued to collaborate with the national fire-fighting system. Acting through Afocelca (the industry organization in which the Group is majority shareholders), it mobilized more than 300 people, including 70 Company employees, in an operation which involved 6 watchtowers, 35 rapid response units, 16 semi-heavy units and 4 helicopters. As a result of these efforts, 2011 was the third best year of the last decade for the Portucel Group and the fifth year running with losses of less than 0.8%. The total area burned was 312 hectares, of which 220 consisted of eucalyptus plantations, with negligible impact on the forested area of other stands (0.3%), most consisting of scrubland.

Timber Suppliers

As in recent years, supply in the Portuguese eucalyptus timber market fell far short of the demand from industrial facilities, despite a slight tendency towards recovery, in terms of increased supply, confirming the Portucel Group's forecasts.

In 2011, the Portuguese market experienced growth in supply. Increased timber purchases on the Iberian market made it possible to reduce imports from markets such as Africa and South America, although these still remained extremely high.

In the pursuit of its policy of corporate responsibility and engagement with its local communities, the Group remained strongly committed to certification of forest management and certification of the chain of custody, as means of assuring sustained business development.

Of the certified timber supplied to the Group's mills, 51% was sourced from outside the Iberian Peninsula. All other purchases were of controlled origin timber.

International Timber Market and Trade

The woodchip market in Europe, and especially in the Iberian Peninsula, has undergone significant development in recent years, as reflected in growing quantities shipped around the world, despite rising oil costs.

In 2011, in view of predictions of a continued shortfall in the supply of timber materials on the Iberian market, the Group had recourse to the international market, using woodchip carriers sailing from Latin America.

In respect of its eucalyptus purchases on the international market, the Portucel Group has been particularly concerned to assure that all its environmental, social and economic standards are duly complied with, and in 2011 purchased timber exclusively from FSC certified plantations. Eucalyptus imports from outside the Iberian Peninsula comprised more than 90% *Eucalyptus globulus*, which is the dominant species in Portugal.

Lease and Acquisition of Forest Land

Efforts continued to expand the woodlands under the management of the Portucel Group, with more interesting results than in previous years.

This reflects the dynamic generated by the reorganization of the Group's commercial team, which has been incorporated into a larger team with a broad commercial expertise in the supply market, allowing for increased engagement with the different players in this sector.

Forestry Logistic and Transport

The Portucel Group's forestry logistics and transport operations accounted in 2011 for more than 50% of logistical flows of timber arriving at its three mills.

Over the course of the year, a number of its road haulage yards were relocated, to port or railway yards, in areas further from the Group's industrial units (in particular in Galicia). This measure was designed to cut pollution levels and costs associated with haulage, substantially reducing mileage in timber transportation by road.

Although these changes were made when the financial year was already underway, it was still possible to improve the maritime, rail and road mix of the timber imported from timber yards located in Galicia.

Purchasing

In terms of the procurement of non-timber raw materials for the normal supply of the Group's production units, the financial year of 2011 was marked by the worsening of the economic crisis in Europe and by problems at production units in the chemicals industry, causing missed deliveries of products, due to lengthy technical breakdowns caused by a reduction in investment and the cutting of maintenance costs. Mention should also be made of the tendency of the European chemicals industry connected to cellulose pulp and paper to move to regions where investment is forecast, such as South America and East Asian, and its rapid relocation to Brazil, India and China.

As regards needs, activities in 2011 were geared largely to consolidating production at the new Setúbal Paper Mill, leading to an increase in the overall volume of purchasing for the Group's paper mills. This extra volume of purchasing can constitute an advantage or a risk, depending on the performance of supply on the market.

Prices for various products tended to be high, due to the strong pressure on suppliers to improve their margins.

It is unfortunate that the national supply base continues to fail to meet the needs of the Portucel Group, due to the lack of investment in complementary industrial areas, which could benefit from the stable market offered by the Group.

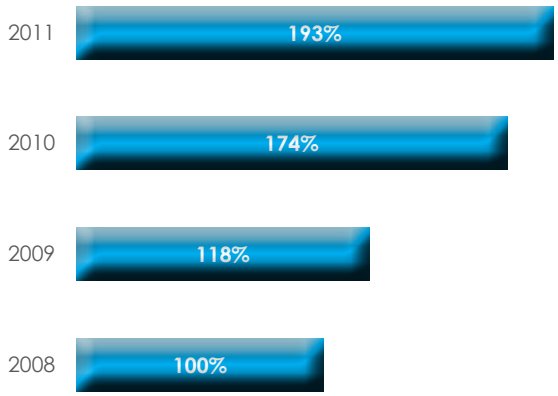
In order to counteract future risks, the Portucel Group has sought to adjust to the new situation, making efforts on a number of fronts:

- A continued policy of supplier diversification, seeking alternatives in other regions of the world or in different industrial sectors, not traditional connected with the pulp and paper industry (in particular the Far East), to allow the Group to balance out the reduction in supply from local suppliers whilst optimizing its purchasing costs for certain raw materials;
- Ongoing improvements to logistics (especially in maritime shipping), in order to cut supply costs;
- To step up and improve the use of cost calculations and the TCO (*Total Cost of Ownership*) model, as a means of improving the decision-making process in purchasing.

3.5.4 Energy

In 2011 the Portucel Group achieved an increase in gross power generation of 11.2% in relation to the previous year. This represented consolidation of the various capex projects in the power generation sector, with total power generation corresponding to almost 4% of all electricity produced in Portugal.

Gross Power Output (Reference year 2008)



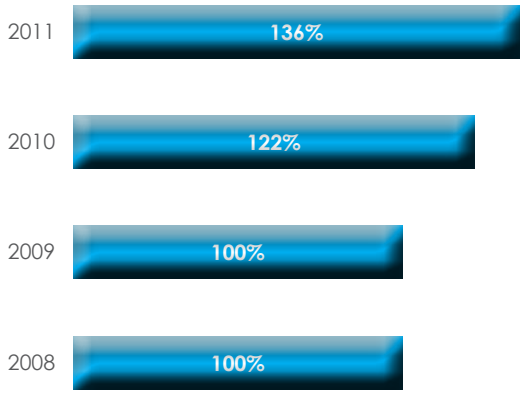
Not including cogeneration by SOPORGEN (partnership with EDP)

Of the total power generated by the Group, 65% was obtained from cogeneration and biomass power plants using renewable fuels (forest biomass and wood by-products resulting from the pulp production process).

Attention should be drawn to the high level of energy efficiency of all the Portucel Group's cogeneration facilities, in line with the Community Directive encouraging Member States to promote cogeneration – combined heat and power generation – as a means of saving primary energy, reducing grid losses and cutting emissions of greenhouse gases, rather than conventional power stations which offer substantially lower yields without making use of the heat produced.

Power generation from biomass was up by 11.1 % on the previous year.

Gross Power Output from Biomass (reference year 2008)



The two new biomass-fuelled power stations, dedicated solely to power generation, increased their contribution thanks to excellent levels of stability and performance in operation and maintenance, despite high levels of humidity and inerts content and irregularities in the waste biomass purchased.

At the new combined cycle natural gas cogeneration plant in Setúbal, a number of changes were made to mechanical components in the natural gas turbines, constraining the power output.

The Portucel Group remains Portugal's leading producer of electricity from biomass, accounting in 2011 for an estimated 51.6% of the total power produced from this natural resource.

Bioenergy and Fossil Fuels

From 2010 to 2011, the Portucel achieved a 2.3% reduction in emissions of CO_2 (carbon dioxide) covered by the ETS – Emissions Trading System, despite growing energy needs due to an increase in the Group's paper output of around 50%, as a result of the start-up of the new paper mill and the associated combined-cycle natural gas cogeneration plant. The significant reductions in emissions achieved through the use of units powered almost exclusively by biomass outweighed the increase in units using natural gas, due to increases in paper output. Natural gas is a fossil fuel with lower carbon content, in comparison with other fossil fuels, making it a more sustainable energy source for this type of fuel, with less impact in terms of greenhouse gas emissions.

We should note that, even taking the facilities in operation in 2008, prior to the start-up of the new capacity created by recent capex projects, the Portucel Group cut its CO_2 emissions by 15.1% in 2011, thanks to heavy investment in this area.

The main capex projects in recent years contributing to a reduction in CO_2 emissions by the Group were the fitting of new recovery boilers in Cacia and Figueira da Foz, the conversion of biomass boilers to fluidized bet technology at the three industrial complexes and changes to the lime kiln at the Figueira da Foz complex.

The two biomass power stations in Cacia and Setúbal have allowed the Group to consolidate its leadership of the Portuguese biomass energy market. The great benefit in terms of avoided CO_2 emissions will have an impact on the national balance for these emissions and will reduce the country's dependence on imported fossil fuels, a national aspiration which the Group is accordingly helping to achieve. It is estimated that these two power stations will avoid CO_2 emissions in excess of 70 thousand tons on the national balance sheet.

The investment in the new steam turbogenerator at the biomass cogeneration plant at the Figueira da Foz industrial complex, replacing two old steam turbogenerators will allow for a considerable improvement in the energy efficiency of this facility, resulting in an increase in power generation in relation to the average figures for 2007, 2008 and 2009. Although this project has no impact on the Group's CO_2 emissions, considering that it improves efficiency in what was already the use of biomass, it will indirectly allow for a reduction in CO_2 emissions of approximately 43 thousand tons for the country (it avoids the generation of electricity at major gas- and/or coal-fired power stations).

Forest Biomass for Energy Purposes

The Portucel Group has strengthened its position as a producer and supplier of forest biomass and timber by-products.

Integrated forestry operations, in keeping with sustainable principles and the concern to preserve biodiversity, are in the Group's view the fundamental basis for a balance in obtaining raw materials for the production of tradable goods with a high level of value added, such as pulp and paper, and for making use of off-cuts and other residual biomass for producing energy.

The Group has continued to supply its biomass reception centres, including those located at its plants, seeking to optimize further the operation of the chipping equipment used to process the biomass as well as the logistics involved in biomass operations.

3.5.5 Environment

Despite growing output of cellulose pulp, year after year, and expansion of paper output corresponding to approximately 45% over the last 5 years, indicators of environmental performance reflected positive and sustained results at all production facilities, in all fields: air, water, waste and natural resources.

These results have been achieved thanks to systematic efforts on the part of the Portucel Group to identify, monitor and control the environmental aspects of its operations, seeking to eliminate or minimize its impact, through implementation of practices based on strict compliance with legislation, principles of ongoing improvement and the use of Best Available Techniques (BATs).

Particularly significant reductions were achieved in water intake volumes, alongside improvements in sustained use of energy from renewable sources.

Significant reductions have been achieved in gas emissions over the last five years, especially in the case of emissions of SO2 and NOx particles, thanks to investment in improved processes, starting in 2009, and in particular in converting the biomass boiler at the Cacia plant to fluidized bed technology and optimizing the environmental performance of the biomass boiler at the Setúbal Industrial Complex.

With the start-up of the new Paper Mill in Setúbal in 2009 and the resulting increase in paper production capacity of approximately 50%, CO_2 rose in relation to the reference year (2007), due to the commissioning of a new natural gas combined heat and power plant.

However, the optimization of processes, involving a reduction in consumption of fossil fuels in the Group's other activities, meant that 2011 saw an overall reduction of approximately 7% in CO_2 emissions per ton of product, in relation to 2010.

With regard to emissions in water, the indicators for environmental performance point to reductions over the last five years of approximately 40% for suspended solids and around 60% for biodegradable organic matter, thanks to implementation of improvements to processes.

The Portucel Group's operations generate residues of different types, which are delivered to licensed waste management operators. Waste resulting directly from pulp and paper production accounts for more than 90% of total residues, and these are classified as non-hazardous under the European List of Wastes (ELW).

In this field, the Portucel Group continues to invest in improving production processes, with the prime aims of cutting waste production and increasing reclamation. The Company has pursued R&D projects in partnership with RAIZ and potential waste users, promoting the use of waste products as raw materials in other processes. Of all the process waste produced, around 83% is sent for reuse, through licensed operators.

In 2011, in order to assure effective management of all information relating to the waste circuit (production, conditioning, transport and destination) and to standardize operational and reporting practices at all Group facilities, improvements were made to the management system using tailor made software.

The Group had already been licensed, in 2010, to use the European Union Ecolabel on the paper it manufactures and markets, in the office stationery and printing segments (License PT/11/002, valid through to the end of June 2012), and work has already started on the application for renewal. For paper of these types, the criteria defined in the EC Decision regulating the use of the Ecolabel are designed to improve environmental performance, and also to apply sustainable management principles in order to protect forests.

The criteria for environmental performance defined and used were developed through scientific studies and wide-ranging consultation under the aegis of the European Union Ecolabel Committee, comprising the competent authorities from the Member States, representatives of environmental NGOs, industrial and consumers' associations, unions, and small and medium sized companies.

The label constitutes external and independent endorsement of the Portucel Group's products, validating its efforts to minimize the environment impacts of its production processes. It also serves as an efficient means for engaging with clients, by offering transparent evidence of the commitments accepted by the Group in its Sustainability Process.

The Portucel Group was also actively involved in 2011 in monitoring and trials for the "Single Report" project, instituted by Article 28 of Decree-Law 173/2008, of 26 August. This project is being undertaken by the SIRAPA Platform (Integrated Registry System of the Portuguese Environmental Agency) with the aim of developing software for integrated collection of environmental data as part of moves to simplify dealings between the administrative authorities and citizens and companies, and to facilitate the reporting of environmental data by industrial concerns.

The Single Report (SR) is designed to contain the environmental information required under the legal rules for the EU Emissions Trading Scheme (EU ETS), the European Pollutant Emissions Register (EPER) and Integrated Pollution Prevention and Control (IPPC).

In 2011, the Portuguese Environment Agency released the 1st module of the Single Report – SIRAPA Inventory, designed to characterize each IPPC/EPER establishment with information in a standardized format, allowing for preliminary filling out of the EPER form. At the end of the year, this module was submitted by plants to the relevant authority, reporting operational data and environmental performance data for the establishments in relation to 2010.

In the field of IPPC, work continued on the application for renewal of the Environmental License for the Figueira da Foz Industrial Complex, and the new Environmental License is expected to be issued in early 2012.

3.5.6 Innovation

Consolidating the value Proposition

In the course of 2011, the Portucel Group consolidated its value proposition by concluding the development of 8 new products. The high technological standards offered by the new Setúbal paper mill, a thorough understanding of production process and the superior quality of the raw materials used all combined to assure that the market was offered products which are highly consistent both in their intrinsic characteristics and in their excellent functional performance.

Following on from the development of products for the new Setúbal paper mill and rebranding projects for three of the Group's own brands (Navigator, Discovery and Pioneer), attention was turned to developing and launching *Pioneer Fresh Inspiration 75g/m^2*, a premium product which remains faithful to the brand's positioning.

In the year in which it celebrated its twentieth anniversary, the Soporset brand revamped its communication concept. As the leading European brand in the uncoated printing paper segment, the new brand concept evokes three interdependent ideas: excellent performance (the brand's key value), technology and environmental innovation.

With a brand heritage stretching back two decades and closely associated with innovation, performance and leadership, the new communication concept focuses on innovation and the environment. Soporset, the brand that pioneered pre-print papers in the market, is 100% biodegradable and recyclable, produced from renewable resources planted specifically for this purpose.

The new high porosity pulp proved a market hit, gaining rapid recognition as a premium product, thanks to its excellent characteristics developed specifically to meet the needs of the filters sector, and underlining the Group's ability to innovate in extremely demanding fields.

In the field of R&D, work was completed on the PADIS research project, promoted jointly by the Group's subsidiaries Soporcel and RAIZ, with the Universities of Aveiro, Coimbra and Beira Interior, in order to extend our knowledge of the printability of uncoated papers and to design new solutions to improve paper surfaces. The project was co-funded by QREN.

In the field of forestry, the PT-Lyptus project continued to conduct important work, This project has been jointly promoted by the Group's subsidiaries Portucel Soporcel Florestal and RAIZ with the Higher Institute of Agronomy, with the prime goal of developing, providing and monitoring eucalyptus genetic materials better suited to the climate and soil conditions in Portugal, with a view to improving the efficiency of timber production and reducing biotic and abiotic risk factors. This project is also co-funded by QREN.

The AIFF (Association for the Competitiveness of Forest Based Industries), which has the Group as a member of its governing bodies, organized a conference on "The Role of Research in the development of sustainable woodlands", designed to promote cooperation between the different players in this industry and to help define an agenda for research in the Portuguese forestry sector. The AIFF has been recognized as a force for developing competitiveness and technology and coordinates a significant range of projects geared to innovation.

The importance of the research and development (R&D) projects in which the Group is involved has been recognized by the relevant authorities, including the Innovation Agency, the Ministry of Science, Technology and Higher Education and the Foundation for Science and Technology. Under *SIFIDE*, the system of tax breaks for companies involved in R&D, these authorities have certified investment projects in this area, with a value of 3.8, 4.1 and 3.7 million euros respectively in 2007, 2008 and 2009. For 2010 and 2011, the Group expects to obtain certification of investment worth 3.4 and 3.2 million euros.

3.5.7 Research & Development

In 2011, the Portucel Group continued to invest in research in forestry and technology, through the work of RAIZ, in coordination with Group companies and a range of bodies in the science and technology sector.

In the field of forestry research, important results have been achieved on projects at the demonstration or implementation stage, as described below. The genetic improvement programme has provided a new hybrid eucalyptus clone which is highly adapted to climatic conditions less favourable to forestation; this clone is now ready for trial plantations.

In the area of forestry protection, laboratory studies have reached an advanced stage in the developing a biological means of combating *Gonipterus platensis*, a pest which has caused appreciable losses of yields in Portugal's eucalyptus forests, undermining the profits of forest landowners. These studies have been conducted in partnership with public and private institutions, using new natural enemies of the pest.

Research in the area of soil and forestry nutrition has demonstrated the suitability of lime sludges, an industrial by-product, for correcting the acidity of soil and as an agricultural fertilizer, and work is currently proceeding on gaining official approval for the product.

In order to look more deeply into the physiological response of eucalyptus to climate issues, with a special emphasis on water, research has been conducted in partnership with the Higher Institute of Agronomy and another forestry company into the consumption and efficiency of water use by *Eucalyptus globulus*, using information available at national level on the hydrological balance in forested river basins.

Attention should also be drawn to the Group's significant work in training and technology transfer in the field of good forestry practice, both for the company's own technical staff and for private forestry producers and their associations. Support was also provided for the Portucel Group's forest certification processes, in the form of revising technical standards and developing indicators of woodlands sustainability.

In the area of technological research, the PADIS project has involved piloting and validating a new methodology for assessing printing quality. Work also proceeded on developing innovative solutions to paper surface treatments in order to improve the quality of bubble jet printing.

In the environmental field, work has been completed on researching and defining a process for obtaining a stabilized product from biological and primary sludge and ash from biomass boilers; an application is being made to approval of this product as a fertilizer for use in forestry. A tool has also been developed to calculate the carbon footprint of pulp and paper products.

As part of the BIIPP project (Integrated Biorefinery in the Pulp and Paper Industry), in partnership with the University of Aveiro, a process has been developed for extracting and purifying organic compounds with high value added from the bark of *Eucalyptus globulus*.

Design work and preliminary assessments have also been carried out on a solution for the reuse of knots and uncooked portions from pulp production at the Portucel Group's mills, through cooking in the discontinuous digesters at the Cacia Mill.

IV CEMENT AND DERIVATIVES BUSINESS AREA – SECIL

As mentioned above, the Semapa Group has a 51% holding in the Secil Group, whose accounts it incorporates by means of the proportional consolidation method, on the basis of the same percentage.

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

4.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2011	2010	Var.(%)
Sales	**506.9**	**535.8**	**-5.4%**
Other income	61.1	41.5	47.3%
Costs and losses	(465.8)	(448.4)	-3.9%
EBITDA	**102.2**	**128.9**	**-20.7%**
Recurrent EBITDA	96.7	127.1	-24.0%
Depreciation and impairment losses	(45.0)	(43.1)	-4.3%
Provisions (increases and reversals)	(4.0)	(1.3)	-200.3%
EBIT	**53.2**	**84.4**	**-37.0%**
Net financial profit	(4.9)	(4.2)	-17.1%
Pre-tax profit	**48.2**	**80.2**	**-39.9%**
Tax on profits	(14.6)	(21.4)	31.6%
Retained profits for the period	33.6	58.8	-42.9%
Attributable to Secil equity holders*	**27.0**	**49.6**	**-45.6%**
Atributable to minority interests (IM)	6.6	9.2	-28.2%
Cash-Flow	**82.6**	**103.3**	**-20.0%**
EBITDA margin(%)	**20.2%**	**24.1%**	**-16.2%**
EBIT margin (%)	10.5%	15.8%	-33.4%
	31-12-2011	**31-12-2010**	**Dec11vs. Dec10**
Total net assets	1,057.8	977.7	8.2%
Equity (antes de IM)	499.3	498.2	0.2%
Net debt	**142.4**	**77.7**	**83.2%**

* of which 51% is attributable to and incorporated in the consolidated accounts of Semapa

4.2 LEADING OPERATING INDICATORS

The following table presents consolidated operating indicators for 2011:

	Unit.	2011	2010	Var (%) 11/10
Annual cement production capacity	1 000 t	6,850	6,850	0%
Grey cement sales	1 000 t	4,735	4,909	(4%)
White cement sales	1 000 t	94	98	(4%)
Artificial lime sales	1 000 t	41	55	(24%)
Clinker sales	1 000 t	397	632	(37%)
Ready-mixed	1 000 m^3	1,724	1,740	(1%)
Aggregates	1 000 t	3,123	3,160	(1%)
Precast concrete	1 000 t	128	143	(10%)
Mortars	1 000 t	226	298	(24%)
Hydraulic lime	1 000 t	16	18	(8%)
Mortar fixative	1 000 t	9	8	(11%)
Number of emplyoees	no	2,589	2,630	(2%)

4.3 SECIL GROUP - OVERVIEW OF OPERATIONS

In Europe, the activity in the construction industry and demand for cement remained at low levels, especially in the countries experiencing serious budgetary difficulties, and in particular in Portugal which is one of the Secil Group's main markets. Cement consumption in the European Union is estimated to have dropped by approximately 3%.

In this difficult setting, the Secil Group recorded consolidated turnover of 506.9 million euros. This performance was down by 5.4% on the previous year, fundamentally due to weaker performance by the business units located in Portugal and Tunisia.

EBITDA for the Secil Group stood at 102.2 million euros, down by around 20.7% on the previous financial year due to the harsh environment described.

Growth in EBITDA from the cement business unit in Angola was insufficient to offset the less favourable performance of operations in Portugal, Tunisia and Lebanon, which recorded reductions in EBITDA of 20.2%, 46.4% and 14.6% respectively.

The performance of the Secil Group's main business units was also hit hard by rising prices for thermal fuels on the international markets during 2011, especially for petcoke and coal.

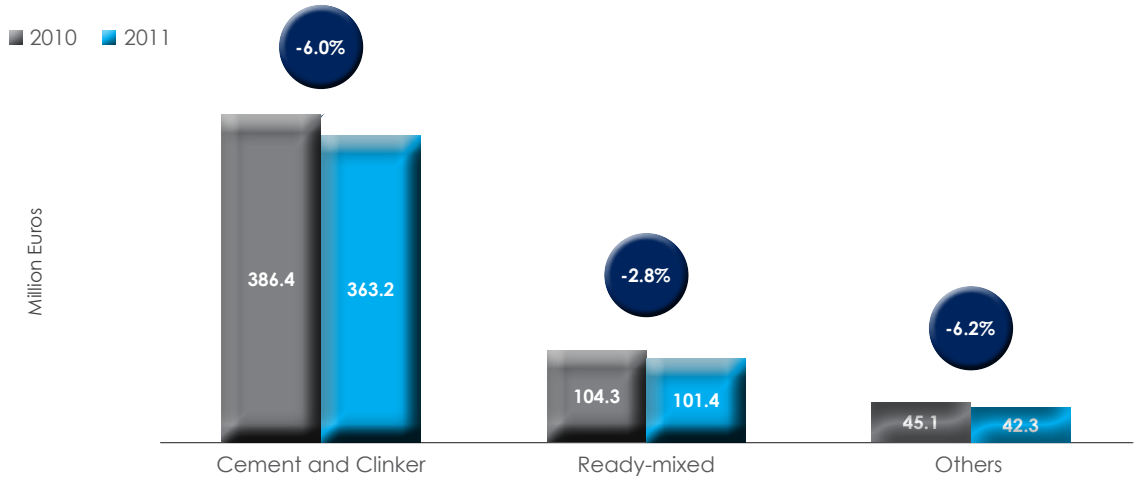
Net profits attributable to Secil equity holders stood at 27.0 million euros, down by 45.6% from 2010.

Capital expenditure totalled 125.7 million euros, of which 62.2 million euros referred to operational investments, 170 thousand euros to increased holdings in subsidiaries and 63.3 million euros to acquisition of new interests.

At 31 December 2011, net debt stood at 142.4 million euros, up by 64.5 million euros on that recorded at 31 December 2010, reflecting the acquisitions mentioned.

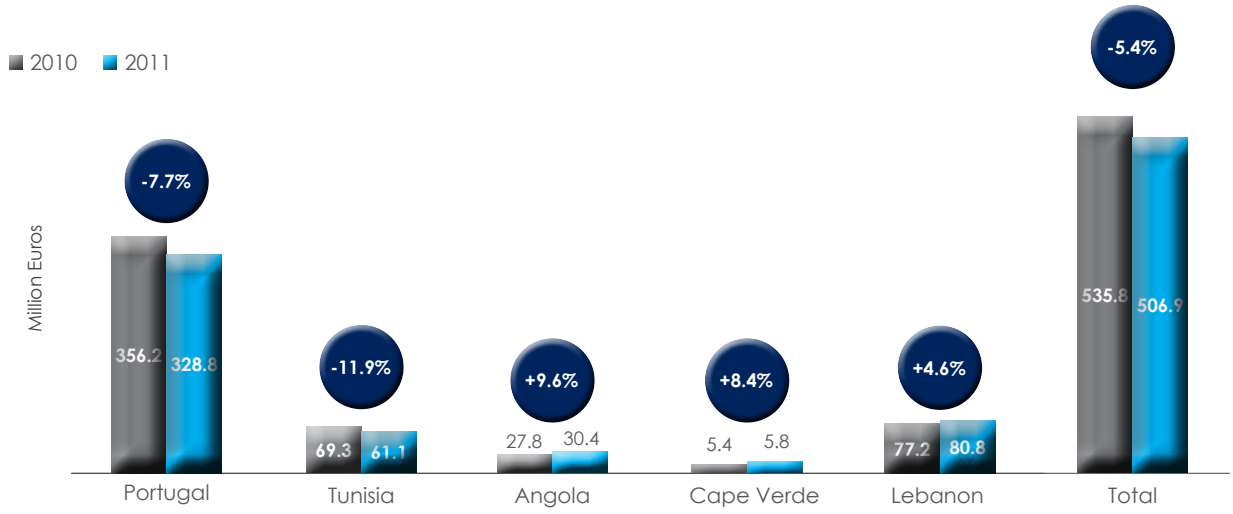
Turnover by Segment and Geographical Region

Segments



Turnover in the cement and clinker segment was down by 6.0% on 2010, as a result of falling turnover from the business unit operating in Portugal and from cement operations in Tunisia and Lebanon. The ready-mixed and other segments (mortars, aggregates, pre-cast and waste reclamation) also recorded a decline on the figures recorded in 2010.

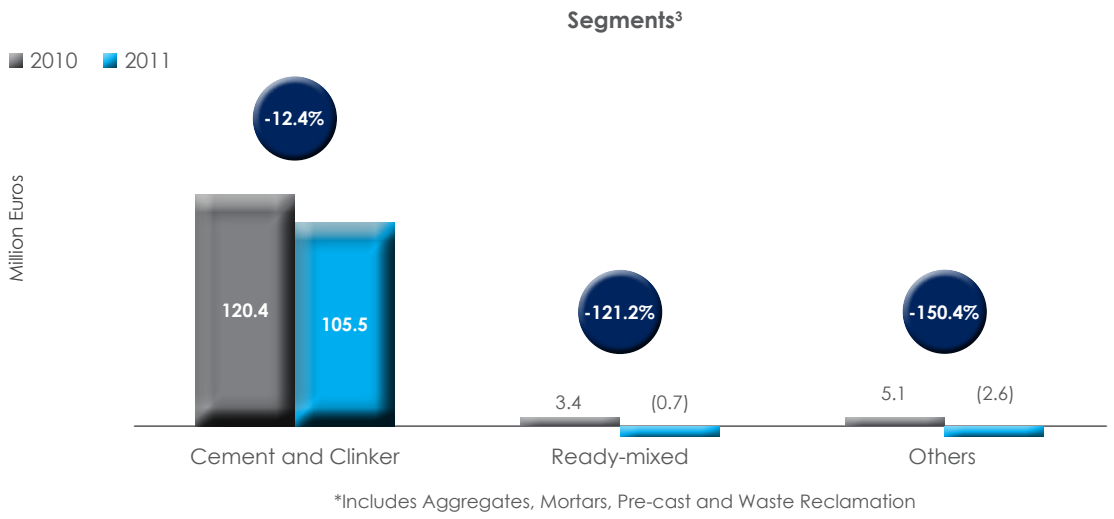
Geographical Regions[2]



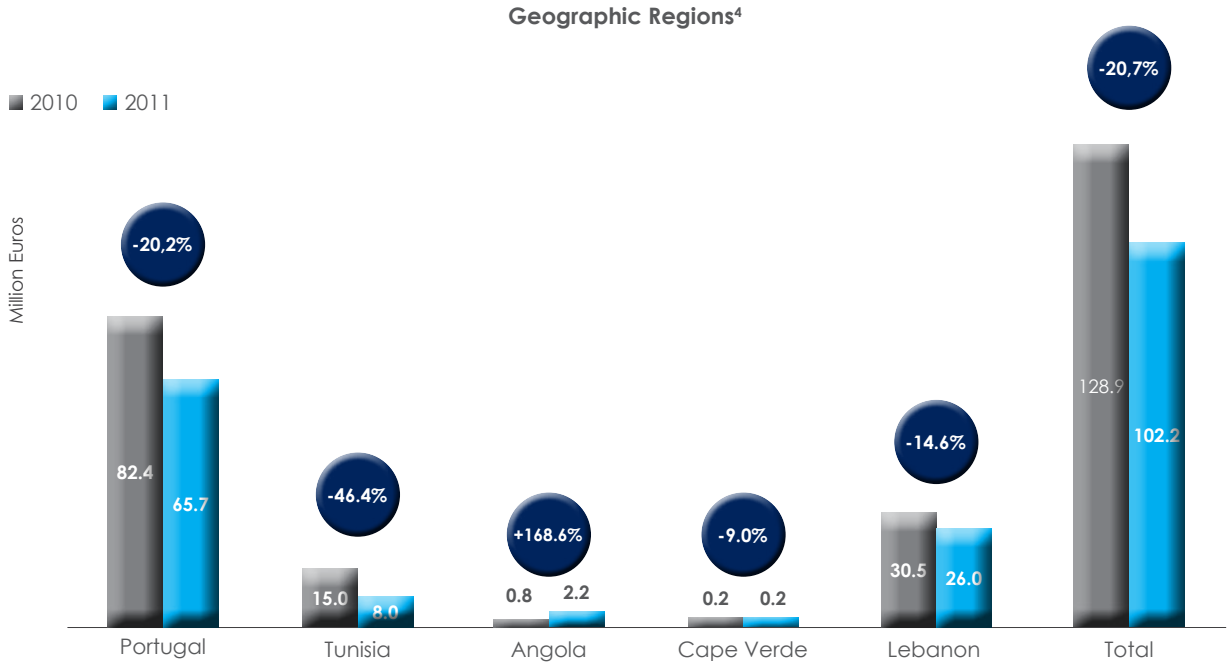
Turnover from total operations outside Portugal and from exports by Portugal-based operations represented a larger share of the total: 45.9% as against 42.9% in 2010.

[2] a) Turnover in Portugal includes other locatoins with a value of 1.1 million euros (1.3 million euros in 2010)
b) Turnover based on source of respective goods and services

Breakdown of EBITDA by segment and geographical region



The Cement and Clinker segment declined in absolute terms, although it grew as a proportion of total EBITDA in relation to 2010, contributing approximately 103.2% to the formation of the Secil Group's total EBITDA.



In terms of the geographical breakdown, the distribution of EBITDA was practically the same as in previous year, with operations outside Portugal accounting for approximately 36% of the total for the Secil Group.

[3] EBITDA for the Cement and Clinker segment includes 1.8 million euros from other companies in the cement business (-3 million euros in 2010)

[4] a) EBITDA in Portugal includes other locations in the amount of -1.7 million euros (0.7 million euros in 2010)

b) EBITDA based on the origin of the respective goods and services

4.4 BUSINESS AND OPERATIONS

4.4.1 Portugal

4.4.1.1 Market Background

The Portuguese economy contracted in 2011, by slightly less than forecast during the second half of the year. According to figures published by the Bank of Portugal (Economic Bulletin – January 2012), gross domestic product fell by 1.6%. This reflected essentially a significant drop in domestic demand.

According to the same source, the state of recession can be expected to continue into 2012 (-3.1%), due to the budgetary restriction measures established in the State budget and, in general, the process of economic and financial adjustment undertaken under the rescue package agreed between the Portuguese State, the European Union and the International Monetary Fund.

Investment, measured by gross fixed capital formation, appears to have contracted by 11.2%, which represents a worsening of the trend observed in previous years.

Activity in civil construction fell off even more steeply than the decline recorded over the past 10 years. According to the INE, construction and public works activity was down year-on-year by approximately 9.3% (Construction and public works production index INE – January 2012).

According to Euroconstruct, the main market forecaster for the European construction industry, construction output in Portugal was down in the order of 10% (November 2011 Report).

Despite this negative environment, Secil remains highly resilient. The overall indicators for the Secil Group's operations in Portugal in 2010 point to performance which, although less strong than in 2010, is still positive:

Portugal (million euros)	Turnover			EBITDA			Quantities Sold			
	Dec 11	Dec 10	11/10 (%)	Dec 11	Dec 10	11/10 (%)	Unit.	Dec 11	Dec 10	11/10 (%)
Cement and Clinker	202.0	223.3	-9.5%	70.6	75.5	-6.4%	1 000 t	2,702.7	3,041.3	-11.1%
Ready-mixed	85.4	88.8	-3.7%	-2.1	2.0	-205.1%	1 000 m³	1,398.2	1,419.8	-1.5%
Aggregates	14.7	16.0	-8.6%	-1.2	3.0	-139.1%	1 000 t	3,052.7	3,103.9	-1.6%
Mortars	12.5	14.5	-14.0%	1.4	1.8	-19.4%	1 000 t	251.4	323.2	-22.2%
Precast	8.1	8.8	-7.8%	-1.6	1.0	-257.5%	1 000 t	110.4	120.1	-8.0%
Waste reclamation	6.1	4.8								
Total	**328.8**	**356.2**	**-7.7%**	**67.1**	**83.3**	**-19.4%**				

4.4.1.2 Cement and Clinker

Cement consumption in the European Union is thought to have declined by 3%, continuing the downward trend observed in previous years.

Estimates point to a decrease of 15% in cement consumption in Portugal in 2011, at 4.9 million tons, continuing the decline which started in 2002.

Imports of cement and clinker are estimated at approximately 380,000 tons, slightly down from the previous year.

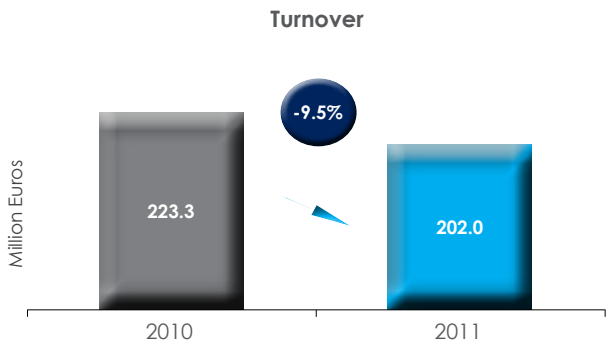
Annual variation in cement and clinker consumption in Portugal

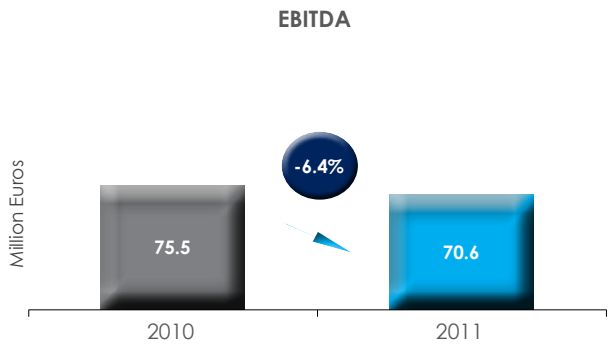
		2009	2010	2011
Portugal	Mt	6.2	5.8	4.9
Portugal	Var%	-15.3	-5.8	-15.1
European Union	Var%	-23.7	-10.9	-3.0

Source: Secil Group

The financial year of 2011 was marked by a fiercely competitive business environment, due to the stance taken by local competitors and to imports from the Spanish market, which is also contracting. Competition was also stoked by the existence of surplus production capacity in the country in relation to current levels of demand. This state of affairs led the Group to focus on a dynamic sales policy and on building close relations with customers.

Indicators





Turnover stood at 202.0 million euros, down by 9.5% on 2010 due a significant reduction in quantities sold on the domestic market (down by 14.5%). However, export business grew (up by 8.8%) thanks to an increase in the average sales price (up by 14.03%), helping to offset the effect of lower sales on the home market.

In view of the business environment described, cement operations in Portugal presented poorer performance than in the previous year, with EBITDA standing at 70.6 million euros, 6.4% down on the previous year.

In terms of costs, the Group felt the negative effects of substantial hikes in thermal and electrical energy prices, but also the positive effects of extremely tight controls on production costs, distribution costs and overheads in the internal market, as well as increased use of alternative fuels.

The distribution system was able to meet market demands in full. In a year in which new tolls were introduced and significant increases made to fuel prices and maritime freights, transport costs constituted a priority which was managed with success, with distribution costs remaining close to those recorded in the previous year.

Secil's Board of Directors has alerted the Portuguese government to the need to pursue a policy for the power sector which reduces the competitive disadvantage to which Portuguese industry, and the cement sector in particular, is currently subject.

Finally, we should highlight the use of Secil's cement in a number of high profile construction projects, concluded or underway, including the Nadir Afonso Arts Centre in Boticas, the Lisbon Hotel and Tourism Institute, the Arts Platform in Guimarães, the Almeida Garret Secondary School in Vila Nova de Gaia and the dam at Paradela in the Serra do Gerês.

Industrial Operations

Cement output from the Secil Group mills stood at 2.6 million tons in 2011, representing a reduction of 4% due to lower demand.

Cement Output (`000 ton)

		2010	2011	Change
Grey Cement	1000 t	2 609	2 509	-4%
White Cement	1000 t	103	94	-9%
Total	**1000 t**	**2 712**	**2 603**	**-4%**

The cement produced at the three plants in Portugal continues to present fairly homogenous final characteristics and high quality standards, an aspect which is regarded as essential in order to ensure general market recognition of the high standards set by Secil.

Purchase prices for petcoke increased in the order of 15% in average annual terms.

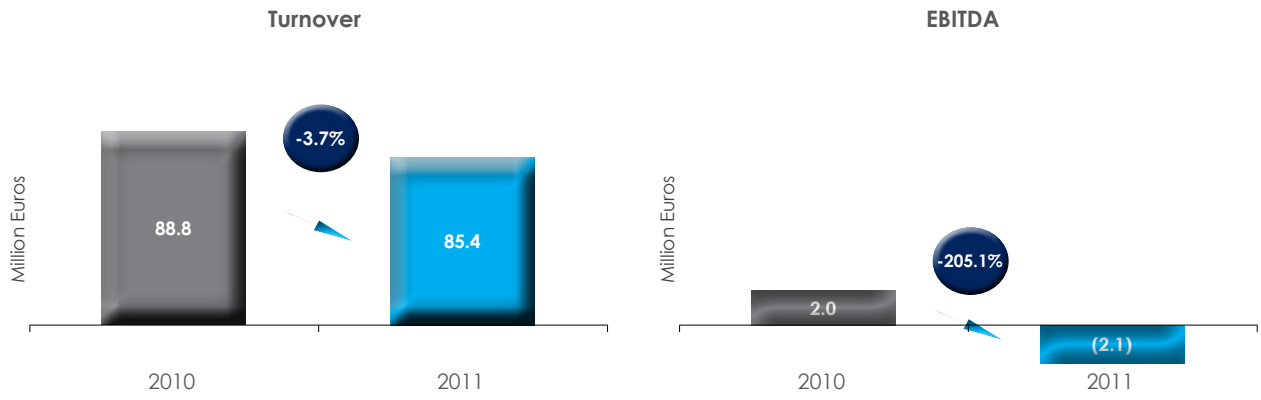
The cement plants have made major efforts to cut their production costs. These continued streamlining efforts have been fundamental to attenuating the negative effects of low use of production capacity, with special attention paid to increasing use of waste both for power generation and as a raw material, reducing the average percentage of clinker incorporated in cement, and tight control of maintenance costs.

The Group has increased the use of industrial waste as thermal fuel. Overall, the rate of use of alternative thermal fuels rose from 32% in 2010 to 38% in 2011.

Capital Expenditure

Capital expenditure totalled 31.9 million euros and was fundamentally channelled towards: (i) optimization of plant performance, (ii) acquisition of equipment for using waste for energy purposes (including preparation of the three plants for the use of RDFs – residue derived fuels), and (iii) a project at the Cibra-Pataias plant for using CO2 to cultivate micro-algae and the respective commercial use of this process.

4.4.1.3 Ready-Mixed



Estimates point to the ready mixed market standing at 6 million cubic metres, representing a reduction of approximately 18% in relation to 2010, due to contraction of the residential construction sector.

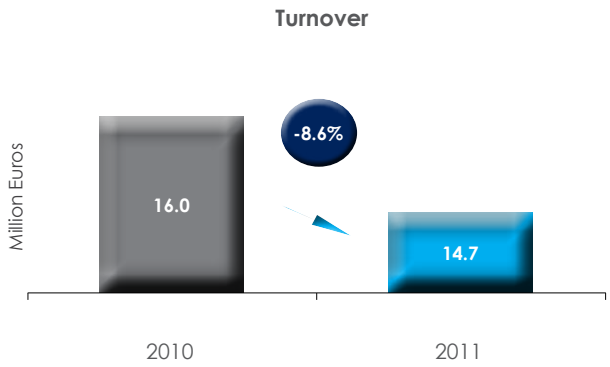
In this difficult environment, Secil Group sales were down by 1.5% in quantity and 3.7% in value. Special attention should be drawn to the contribution of the ready-mixed companies acquired from the Lafarge Group, which made it possible to attenuate this negative tendency, contributing 18% of total sales in this business segment.

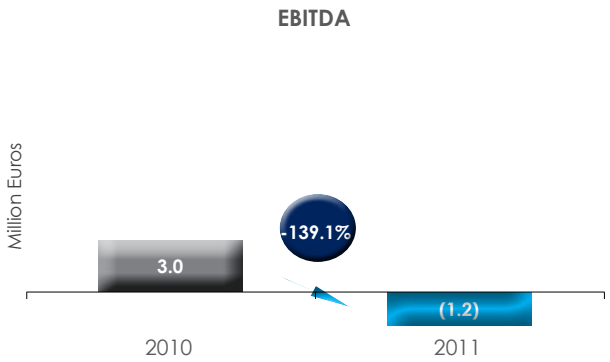
The credit risk and financial situation of many of the Group's customers deteriorated over the year, leading to numerous insolvencies.

In terms of performance, EBITDA stood at -2.1 million euros, down by approximately 205.1% on the previous year, due essentially to (i) an appreciable increase in provisions for bade debts, which stood at 800 thousand euros, and (ii) a downturn in activity in the sector which, combined with the acquisition of the plants referred to above, required a broad process of reorganization of this business unit, with the closure of 15 plants and some 100 redundancies, including payment of the respective compensation payments which involved costs in the period in the order of 2.4 million euros.

For reasons of geographical proximity, some of the plants acquired will be sold, in line with the undertaking made to the Competition Authority.

4.4.1.4 Aggregates





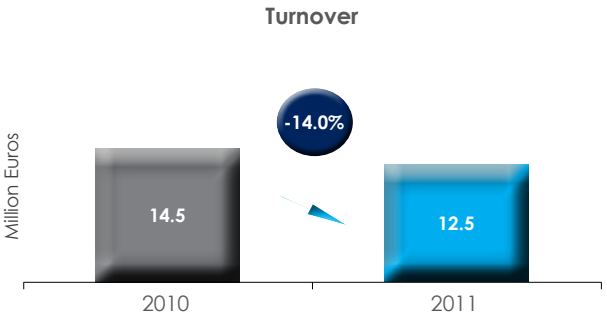
Sales of aggregates fell by 8.6% in value and 1.6% in quantity.

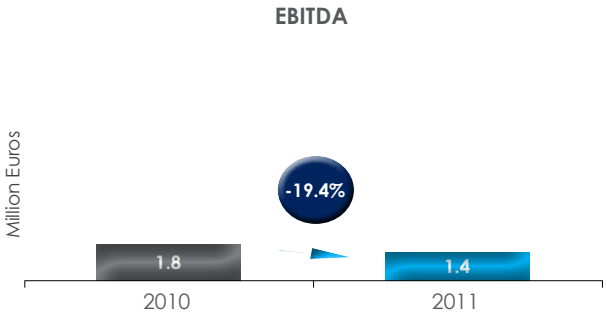
EBITDA stood at -1.2 million euros, down by 139.1% in relation to the previous year. This substantial decline was caused by the following factors: (i) an appreciable drop in business, (ii) increased fuel and explosives costs, and (iii) the recording of redundancy payments for 57 employees and provisions for bad debts, which together totalled 1.9 million euros.

The sector was also hit by a significant increase in credit risk, due to the deteriorating financial situation of a significant number of clients.

The acquisition of the aggregates companies of the Lafarge Group made it possible to expand stone reserves and to increase the number of crushing plants from 8 to 12. However, the current crisis situation affecting the sector led to the suspension of work at 4 quarries.

4.4.1.5 Mortars





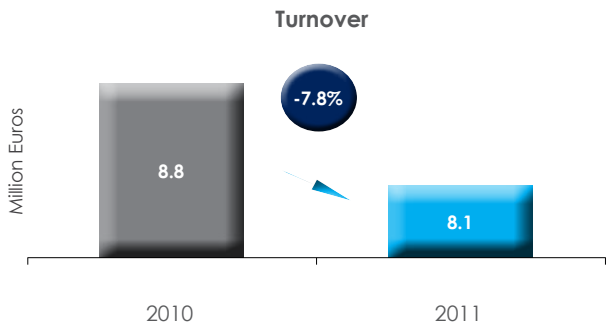
Given the crisis in the civil construction sector, and in particular in the residential construction segment, the mortar market contracted for the third year running, shrinking by around 21%. The hydraulic lime market was also hit by decline, as part of a trend which has now lasted for thirteen years.

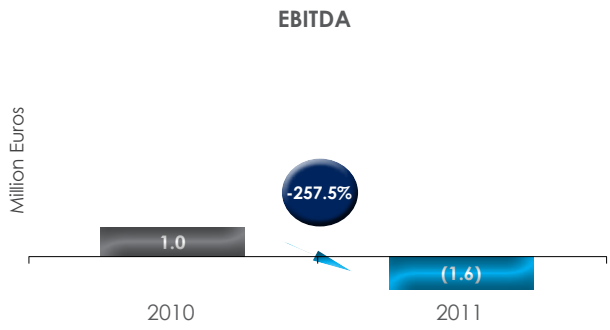
In this context, turnover in this business unit stood at 12.5 million euros, down by 14.0% on 2010. EBITDA stood at 1.4 million euros, representing a reduction of 19.4% due essentially to the decrease in quantities sold, despite a significant reduction in personnel costs.

Major developments included the start-up, in January 2010, of the new mortars plant in Montijo, with annual production capacity of 240,000 tons, which will significantly improve the process of supplying the market, especially in the Lisbon region.

Mention should also be made of the launch of 20 new products, including the Secil Ecocork range and a new system for exterior thermal insulation.

4.4.1.6 Pre-cast Concrete





The business of the Secil Group companies operating in this segment continued to be severely affected by the continuing recession in the sector, with estimates pointing to a significant reduction in demand for pre-cast concrete. Supply in the market still far outstrips demand, which has led to fierce competition, with prices falling for the last five years, and many companies going bankrupt.

Even so, the concrete pre-cast business unit recorded turnover of 8.1 million euros, down by 7.8% on the figure recorded in the previous year. In terms of operational performance, this business unit presented an EBITDA of -1.6 million euros, influenced by non-recurrent cost items relating to redundancy payments.

4.4.2 Tunisia

4.4.2.1 Economic Background

The financial year of 2011 was inevitably marked by the revolution in January and the events that followed, creating major disruption of the political, social and economic life of the country.

The Tunisian economy was severely affected, especially in the manufacturing, tourism and transport sectors. Despite a slight recovery during the spring, the rest of the year was marked by countless indsutrial stoppages, progressively creating a general climate of insecurity. Unemployment shot up to approximately 14.7%.

Growth in gross domestic product is thought to have been zero in 2011, down from 3.7 in 2010 (World Economic Outlook, IMF September 2011).

The inflation rate stood at 3.5%, down from the rate of 4.8% recorded in 2010. As in previous year, the Tunisian dinar fell against the euro, by 3.1% on average for the year.

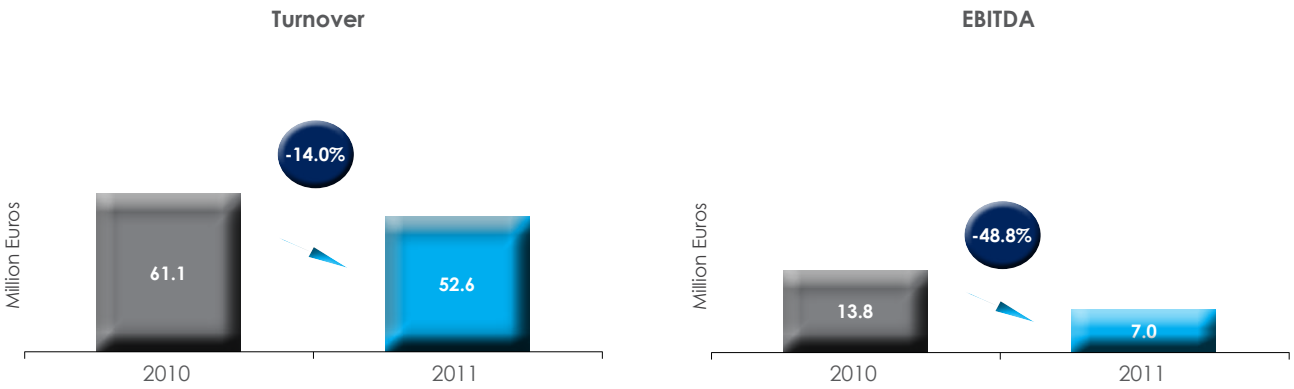
The following table presents overall indicators for the Secil Group's business operations in Tunisia in 2010 and 2011:

Tunisia (million euros)	Turnover			EBITDA			Quantities Sold			
	Dec 11	Dec 10	11/10 (%)	Dec 11	Dec 10	11/10 (%)	Unit.	Dec 11	Dec 10	11/10 (%)
Cement and Clinker	52.6	61.1	-14.0%	7.0	13.8	-48.8%	1 000 t	1,092.2	1,201.7	-9.1%
Ready-mixed	8.4	7.9	6.0%	1.0	1.2	-17.0%	1 000 m³	189.8	182.9	3.8%
Precast	0.2	0.3	-45.8%	0.0	0.0	-57.0%	1 000 t	6.2	12.0	-48.5%
Total	**61.1**	**69.3**	**-11.9%**	**8.0**	**15.0**	**-46.4%**				

4.4.2.2 Cement and Clinker

Consumption of cement and artificial lime in the Tunisian market stood at approximately 6.7 million tons, 1.8 million tons more than in Portugal, representing a reduction of 7.7% in relation to the previous year. In the southern region, where the Secil Group's production facility is located, growth was slower, in the order of 2.6%.

Indicators



Operations in **Tunisia** were hit by instability resulting from the social unrest which occurred in January 2011, resulting in a reduction in business due to forced stoppages and various factors blocking production operations.

Teh cement and clinker bnusiness unit recorded turnover of approximately 52.6 million euros, down by 14.0% on the previous year, due to a reduction in sales on the domestic market and almost zero exports because of restrictions imposed by the authorities in the earlier part of the year, and later because of the serious troubles in Libya, the normal destination for these sales.

EBITDA in this business area stood at 7.0 million euros, down by 48.8% on the previous year. This decline was due to (i) the drop in business caused by the stoppages mentioned, (ii) an appreciable increase (27%) in thermal fuels, (iii) a reduction of approximately 14% in clinker and cement output and (iv) a sharp drop in exports to Libya, which was previously offered better margins than the domestic market.

Once again, contrary to expectations and in breach of solemnly given commitments from the Tunisian government, cement prices were not deregulated. It should be recalled that on the occasion of the privatisation of the cement industry, price deregulation was expressly provided for in the relevant tender documents.

Accordingly, in June, the Government used the existing approved prices system to set an average increase in the order of 5%.

It should be noted that the prices prevailing in the Tunisian market are substantially lower than those in neighbouring countries. For this reason, the Government imposed strict restrictions on exports, which generally offer much better margins than the domestic market.

Industrial Operations

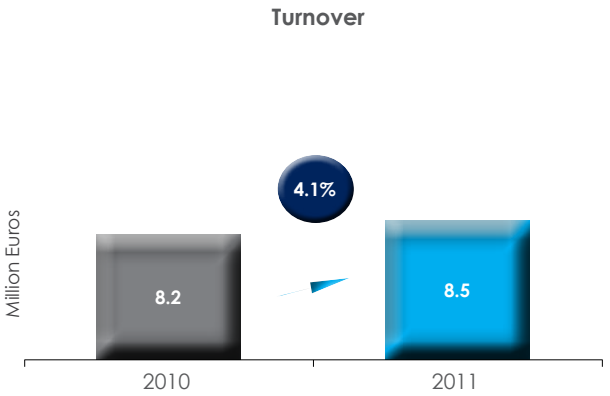
Output of cement and artificial lime stood at 1.2 million tons, representing growth of 14% over the previous year.

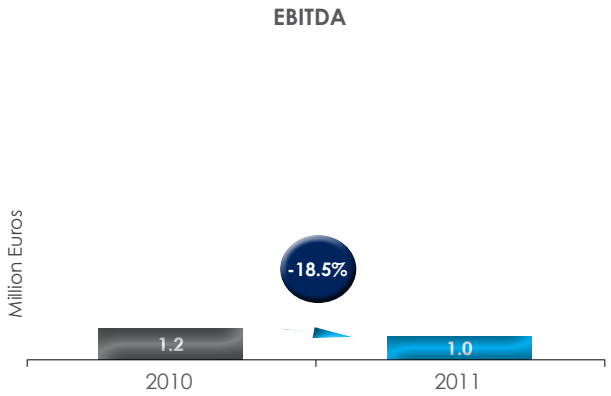
Fuel costs rose appreciably, with average prices for *petcoke* up by 27% over the year.

Capital Expenditure

Investment in expanding capacity by installing a third cement mill was also undermined by the situation of social instability, and the new mill is now expected to start up during the first half of 2012.

4.4.2.3 Ready-mix and Precast Concrete





The ready-mixed market grew in the regions operated by Sud Béton and Zarzis Béton (Sfax, Gabès and Zarzis), whilst the market for pre-cast experienced a degree of contraction.

In this context, sales of ready-mixed grew by a figure in the order of 4%, in quantity. Sales of pre-cast products tumbled, down by approximately 48%.

Overall, turnover in this business unit grew in the order of 4.1% to 8.5 million euros.

EBITDA stood at 1.0 million euros, down by 18.5%. This reduction was due fundamentally to increases in variable production costs, in particular relating to the transportation of cement which, during certain periods, had to be acquired from more distant plants, due to the stoppage of the Gabès plant.

4.4.3 Lebanon

4.4.3.1 Market Background

According to figures published by the IMF, the Lebanese economy is thought to have grown by 1.5% in 2011, down from the rate of 7.5% recorded in the previous year (World Economic Outlook, IMF November 2011).

The continued stable political situation in the country has helped the Lebanese economy to develop positively. The slowdown in relation to the previous year can be traced to the political instability in certain countries in the region, notably Syria.

The average inflation rate stood at 5.9%, slightly down from the figure recorded in 2010.

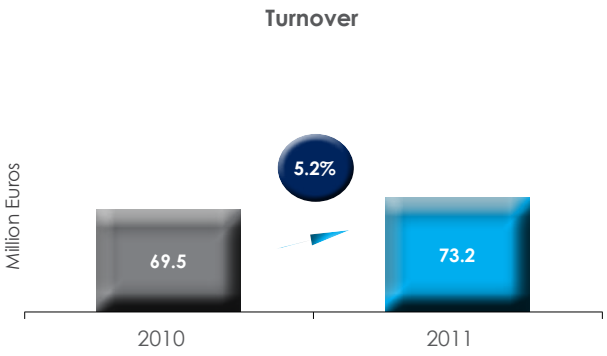
The following table presents overall indicators for the Secil Group's business operations in Lebanon in 2010 and 2011:

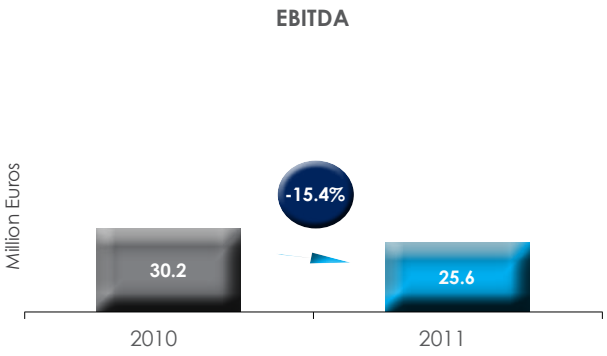
Lebanon (million euros)	Turnover			EBITDA			Quantities			
	Dec 11	Dec 10	11/10 (%)	Dec 11	Dec 10	11/10 (%)	Unit.	Dec 11	Dec 10	11/10 (%)
Cement and Clinker	73.2	69.5	5.2%	25.6	30.2	-15.4%	1 000 t	1,185.8	1,117.4	6.1%
Ready-mix	7.6	7.6	-0.6%	0.4	0.2	113.3%	1 000 m³	135.9	137.2	-1.0%
Total	**80.8**	**77.2**	**4.6%**	**26.0**	**30.5**	**-14.6%**				

4.4.3.2 Cement and Clinker

The construction industry remained extremely strong, with cement consumption estimated at 5.6 million tons, up by 7% on 2010.

Indicators



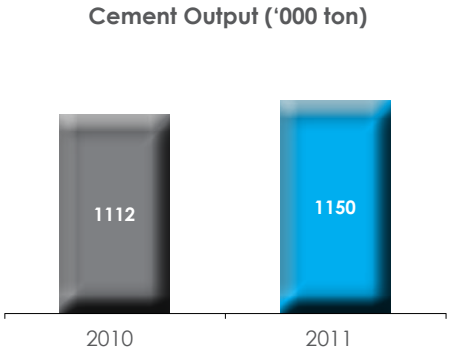


Turnover in cement business in Lebanon stood at approximately 73.2 million euros in 2011, up by 5.2% on the previous year. This was due essentially to increased sales on the home market, which grew by 5.2%, and absorbed practically all the Group's output, whilst the export remarket remained negligible.

EBITDA stood at approximately 26.0 million euros, down by 14.6% on the previous year. This reduction can be traced to (i) an appreciable increase in thermal fuel prices and (ii) the exchange rate of the euro against the dollar.

Industrial Operations

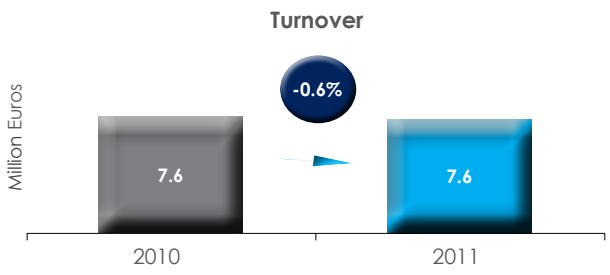
Cement output stood at more than 1.2 million tons, setting a new record and representing growth of 3% in relation to 2010.

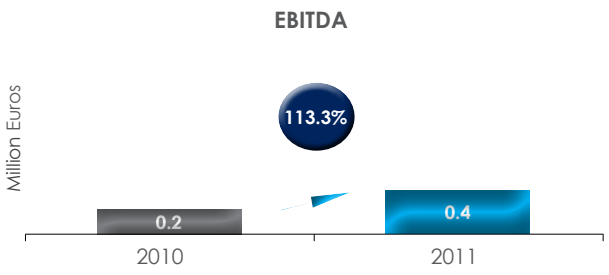


Capital Expenditure

Mention should be made of the following capex projects: improvements to the gas conditioning tower on one of the production lines, the fitting of the automatic sampling system, construction of the coal store and acquisition of a bagging machine.

4.4.3.3 Ready-mix





Ready-mixed business experienced turnover at the same level as in the previous year, with sales of 136 thousand cubic metres, corresponding to 7.6 million euros.

EBITDA stood at 0.4 million euros in 2011, representing an improvement of 113.3%, thanks to the start-up of the new concrete plant located in Dorsa (in the north of Beirut) and to the programme currently underway for renovation of the concrete mixer fleet.

4.4.4 Angola

4.4.4.1 Market Background

Over the course of 2011, growth in the Angolan economy stood at 3.7%, slightly down from the figure of 3.4% recorded in the previous year, and driven by growth of 7.5% in the non-petroleum sector (Angola Country Report, IMF December 2011).

Despite the signs of economic recovery, the government maintained a policy of containment of public spending, so as to settle commitments which matured in 2008 and 2009 and to restore the country's currency reserves.

The inflation rate stood at 13.9%, slightly lower than in 2010 (15%).

Over the year as a whole, the kwanza fell approximately 2.7% against the US dollar, representing a slower depreciation than in the previous year (4%).

The following table presents overall indicators for the Secil Group's business operations in Angola in 2010 and 2011:

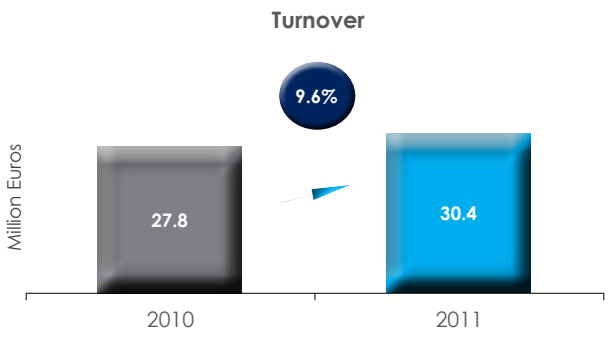
Angola (millions euros)	**Turnover**			**EBITDA**			**Quantities Sold**			
	Dec 11	**Dec 10**	**11/10 (%)**	**Dec 11**	**Dec 10**	**11/10 (%)**	**Unit.**	**Dec 11**	**Dec 10**	**11/10 (%)**
Cement and Clinker	30.4	27.8	9.6%	2.2	0.8	168.6%	1 000 t	229.1	196.0	16.9%

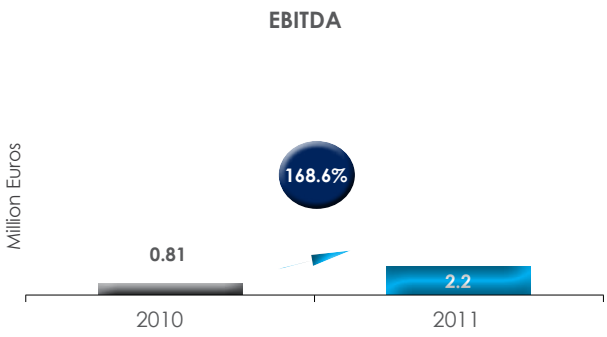
4.4.4.2 Cement and Clinker

The construction industry experienced gradual growth over the year, and cement consumption is estimated at 3.6 million tons, up by approximately 3% on the previous year.

The supply of cement to the Angolan market has been substantially altered with the start-up of a new plant (with annual capacity of 2 million tons) and expansion of the capacity of the Cimangola cement mill. Given that these two units are located in the Luanda region, the Secil Group's operations were not affected.

Indicators





Turnover in 2011 stood at approximately 30.4 million euros, up by 9.6% on 2010. Sales in quantity grew by 16.9% over the total for the previous year, although the presence on the market of large quantities of cheaper imports from China resulted in an appreciable reduction in average sale prices.

The cement business unit in Angola presented a significant improvement in performance, with EBITDA standing at 2.2 million euros, up by 168.8% on the figure recorded in 2010.

This increase is fundamentally explained by growth in sales in quantity, improved production efficiency at the plant and tight containment of operating costs, given that sales prices fell, as already mentioned.

Finally, Secil Lobito was not able to start construction of its new plant in 2011. Progress on this project remains dependent on support from Secil Lobito's shareholders and the renegotiation of finance contracts and the contracts for supply and fitting of the new plant.

4.5 RESOURCES AND SUPPORTING FUNCTIONS

4.5.1 Sustainability

As a fundamental aspect of sustainability-related practices, priority has been given to the concepts of streamlining and respect for the expectations of different stakeholders. This means making more rational use of natural resources (replacing natural raw materials and fossil fuels with alternative materials), improving energy efficiency, support for and participation in the work of local bodies and a policy of welfare protection for our workers, their families and the local communities.

Significant strides have been made in this area particularly in the Portugal-Cement business area, including the following:

- Increase in the use of alternative fuels from 32%, in 2010, to 38.9% in 2011, allowing for increased substitution of fossil fuels.
- The total clinker incorporation rate grew from 73.1% in 2010 to 74.2% in 2011.
- A slight increase in specific CO_2 emissions from 647 kg to 654 kg of CO_2 per ton of cement products, due to the increase in the clinker incorporation rate.
- CO_2 emissions from all 3 stayed within the limits set in the licenses issued by the Portuguese Government under the National CO_2 Emissions Plan (PNALE II).

4.5.2 Environment

In 2011 the Secil Group adopted steps and measure which enable it to work towards increasing environmental responsibility in its operations.

Significantly, in the "European Business Awards for the Environment – Prize for Innovation in Sustainability", SECIL's submission entitled "Sustainability Management at Secil" was declared the winner in the management category of the national competition organized by the Portuguese Environment Agency. This constituted recognition of Secil's high standards in environmental management, reflecting the fact that the company incorporates sustainability into all its activities, from strategy through to operations, including in all its processes. The "European Business Awards for the Environment – Prize for Innovation in Sustainability" is an initiative organized by the European Commission, seeking to recognize and promote companies and organizations that make a relevant contribution to sustainable development, and this is the second time Portugal has taken part. Having won the national award in the management category, Secil will now go forward to the "European Business Awards for the Environment", to be held in mid-2012.

The insistence on introduction in the European Union of penalizing charges for industries with high energy consumption, without equivalent charges to penalize manufacturers of the same products located outside the Union, continues to concern the Board of Directors. If a balancing mechanism is not introduced, such as in the form of compensatory charges payable on the energy contents of products from third countries, the stage will be set for production to move out of the European Union, with significant social consequences due to a reduction in employment, not to mention higher environmental costs due to global pollution.

4.5.3 Energy

Secil is involved in a number of business projects geared to supporting the re-use of waste as fuel or as a raw material.

Through its subsidiary AVE – Gestão Ambiental e Valorização Energética, Secil has pursued its strategy of reusing industrial waste as secondary raw materials and alternative fuels, using best environmental practice.

In 2011 it diversified its operations, managing new forms of waste in order to provide the cement mills with greater quantities and diversity of alternative fuels.

4.5.4 Research and Development

The Corporate Technical Centre has the mission of coordinating capital expenditure, technical support, vocational training and the promotion and development of benchmarking between plants, with a view to applying best practice across all operations. Activities in 2011 included:

- In the field of capital expenditure, the fitting out of the RDFs plant in Amarsul, improvement to RDF facilities at the Secil-Outão, Maceira-Liz and Cibra-Pataias plants and pursuit of the project for CO_2 sequestration - Microalgae – at the Cibra-Pataias plant.
- In the area of technical training, running the Maintenance seminar at the CTEC Training Centre, issue of the Training catalogue at EPDM, linking Training with the SIGO platform and concluding the Ongoing Leaders Training Programme at Outão.
- In the field of Industrial Development, support for the Lobito and Sibline plants, continuation of work on the biodiversity management and monitoring plans at the Maceira-Liz, Cibra-Pataias and Secil-Outão plants and development of technology for solar drying of sewage sludge.

4.5.5 Health and Safety at Work

Health and safety at work continues to receive special attention from the directors of the Secil Group. Accident rate indicators progressed positively in 2011, showing a significant reduction in the frequency ratio and no change in the seriousness ratio in relation to the previous year. Unfortunately, a fatal accident occurred involving an indirect worker at the Gabès plant in September, the first such accident after a period of approximately three years without fatalities.

V ENVIRONMENT BUSINESS AREA – ETSA

The ETSA Group operates in the environmental sector, offering integrated and environmentally sustainable solutions in the waste management market. The Group undertakes the collection, transport, storage, processing and reclamation of animal by-products. Its activities also include the collection and reclamation of used food oils.

5.1 LEADING INDICATORS

IFRS - accrued amounts (millions euros)	2011	2010	Var. (%)
Sales	**33.2**	**29.4**	**13.2%**
Other income	0.2	0.2	-2.3%
Costs and losses	(25.3)	(21.9)	-15.6%
EBITDA	**8.1**	**7.7**	**5.8%**
Recurrent EBITDA	8.1	7.7	5.8%
Depreciation and impairment losses	(2.4)	(2.9)	16.9%
Provisions (increases and reversals)	(1.1)	-	-
EBIT	**4.6**	**4.8**	**-4.3%**
Net financial profit	(1.0)	(0.6)	-80.3%
Pre-tax profit	**3.6**	**4.3**	**-15.5%**
Tax on profits	(0.7)	(1.8)	62.9%
Retained profits for the period	2.9	2.4	20.2%
Attributable to ETSA equity holders *	**2.9**	**2.5**	**19.5%**
Attributable to minority interests (MI)	(0.0)	(0.0)	56.1%
Cash-Flow	**6.4**	**5.3**	**21.5%**
EBITDA margin (%)	**24.5%**	**26.2%**	**-6.5%**
EBIT margin (%)	13.9%	16.4%	-15.4%
	31-12-2011	**31-12-2010**	**Dec11 vs Dec 10**
Total net assets	92.2	70.4	30.9%
Equity (before MI)	52.6	49.7	5.9%
Net debt	**22.7**	**11.0**	**106.4%**

* of which 96% is attributable to Semapa

OPERATIONAL INDICATORS

	UniT.	*2011*	*2010*	11/10
Collection of raw materials – Animal waste (categories 1 and 2)	1 000 t	51.6	49.3	4.8%
Collection of raw materials – Animal waste (category 3)	1 000 t	67.8	46.3	46.4%
Sales – animal fats	1 000 t	15.0	17.0	-11.9%
Sales – meal	1 000 t	16.0	8.5	87.7%
Sales – Frozen products for pet food	1 000 t	2.2	7.8	-71.2%

5.2 OVERVIEW OF ETSA GROUP OPERATIONS

The financial year of 2011 was marked by the following developments:

- The signing of a hybrid agency/purchase contract with another operator in the animals by-product sector under which the ETSA Group has acquired this company's facilities. This has boosted the ETSA Group's position in the market for collection of Category 2 and Category 3 by-products, destined for the ITS and SEBOL facilities, at the same time as increasing the take-up of its existing production and logistical capability.
- Consolidation of the ETSA Group's strategy of business diversification, with the Group now providing services in the fields of storage in refrigerated containers, collection, transport, sorting and unwrapping of by-products of natural origin – meat and fish – and foodstuffs, fresh or frozen, bulk or packaged, subsequently selected on the basis of quality and approved uses and which are almost all fed downstream to the ETSA Group's factories, in particular the SEBOL plant.
- Closure of the petfood production unit at the ABAPOR subsidiary, in May;
- Reduction in availability of raw material on the Iberian market, due to lower level of animal slaughter in Portugal and Spain, and changing consumption patterns, with raw materials previously collected by the Group being destined for human consumption.

The ETSA recorded turnover in 2011 of 33.2 million euros, up by 13.2% on the figure recorded in 2010, thanks essentially to (i) increased operations by SPOA in ABAPOR, operating now at 462 major retail outlets in Portugal up by 383 on the previous year), (ii) increased collection of category 2 and 3 by-products, due to the acquisition reported above, and (iii) increased average prices for sales of category 3 by-products (fats and meals).

The Group also experienced growth in the collection of used food oils, driven by strong demand in international markets for the production of biodiesel.

EBITDA totalled 8.1 million euros, representing growth of 5.8% in relation to the financial year of 2010, with the ETSA Group recording an EBITDA margin of 24.5%.

This performance was achieved thanks primarily to increased turnover in ABOPOR and rising unit prices, as described above, and constrained by the following negative factors (i) an increase in transport costs due to soaring fuel prices, (ii) an increase in specific consumption of naphtha and higher unit costs, as well as in unit costs for power and water (iii) increased cost of raw materials from Spain, (iv) a series of non-recurrent costs relating to the transport, adaptation and rehabilitation of assets acquired from another operator and (v) reduction ion the second half in the unit price on the State contract for animal carcass collection.

Net profits stood at 2.9 million euros, up by approximately 20% on 2010, despite being hit by an increase of approximately 1.1 million euros in provisions for other risks and charges.

At year-end 2011, net debt stood at 22.7 million euros, 11.7 millions euros up from the end of 2010. This increase is explained essentially by (i) capital expenditure in replacing equipment, (ii) development of SPOA's business operations and (iii) acquisition of another operator's assets, as described.

VI SEMAPA GROUP HUMAN RESOURCES

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

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

The workforce of the Semapa Group fell from 5,172 at the end of December 2010 to 5,133 at the end of December 2011, as shown in the following table:

Segment	31-12-2011	31-12-2010	Var11/10
Paper and Pulp	2,290	2,331	-41
Cement	2,589	2,630	-41
Environment	235	190	45
Holdings	19	21	-2
TOTAL	**5,133**	**5,172**	**-39**

VII SOCIAL RESPONSIBILITY IN THE SEMAPA GROUP

Helping to develop its local communities is one of the guiding strategic principles of the Semapa Group. The Group is accordingly involved in a wide array of projects designed in the last instance to improve the quality of life of the communities around its plants and facilities, and to conserve the environment.

As a holding company, Semapa has supported the following projects:

- ***Associação Salvador*** – Association which works to defend the interests and rights of persons with reduced mobility, especially individuals with motor handicaps.
- ***MDV Projecto Família*** – A pioneering project in Portugal seeking to work with families with children at risk. The aim is keep the family together through intensive, immediate and individualized support.
- ***Associação Portuguesa Contra a Leucemia*** – a Portuguese association working to improve the effectiveness of treatment for leukaemia and related cancers, contributing to progress in scientific understanding of the nature, evolution, prevention and treatment of this diseases, and supporting leukaemia sufferers and their families.

In 2011 the Portucel Group stepped up its welfare support for the underprivileged in its local communities, whilst also committing resources to schemes to improve the woodland environment and conserve biodiversity.

The Group continued to pursue a policy of social responsibility by supporting a wide range of institutions working in the regions around its plants and forest holdings. Special mention should be made of the following projects:

- **Social Project** – Cooperation agreements were signed in 2011 with Portuguese charities working the areas around the Group's plants: *Cáritas* in Setúbal, the Red Cross in Figueira da Foz and *Cáritas* in Aveiro. This project consists of providing foodstuffs for families directly hit by the serious social crisis affecting Portugal and the whole world.
- **Environmental education project at the Figueira da Foz Municipal Library** – The Group joined forces with Figueira da Foz Municipal Council by supporting an education project aimed at the school population in the municipality and designed to encourage environmentally correct attitudes and to instil respect for nature and natural resources in the 600 nursery and primary school pupils taking part. The Group also donated plants of various forest and ornamental species, produced at its own nurseries, which were used in a number of activities and in an "educational garden" to be created indoors in the municipal library.
- **Nursery school in Lavos** – In partnership with Lavos Parish Council, the Group has supported the construction of a new nursery school in Lavos (Creche António Ferreira de Freitas), which will cater for children from underprivileged homes.

Paper was also donated IN 2011 to schools and welfare organizations in the area of influence of the Group's mills. A total of 171 donations were made to social, educational and cultural projects in 2011, corresponding to approximately 44 tons of paper.

Special mention should also be made of the Group's support for the ICNB (Institute for Wildlife and Biodiversity Conservation) under a cooperation agreement signed in 2010 and designed to promote, develop and implement a system for managing and monitoring the environmental quality of the Sado estuary and associated species.

The SECIL Group has been aware at all times that sustainable growth depends on the wellbeing of its workforce, and on the support and ties it builds with the communities in which it locates its production units and commercial premises.

SECIL's workforce has benefited from complementary retirement pension plans, health schemes and other benefits designed to combat absenteeism and to help retain employees.

At the same time, SECIL has signed cooperation agreements with institutions working in the fields of social inclusion, sport and the arts, with programmes in the local communities around the Group's facilities.

The ETSA Group has established partnerships with charities and welfare organizations, designed to support work to improve the living conditions and inclusion of the underprivileged. This has included supporting the work of AMI – *Assistência Médica Internacional* and also the Ronald McDonald Foundation, by means of cash donations.

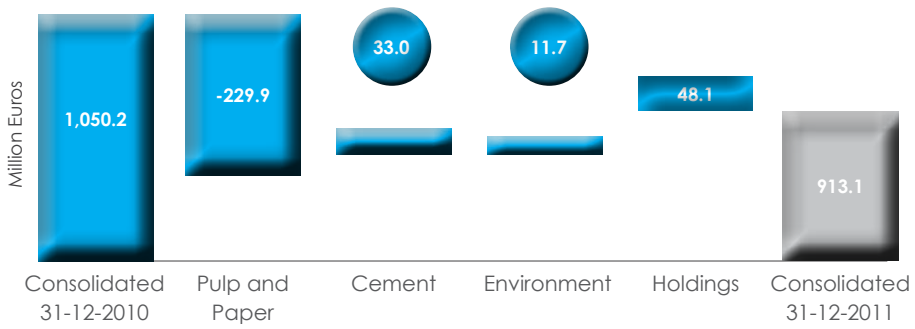
VIII SEMAPA GROUP- FINANCIAL AREA

8.1 INDEBTEDNESS

At year-end 2011, Semapa's consolidated net debt totalled approximately 913.1 million euros, as compared with 1,050.2 million euros at 31 December 2010. The following table and chart show historical figures for consolidated net debt, and the respective breakdown:

Million euros

	31-12-2011	31-12-2010	Var
Pulp and paper	422.8	652.7	-229.9
Cement	72.6	39.6	33.0
Environment	22.7	11.0	11.7
Holdings	395.0	346.9	48.1
TOTAL	**913.1**	**1,050.2**	**-137.1**



Consolidated net debt was down by 137.1 million euros in relation to the end of 2010, despite total capital expenditure (operational and financial) of 133.4 million euros. We are delighted to record an excellent level of financial liquidity for the Group, reflected by the Net Debt/EBITDA ratio of 2,1x.

8.2 RISK MANAGEMENT

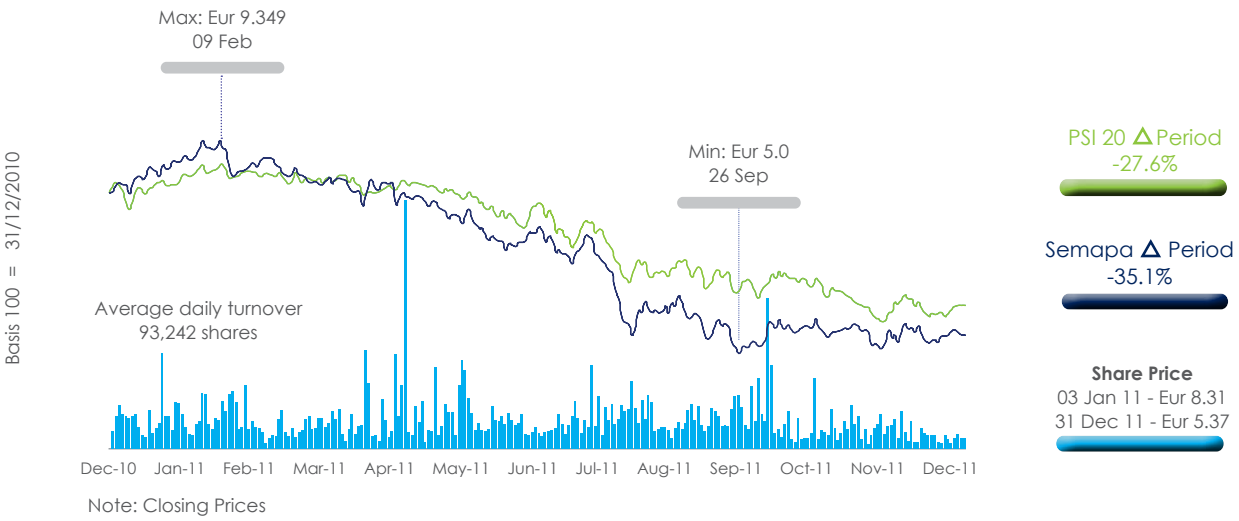
Details of risk management may be consulted in the relevant section of the Notes to the Financial Statements of the Semapa Group.

8.3 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Total liabilities for pensions, in consolidated terms, at 31 December 2011, stood at 235.0 million euros, of which 118.1 million euros were covered by independent pension funds. Uncovered liabilities at this date, totalling 116.9 million euros, comprise i) 13.5 million euros for the Portucel Group, ii) 3.4 million euros for the Secil Group and iii) 1001 million euros for Semapa.

In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 10.0 million euros (3.2 million euros for the Portucel Group and 6.8 million euros for the Secil Group).

8.4 LISTED SHARE PRICES



Note: Closing Prices

The performance of the capital markets over the course of 2011 reflected the serious financial crisis affecting the Euro zone in 2011, causing a high degree of instability on the European stock exchanges. The main European markets ended the year with significant losses, with the Paris, London and Madrid indexes down by 17%, 15.5% and 13.1% respectively.

The Portuguese stock exchange was particularly hard hit by the crisis situation and the PSI20 index finished the year with an accrued loss of 27.6%. Semapa shares were not immune to the downward corrections experienced across the market, recording a drop in value of 35.1% over 2011. We should recall that in 2010 Semapa SGPS was the 5th best performing share in the PSI20 index, gaining 6.7% over the year, in contrast to a loss for the index as a whole of 10.3%.

8.5 DIVIDENDS

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

- At its meeting of 29 November 2010, the Board of Directors approved an interim dividend of 29,481,173 euros, and a dividend of 25.5 cents per share was paid on 10 December.
- The Portucel Extraordinary General Meeting of 17 December 2010 resolved to distribute to shareholders free reserves of 120,037,000 euros, corresponding to 15.64 cents per share, paid on 27 December 2010.
- At Secil's General Meeting in 2011 it was resolved to distribute a dividend of 59 cents per share, corresponding to a total dividend of 29,513,829.60 euros.

8.6 NET PROFITS FOR 2011

Semapa has recorded Consolidated Net Profit for 2011, before minority interests, of 169.1 million euros, of which 124.2 million euros is attributable to Semapa equity holders.

IX PRINCIPAL DEVELOPMENTS IN 2011

Holdings – Semapa SGPS and instrumental sub-holdings

- In 2011, Semapa increased its holding in Portucel to 78.10% of the respective voting rights.
- During the same period, Semapa disposed of 4,544,500 shares in BCP, already stated at fair value.
- Semapa has signed a contract with a view to acquisition of a 50% stake in the share capital of Supremo Cimentos, S.A., a cement manufacturer based in Southern Brazil, in Santa Catarina state, which operates an integrated clinker and cement mill in Pomerode, as well as business in the aggregates and concrete segments. Supremo is currently implementing an expansion plan designed to increase its cement capacity to more than one and a half million tons.

  The sale is subject to a series of pre-conditions being met and the joint control of Supremo will be governed by a shareholders' agreement between Semapa and the other shareholders.

Paper and Paper Pulp - PORTUCEL SOPORCEL Group

- In the course of 2011, Portucel acquired 7,045,574 of its own shares on the stock Exchange, representing an investment of approximately 15.4 million euros.

Cement and Derivatives - SECIL group

- Secil paid out a dividend in June of 0.59 euros / share, corresponding to a total dividend of 29.5 million euros.
- Acquisition of 100% of Lafarge Betões which owns Lafarge Agregados and Eurobetão. Lafarge Betões, now renamed as Uniconcreto Betão Pronto, is 100% owned by Secil. Lafarge Agregados, now renamed as Lusoinertes, and Eurobetão are now wholly owned by SBI.
- Acquisition of an additional 9% stake in the subsidiary Britobetão, increasing Secil's interest to 91%.
- Incorporation of the companies Probicom (100%), Reficomb (100%) and Solenreco (98%) to operate in the preparation of alternative fuels.
- Interest in I3P Serviços increased from 99.67% to 99.97% through capitalization of loans.
- Disposal, in November, of 35% of the share capital of AVE, no longer included in the consolidated accounts.
- Winding up of Teporset (in which the Group owned 50%) and subsequent transfer of 50% of its fixed assets to Secil, CMP and Secil Martingança.
- Condind, wholly owned by Secil, merged into Secil itself.

Subsequent developments

- On 17 February, the conditions relating to the transaction with the Brazilian company Supremo Cimentos S.A. were met , resulting in the acquisition of 50% of its share capital by the Semapa Group.
- In January and February 2012, Portucel proceeded to buy up its own shares on the stock exchange, ending up with treasury stock of 22,111,382 shares representing 2.881% of its share capital.

X OUTLOOK 2012

Expectations for the world economy in 2012 remain extremely uncertain: estimates of global growth have been revised downwards on successive occasions and recession looks possible in certain regions, such as the Euro Zone, as negative risk factors intensify.

The crisis in the Euro Zone took a significant turn for the worse in late 2011, leading to severe measures to consolidate budgets in most European countries. As the banks are the main holders of sovereign debt, the financial system has come under significant strain, resulting in serious difficulties in funding and sharp contraction of household and business lending, further exacerbated by newly-imposed requirements for the recapitalization of European banks.

Expectations of economic growth for the region have been gradually cut back, with most estimates pointing to negative growth in the economy: this contraction is expected to be moderate overall, but unevenly distributed between outlying and central regions. Although the end of the year saw a rush of measures to increase integration and fiscal discipline, with steps to boost the financial measures to support the countries facing the greatest difficulties and to increase the intervention of the European Central Bank as the lender of last resort, the climate remains one of great uncertainty.

In the US, the economy showed signs of recovery in late 2011, with the main economic indicators evolving positively as a whole, thanks to stronger than expected consumer spending and investment. However, expectations continue to point to very moderate growth, due to high rates of unemployment and borrowing. Serious doubts also remain concerning the budget consolidation policies which will be required in the long term due to worsening public debt, as a result of continuing foreign and budget deficits, only expected to improve after the presidential elections due to be held in 2012.

The economies of emerging markets, and of China in particular, are not expected to be immune to this cooling of the developed economies, with growth rates dipping in 2012. Although a hard landing is not forecast for these economies, there are still a number of risks associated with rapidly growth in lending and in the price of assets in recent years, which could make these economies financially vulnerable.

Evolving geo-political tensions in Northern Africa and the Middle East could have a negative impact on fuel prices in international markets.

At the same time, the euro / dollar exchange rate, which has a significant impact on Group business, remains subject to a high degree of unpredictability, in view of the economic expectations described above.

Paper and Pulp (Portucel Group)

The outlook for the **Group's** UWF paper business reflects this environment. In Europe, the poor economic prospects, exacerbated by the budget consolidation policies underway in most countries, and most severely in southern European countries, which are traditionally markets of great importance for the Group's sales, mean that paper consumption will remain under strong pressure.

Likewise, the Group's business may be hit by the cooling of the US economy, albeit with a more positive outlook than in Europe, and by continued instability in the markets of North Africa and the Middle East, which account for a growing proportion of Group sales.

However, the Group has a business model which has proved highly resilient to adverse environments and continues to operate at full production capacity, thanks to market recognition of the quality of its products, the high level of penetration achieved with mill brands and the Group's capacity to extend the list of countries to which it sells it products and to strengthen its position in markets in markets which still offer the potential for growth. Nonetheless, the significant customs duties to which European products are subject in overseas markets is a hindrance to greater and faster penetration by Group brands in these markets.

At the same time, the impact of significant capacity closures which took place in 2011 will only be felt in full during the year ahead and a recovery is possible in pulp prices, keeping non-integrated manufacturers under strong pressure: these combined factors may help to sustain the market. In addition, in the US, the growing consolidation of the sector, reflected in improved capacity to match supply to demand, and the presidential campaign due to take place this year, will contribute to the sustainability of the market.

The **BEKP** pulp market has shown signs of recovery, sustained by robust demand from Asian markets, and China in particular, and by a continued trend for replacing long fibre consumption with short fibre pulp, with the greatest impact on the developed markets. However, growth in demand, resulting from the start-up of new capacity in Brazil, may disrupt the balance between supply and demand towards the end of the year.

The international economic and financial outlook, which has hit profitability in the pulp and paper sector so hard, makes it even more urgent for policies to be adopted in Portugal to reduce the local costs which encumber the manufacture and export of tradable goods, and consequently the Group's business activities. Priority needs to be given to systematic measures to simplify forestation activities, leading in the long term to increased availability of Portuguese raw materials, creating thousands of permanent jobs and avoiding the need for imports, and other measures to assure that the logistical chain – in particular, the ports and railways - operates to the highest international standards.

Cement (Secil Group)

The world economic climate remains unfavourable to Secil's main business activities, considering the geographical location of its main operations. The outlook is uncertain in both Portugal and Tunisia.

Performance in 2012 is therefore expected to be positive overall, with results similar to those obtained in 2011.

In **Portugal**, the Group's main market, the process of economic and financial adjustment initiated under the aid package agreed between the Portuguese State, the European Union and the IMF will continue to place heavy constraints on economic progress and investment.

Forecasts issued by the Bank of Portugal point to the economy remaining in recession in 2012, with GDP expected to contract by 3.1%.

In this environment, the construction industry and cement consumption is expected to continue to decline, meaning that there are no prospects for positive developments in the Group's various business segments.

In **Tunisia**, the instability which marked the financial year of 2011 may be expected to continue in 2012. However, the latest IMF estimates point to economic growth in the order of 3.9%, which is achievable if the general security situation progressively improves and there is no significant worsening of social and political tensions.

Against this highly uncertain background, the construction industry and cement consumption may be expected to present performance identical to that recorded in 2011.

In **Lebanon**, the financial year of 2012 is expected to be similar to 2011 in both political and economic terms. The latest IMF forecasts point to GDP growth in the order of 3.5%. We may anticipate that the construction industry, cement consumption and accordingly the Secil Group's business interests will all perform at levels similar to those achieved in 2011.

In **Angola**, the economic outlook is positive. According to the IMF, the Angolan economy can be expected to grow by 10.8% in 2012, well up on the figure of 3.7% estimated for 2011.

In this context, growth in public and private investment is expected to pick up, with construction activity and cement consumption increasing by an estimated 10%.

At the same time, a new cement mill is expected to start up in the Benguela region, with annual capacity of 600,000 tons, along with a new cement plant in the Sumbe region with annual capacity of 2 million tons.

Accordingly, despite the positive outlook for construction and cement consumption, the start-up of these two units is expected to have a significant impact on the Secil Group's operations, due to their location in the central-southern region of the country.

Environment (ETSA Group)

The ETSA Group's business operations in Portugal have been hampered by the economic situation in the country, for which no improvement is expected.

Due to the financial difficulties faced by the Portuguese State, the ETSA Group continues to be penalized by the non--payment of carcass collection services provided under State contracts; we are confident that this situation will be resolved in the near future.

The ETSA Group remains committed to expanding its markets: in 2012 exports will account for close to a quarter of total turnover, with sales to Spain, Italy, France, Austria, Belgium and Germany.

Holdings Companies – Semapa SGPS and instrumental sub-holdings

As disclosed in August 2011, Semapa was notified of the award handed down by the Arbitral Tribunal in the dispute with CRH Plc in relation to Secil. In view of CRH's default on the shareholders' agreement, the award confirmed Semapa's right to acquire the former's entire holding in Secil for a price of 574.28 million euros, within a period of 120 business days, extendable to 180 business days. However, Semapa and CHR hold diverging positions as to the validity and interpretation of the award, and as to the continued effectiveness of the shareholders' agreement relating to Secil, and fresh arbitral proceedings are pending on this last issue.

XI ACKNOWLEDGMENTS

2011 was a year in which the Group focussed further on export operations, building on the heavy capital expenditure projects implemented in previous years. Semapa is a Portuguese Group rooted in manufacturing industry whose strategic decisions have led it to play an increasingly important role in the country's economy.

We wish to express our thanks to the following, for their important contribution to our success:

- Our employees, whose efforts and dedication have made possible the company's dynamism and development;
- For the support and understanding of our customers and suppliers, who have acted as partners in our endeavours;
- For the cooperation of the Financial Institutions, and the Regulatory and Supervisory Authorities;
- For the cooperation of the Audit Board and the officers of the General Meeting; and
- Our Shareholders, who have accompanied our progress and whose trust we believe we continue to deserve.

XII PROPOSAL FOR DISTRIBUTION OF PROFITS

Considering that the Company needs to maintain a financial structure compatible with sustained growth of its Group, in the various business areas in which it operates, and
Considering that in order for the Company to remain independent from the financial system, it needs to preserve levels of consolidated short, medium and long term indebtedness which allow it to maintain sound solvency indicators,

We propose that the net profits from individual operations determined under the SNC rules, of 124,161,800.00 euros (one hundred and twenty four million, one hundred and sixty one thousand and eight hundred euros) as follows:

Dividends for shares in issue (25.5 cents/share)	28,785,539.85 euros
Free reserves	95,376,260.15 euros

Lisbon, 27 February 2012

THE BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
CHAIRMAN

Maria Maude Mendonça de Queiroz Pereira Lagos
DIRECTOR

José Alfredo de Almeida Honório
DIRECTOR

Francisco José de Melo e Castro Guedes
DIRECTOR

Carlos Maria Cunha Horta e Costa
DIRECTOR

José Miguel Pereira Gens Paredes
DIRECTOR

Paulo Miguel Garcês Ventura
DIRECTOR

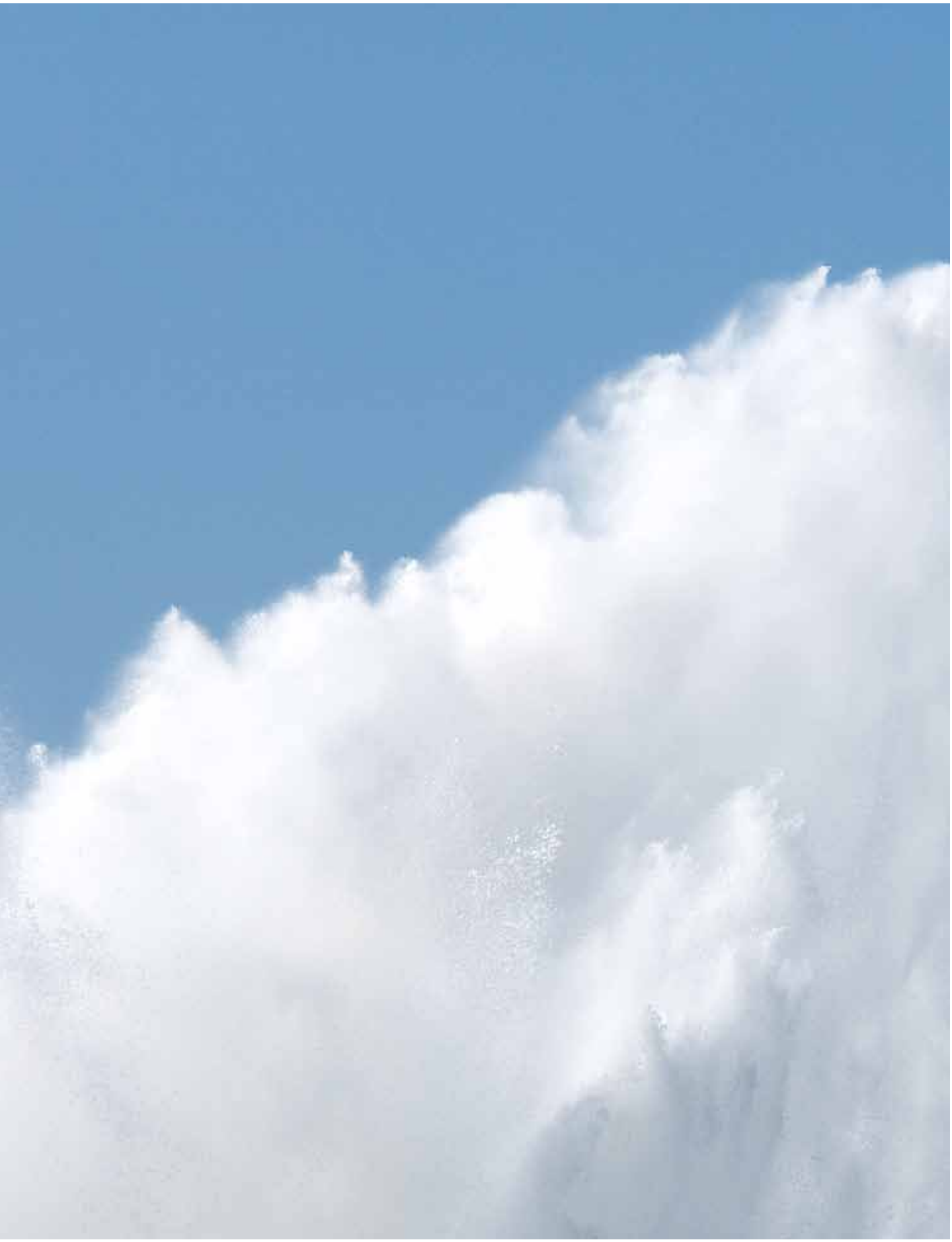
Rita Maria Lagos do Amaral Cabral
DIRECTOR

António da Nóbrega de Sousa da Câmara
DIRECTOR

Joaquim Martins Ferreira do Amaral
DIRECTOR

António Pedro de Carvalho Viana-Baptista
DIRECTOR

Vítor Manuel Galvão Rocha Novais Gonçalves
DIRECTOR



02

CORPORATE GOVERNANCE SEMAPA 2011

INFORMATION ON CORPORATE GOVERNACE

INTRODUCTION

The new Corporate Governance Code, approved by the Securities Market Commission in January 2010, and Securities Market Commission Regulations no. 1/2010 remain in force and apply to the financial year of 2011.

The content and scope of the recommendations contained in the code are therefore not new and underwent analysis and critical assessment in the report for 2010.

Semapa continues to believe that, in deciding on the adoption of the various practices recommended for the governance of listed companies, consideration should be given in all cases to their relevance and impact on the company's specific situation. Improvements were accordingly only made to the adoption of recommendations whenever in our view the outcome would not be negative for the company.

The structure of this report is the same as that for the previous year, and divides into the following parts:

I. Report on the corporate governance structure and practices, drawn up in accordance with Securities Market Commission Regulation no. 1/2010;
II. Remuneration policy statement;
III. Disclosures required under Articles 447 and 448 of the Companies Code and paragraphs 6 and 7 of Article 14 of Securities Market Commission Regulation 5/2008, and
IV. Assessment of the corporate governance model adopted and activities of non-executive directors

I. REPORT ON CORPORATE GOVERNANCE STRUCTURE AND PRACTICES, DRAWN UP IN ACCORDANCE WITH SECURITIES MARKET COMMISSION REGULATION NO. 1/2010

CHAPTER 0 DECLARATION OF COMPLIANCE

0.1. CODES ADOPTED

Semapa has not voluntarily opted to submit to any other corporate governance code and is accordingly subject to the "Corporate Governance Code" approved by the Securities Market Commission in January 2010.
These texts are available online at the website of the Securities Market Commission at www.cmvm.pt

0.2., 0.3. 3 AND 0.4. RECOMMENDATIONS ADOPTED, NOT ADOPTED AND REASONS FOR DIVERGENCE

The company and its shareholders have made the following options with regard to compliance with the recommendations in the text approved by the Securities Market Commission:

I. GENERAL MEETING

I.1 OFFICERS OF THE GENERAL MEETING

I.1.1 THE CHAIRMAN OF THE GENERAL MEETING SHALL HAVE AT HIS DISPOSAL THE NECESSARY AND ADEQUATE HUMAN RESOURCES AND LOGISTIC SUPPORT, TAKING THE FINANCIAL POSITION OF THE COMPANY INTO CONSIDERATION. ADOPTED

The company complies with this recommendation, and the assessment of the resources as adequate is confirmed by the Chairman of the General Meeting.

I.1.2 THE REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING SHALL BE DISCLOSED IN THE ANNUAL REPORT ON CORPORATE GOVERNANCE. ADOPTED

This recommendation is adopted and remuneration earned in 2011 by the Chairman of the General Meeting is stated in chapter I.3 of this report.

I.2 PARTICIPATION AT THE MEETING

I.2.1 THE DEADLINE FOR SUBMITTING PROOF OF THE DEPOSIT OR BLOCKING OF SHARES FOR THE PURPOSES OF ATTENDING GENERAL MEETINGS SHALL BE NO MORE THAN FIVE BUSINESS DAYS PRIOR TO THE DATE OF THE MEETING NOT APPLICABLE

In the light of the introduction, by Decree-Law 49/2010, of 19 May, of Article 23-C to the Securities Code (establishing rules that listed companies are required to comply with and exempting the blocking of shares), the company considers that this recommendation is no longer applicable. It should be noted that, when it was applicable, this recommendation was adopted by the company. This issue is dealt with further in chapter I.4 of this Report.

I.2.2 IN THE EVENT OF THE GENERAL MEETING BEING ADJOURNED, THE COMPANY SHALL NOT REQUIRE SHARES TO BE BLOCKED UNTIL THE MEETING IS RESUMED, WHEN THE NORMAL REQUIREMENT FOR THE FIRST SESSION SHALL AGAIN APPLY. NOT APPLICABLE

The reasoning set out with regard to the preceding recommendation applies also to the present recommendation, and the company considers that the change in the law referred to means this recommendation is no longer applicable. It should be noted that, when it was applicable, this recommendation was also adopted by the company. This issue is further pursued in chapter I.5 of this Report.

I.3 VOTING AND EXERCISE OF VOTING RIGHTS

I.3.1 THE ARTICLES OF ASSOCIATION SHALL NOT IMPOSE ANY RESTRICTION ON POSTAL VOTING OR, WHENEVER ADOPTED OR ADMISSIBLE, ON ELECTRONIC VOTING. ADOPTED

The company has adopted this recommendation insofar as its articles of association impose no restriction on exercise of the right to cast postal votes and also permit the Board of Directors to issue rules on the exercise of voting rights using media other than paper. This question is referred to in further detail in chapters I.9 to I.12 of this Report.

I.3.2 THE DEADLINE ESTABLISHED IN THE ARTICLES OF ASSOCIATION FOR RECEIVING POSTAL BALLOTS SHALL BE NO MORE THAN 3 BUSINESS DAYS PRIOR TO THE DATE OF THE MEETING. ADOPTED

The company accepts all postal votes received up to the day before the General Meeting, and this recommendation is therefore adopted in full. This issue is further referred to in chapter I.11 of this Report.

I.3.3 COMPANIES SHALL ENSURE THAT VOTING RIGHTS ARE PROPORTIONAL TO SHAREHOLDER'S HOLDINGS, PREFERABLY BY ENSHRINING THE ONE SHARE-ONE VOTE PRINCIPLE IN THE ARTICLES OF ASSOCIATION. COMPANIES ARE DEEMED NOT TO COMPLY WITH THE REQUIREMENT OF PROPORTIONALITY WHEN: I) THEY HAVE NON-VOTING SHARES; II) HAVE SHARES FOR WHICH THE RESPECTIVE VOTING RIGHTS ARE NOT COUNTED IF IN EXCESS OF A GIVEN NUMBER, WHEN CAST BY A SINGLE SHAREHOLDER OR RELATED SHAREHOLDERS. ADOPTED

The company has adopted this recommendation whose purpose is to assure that voting rights are proportional to holdings.

As we have argued in the past, and as follows from the concerns reflected in the Companies Code, which in Article 384.2 a) allows for the possibility of one vote being assigned for each 1,000 euros of share capital, the right to attend and take part in discussions at General Meetings of persons with negligible holdings in the capital is often prejudicial to the interests of the company and of the shareholders in general. This does not stand in the way of the proportionality principle being respected by the right of shareholders to group together and by the absence of any upper limit on the number of votes which can be cast by each shareholder, either individually or in conjunction. As regards the right to form groups, if all shareholders are present or represented, with the groupings necessary, the number of votes which can be cast is equal to the total number of shares in the company divided by 385, the number of shares corresponding to one vote. There are therefore no non-voting shares.

This question is also referred to in chapters I.6 and I.7 of this report.

I.4 QUORUM FOR RESOLUTIONS

COMPANIES SHALL NOT SET A QUORUM FOR ADOPTING RESOLUTIONS GREATER THAN THAT ESTABLISHED IN LAW. ADOPTED

The company's articles of association do not set a quorum for adopting resolutions greater than that established in law; the recommendation is accordingly adopted by the company. This question is also referred to in chapter I.8 of this report.

I.5 MINUTES AND INFORMATION ON RESOLUTIONS PASSED

AN EXTRACT FROM THE MINUTES OF THE GENERAL MEETINGS SHALL BE POSTED OR THEIR CONTENTS OTHERWISE MADE AVAILABLE TO SHAREHOLDERS THROUGH THE COMPANY'S WEBSITE, WITHIN FIVE DAYS OF THE HOLDING OF THE GENERAL MEETING, IRRESPECTIVE OF WHETHER CONSTITUTING PRIVILEGED INFORMATION. THE INFORMATION DISCLOSED SHALL INCLUDE THE RESOLUTIONS ADOPTED, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF VOTES. THIS INFORMATION SHALL BE KEPT ON THE COMPANY'S WEBSITE FOR NO LESS THAN THREE YEARS. ADOPTED

The company discloses on its website the information it deems relevant to all shareholders, including those with a holding of less than 1%, and which is sufficient to safeguard their interests. In 2011 the company disclosed on its website an extract from the minutes of the annual general meeting, containing the resolutions adopted, the capital represented and the results of votes, keeping the same information available for the previous three financial years. The recommendation has therefore been adopted.

I.6 MEASURES ON CORPORATE CONTROL

I.6.1 MEASURES AIMED AT PREVENTING SUCCESSFUL TAKEOVER BIDS, SHALL RESPECT BOTH THE COMPANY'S AND THE SHAREHOLDERS' INTERESTS. WHEN, IN KEEPING WITH THIS PRINCIPLE, THE ARTICLES OF ASSOCIATION OF A COMPANY SET A LIMIT ON THE NUMBER OF VOTES WHICH MAY BE HELD OR EXERCISED BY A SINGLE SHAREHOLDER, INDIVIDUALLY OR IN CONJUNCTION WITH OTHER SHAREHOLDERS, THEY SHALL ALSO PROVIDE THAT, NO LESS THAN EVERY FIVE YEARS, A MOTION FOR MAINTAINING OR ALTERING THIS PROVISION SHALL BE PUT BEFORE THE GENERAL MEETING (WITHOUT REQUIRING A QUORUM GREATER THAN THAT PROVIDED FOR IN LAW) AND THAT ALL VOTES CAST IN RELATION TO SUCH RESOLUTION SHALL BE COUNTED, WITHOUT OPERATION OF THE RESTRICTION IN QUESTION. ADOPTED

No measure has been adopted to prevent the success of takeover bids, namely a provision in the articles of association limiting the number of votes which can be exercised by each shareholder. This recommendation is therefore adopted.
This issue is also referred to in chapters I.19 and I.21 of this report.

I.6.2 IN CASES SUCH AS CHANGE OF CONTROL OR CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS, DEFENSIVE MEASURES SHALL NOT BE ADOPTED THAT INSTIGATE IMMEDIATE AND SERIOUS EROSION OF THE COMPANY'S ASSETS, THEREBY DISRUPTING THE FREE TRANSFERABILITY OF SHARES AND FREE ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS BY THE SHAREHOLDERS. ADOPTED

No defensive measures have been adopted in the company with the effect of causing erosion of its assets in the event of transfer of control or a change in the composition of the board of directors; the recommendation is therefore adopted. This issue is also referred to in chapter I.20 of this report

II. MANAGEMENT AND AUDIT BOARD

II.1. GENERAL TERMS

II.1.1. STRUCTURE AND DUTIES

II.1.1.1 THE BOARD OF DIRECTORS SHALL ASSESS THE MODEL ADOPTED IN ITS ANNUAL CORPORATE GOVERNANCE REPORT AND IDENTIFY ANY CONSTRAINTS ON ITS FUNCTIONING AND SHALL PROPOSE MEASURES THAT IT CONSIDERS APPROPRIATE FOR OVERCOMING SUCH CONSTRAINTS. ADOPTED

This recommendation is adopted in full by the company, and the assessment in question is set out in part IV of this Information on Corporate Governance.

II.1.1.2 COMPANIES SHALL SET UP INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN ORDER TO SAFEGUARD THEIR VALUE AND FOR THE SAKE OF TRANSPARENCY IN THEIR CORPORATE GOVERNANCE, ALLOWING IT TO IDENTIFY AND MANAGE RISK. THESE SYSTEMS SHALL INCLUDE AT LEAST THE FOLLOWING COMPONENTS: I) SETTING OF STRATEGIC COMPANY OBJECTIVES WITH REGARD TO RISK ACCEPTANCE; II) IDENTIFICATION OF THE MAIN RISKS ASSOCIATED WITH THE SPECIFIC BUSINESS CARRIED ON AND OF THE EVENTS WHICH MAY GIVE RISE TO RISKS; III) ANALYSIS AND MEASUREMENT OF THE IMPACT AND PROBABILITY OF THE OCCURRENCE OF EACH OF THE POTENTIAL RISKS; IV) RISK MANAGEMENT WITH A VIEW TO ALIGNING THE RISKS EFFECTIVELY INCURRED WITH THE COMPANY'S STRATEGIC OPTIONS REGARDING RISK ASSESSMENT; V) PROCEDURES FOR MONITORING EXECUTION OF RISK MANAGEMENT MEASURES ADOPTED AND THEIR EFFECTIVENESS; VI) ADOPTION OF INTERNAL REPORTING AND INFORMATION PROCEDURES RELATING TO THE DIFFERENT COMPONENTS OF THE SYSTEM AND RISK ALERTS; VII) PERIODIC ASSESSMENT OF THE SYSTEM IMPLEMENTED AND ADOPTION OF CHANGES AS REQUIRED. ADOPTED

In addition to the bodies and procedures in place in the company's subsidiaries, the company has its own Internal Control Committee with specific powers in the field of risk control and management, which take in the content of this recommendation, on the terms described in chapter II.6 of this Report. The recommendation has therefore been adopted by the company.

II.1.1.3 THE BOARD OF DIRECTORS SHALL ENSURE THAT INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS ARE SET UP AND FUNCTION. THE SUPERVISORY BOARD SHALL BE RESPONSIBLE FOR ASSESSING THE FUNCTIONING OF THESE SYSTEMS AND PROPOSING ANY CHANGES REQUIRED TO ADJUST THEM TO THE COMPANY'S NEEDS. ADOPTED

This recommendation has been adopted by the company. In addition to its own direct powers in this area, the Board of Directors resolved in 2006 to set up an Internal Control Committee which, in keeping with its responsibilities as defined by the directors (which have been reviewed and adapted to the company's changing needs), has taken charge of internal control and risk management. At the same time, the Audit Board is responsible for monitoring the effectiveness of the risk management and internal control system, proposing adjustments to the existing system, whenever appropriate, which the Internal Control Committee is required to adopt.

II.1.1.4 IN THEIR ANNUAL CORPORATE GOVERNANCE REPORTS, COMPANIES SHALL: *I)* IDENTIFY THE MAIN ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN CARRYING ON ITS BUSINESS; *II)* DESCRIBE THE ACTIVITIES AND EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM. ADOPTED

The main risks to which the company is exposed have always been described in its Annual Report and are now also detailed in chapter II.9 of this Report. A description of the entire risk management system is contained in chapter II.5 of this Report. This recommendation has accordingly been adopted by the company.

II.1.1.5 THE MANAGEMENT AND AUDIT BOARDS SHALL ESTABLISH INTERNAL REGULATIONS WHICH SHALL BE DISCLOSED ON ITS WEBSITE. ADOPTED

The company complies in full with this recommendation, and the rules of procedure in question are disclosed on its website. This issue is further discussed in chapter II.7 of this Report.

II.1.2 INCOMPATIBILITY AND INDEPENDENCE

II.1.2.1 THE BOARD OF DIRECTORS SHALL INCLUDE A NUMBER OF NON-EXECUTIVE MEMBERS THAT ASSURES EFFECTIVE CAPACITY TO OVERSEE, AUDIT AND ASSESS THE ACTIVITIES OF THE EXECUTIVE MEMBERS. ADOPTED

The company's Board of Directors has delegated powers to an Executive Board currently comprising six directors. Half of the directors are non-executive which, in the view adopted by the Securities Market Commission and most listed companies, assures effective capacity to oversee, audit and assess the activities of the other directors. This recommendation has accordingly been adopted by the company.

II.1.2.2 NON-EXECUTIVE MEMBERS SHALL INCLUDE AN ADEQUATE NUMBER OF INDEPENDENT MEMBERS. THE SIZE OF THE COMPANY AND ITS SHAREHOLDER STRUCTURE SHALL BE TAKEN INTO ACCOUNT WHEN SETTING THIS NUMBER, WHICH SHALL NEVER BE LESS THAN A QUARTER OF THE TOTAL NUMBER OF DIRECTORS. ADOPTED

This recommendation is adopted on numerical grounds, insofar as 1/3 of the twelve directors sitting on the company's board qualify, under the applicable legal and regulatory criteria, as independent. This classification is detailed further in respect of each director in chapter II.14 of this Report.
Without prejudice to compliance with the recommendation and recognition that diversity and the inclusion of a number of directors who are removed from the life of the company can contribute to the successful exercise of their office and the overall performance of the board of directors, the company wishes to reiterate its understanding that the grounds for formal classification as independent and the quantitative assessment adopted may not be effective in assessing overall the existence of such circumstances which might be of interest to the company. This assessment should instead be conducted in the light of the specific team, its personal and professional characteristics, namely its independence of character and judgment, and its overall relationship with the company.

II.1.2.3 THE ASSESSMENT BY THE BOARD OF DIRECTORS OF THE INDEPENDENCE OF ITS MEMBERS SHALL TAKE INTO ACCOUNT THE LEGAL AND REGULATORY RULES IN FORCE CONCERNING INDEPENDENCE REQUIREMENTS AND THE RULES ON INCOMPATIBILITY APPLICABLE TO MEMBERS OF OTHER COMPANY BODIES, SO THAT INDEPENDENCE CRITERIA ARE APPLIED SYSTEMATICALLY AND COHERENTLY ACROSS THE ENTIRE COMPANY, INCLUDING OVER TIME. A DIRECTOR SHALL NOT BE DEEMED INDEPENDENT IF, ON ANY OTHER CORPORATE BOARD OF BODY, HE OR SHE WOULD NOT QUALIFY AS INDEPENDENT UNDER THE APPLICABLE RULES. ADOPTED

The independence of non-executive directors is assessed in accordance with the recommendations, as described in greater detail in chapter II.15.

II.1.3 ELIGIBILITY AND APPOINTMENT

II.1.3.1 DEPENDING ON THE APPLICABLE MODEL, THE CHAIRMAN OF THE AUDIT BOARD, THE AUDIT COMMITTEE OR THE FINANCIAL AFFAIRS COMMITTEES SHALL BE INDEPENDENT AND BE ADEQUATELY CAPABLE OF PERFORMING HIS DUTIES. ADOPTED

This recommendation has been adopted by the company, insofar as the Chairman of the Audit Board complies with the legal criteria for independence and possesses the appropriate expertise. This issue is further referred to in chapter II.21 of this Report.

II.1.3.2 THE SELECTION PROCESS FOR APPLICANTS FOR NON-EXECUTIVE DIRECTORSHIPS SHALL BE DESIGNED SO AS TO PREVENT INTERFERENCE FROM EXECUTIVE DIRECTORS. NOT APPLICABLE

The company believes that, as powers to choose the management are assigned by law to the shareholders, there is no formal margin for the company's directors to interfere in the choice of new directors. Even in the exceptional case of the Board of Directors substituting one of its member by cooption, the choice is still subject to the final confirmation of the general meeting, which has powers to ratify such appointment, In the absence of any internal process, or of any grounds for creating one, we believe that this recommendation is not applicable to the way this process is designed. It should be noted that the Securities Market Commission considered that Semapa had not adopted this recommendation.

II.1.4 POLICY ON WHISTLEBLOWING

II.1.4.1 THE COMPANY SHALL ADOPT A POLICY WHEREBY ALLEGED IRREGULARITIES OCCURRING WITHIN THE COMPANY ARE REPORTED, SPECIFYING: I) THE MEANS THROUGH WHICH SUCH IRREGULARITIES MAY BE REPORTED INTERNALLY, INCLUDING THE PERSONS THAT ARE ENTITLED TO RECEIVE THE REPORTS; II) HOW THE REPORT IS TO BE HANDLED, INCLUDING CONFIDENTIAL TREATMENT, SHOULD IT BE REQUIRED BY THE REPORTER. ADOPTED

The company complies with this recommendation and has adopted internal rules on the reporting of irregularities allegedly occurring within the company, setting down the channels, the persons to whom such reports are to be addressed and the rules on treatment, as described in further detail in chapter II.35 of this report.

II.1.4.2 THE GENERAL GUIDELINES ON THIS POLICY SHALL BE DISCLOSED IN THE CORPORATE GOVERNANCE REPORT. ADOPTED

This recommendation has been fully adopted by the company, and the policy in question is outlined in chapter II.35 of this Report.

II.1.5 REMUNERATION

II.1.5.1 THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE STRUCTURED SO AS TO ALIGN THEIR INTERESTS WITH THE LONG TERM INTERESTS OF THE COMPANY, SHALL BE BASED ON PERFORMANCE ASSESSMENTS AND DISCOURAGE EXCESSIVE RISK TAKING. TO THIS END, REMUNERATION SHALL BE STRUCTURED, NAMELY, AS FOLLOWS: *(I)* THE REMUNERATION OF DIRECTORS WITH EXECUTIVE DUTIES SHALL INCLUDE A VARIABLE COMPONENT, SET IN ACCORDANCE WITH THE PERFORMANCE ASSESSMENT, CONDUCTED BY THE COMPETENT COMPANY BODIES, IN ACCORDANCE WITH MEASURABLE AND PRE-SET CRITERIA, WHICH CONSIDER THE REAL GROWTH OF THE COMPANY AND THE WEALTH EFFECTIVELY CREATED FOR SHAREHOLDERS, ITS LONG TERM SUSTAINABILITY AND THE RISKS ACCEPTED, AND ALSO COMPLIANCE WITH THE RULES APPLICABLE TO THE COMPANY'S BUSINESS OPERATIONS. *(II)* THE VARIABLE COMPONENT OF REMUNERATION SHALL BE REASONABLE OVERALL IN RELATION TO THE FIXED REMUNERATION COMPONENT, AND UPPER LIMITS SHALL BE SET FOR ALL COMPONENTS. *(III)* A SIGNIFICANT PART OF THE VARIABLE REMUNERATION SHALL BE DEFERRED FOR A PERIOD OF NO LESS THAN THREE YEARS, AND PAYMENT OF SUCH PART SHALL DEPEND ON THE CONTINUED POSITIVE PERFORMANCE OF THE COMPANY OVER THIS PERIOD. *(IV)* MEMBERS OF THE BOARD OF DIRECTORS SHALL NOT ENTER INTO CONTRACTS EITHER WITH THE COMPANY OR WITH THIRD PARTIES WHICH HAVE THE EFFECT OF MITIGATING THE RISK INHERENT IN THE VARIABILITY OF THEIR REMUNERATION AS FIXED BY THE COMPANY. *(V)* UNTIL THE END OF THEIR TERM OF OFFICE, EXECUTIVE DIRECTORS SHALL MAINTAIN THE SHARES IN THE COMPANY WHICH THEY MAY HAVE RECEIVED UNDER VARIABLE PAY SCHEMES, UP TO A LIMIT OF TWICE THE VALUE OF THEIR TOTAL ANNUAL REMUNERATION, SAVE THOSE WHICH HAVE TO BE DISPOSED OF IN ORDER TO PAY TAXES RESULTING FROM THE EARNINGS OF THESE SHARES. *(VI)* WHEN THE VARIABLE REMUNERATION INCLUDES THE ALLOCATION OF OPTIONS, THE START OF THE PERIOD FOR EXERCISE SHALL BE DEFERRED FOR A PERIOD OF NO LESS THAN THREE YEARS.

(VII) APPROPRIATE LEGAL INSTRUMENTS SHALL BE INSTITUTED SO THAT THE SEVERANCE PAY ESTABLISHED FOR ANY FORM OF DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF DIRECTORSHIP IS NOT PAID IF THE DISMISSAL OR TERMINATION BY AGREEMENT IS DUE TO FAILINGS IN THE DIRECTOR'S PERFORMANCE. *(VIII)* THE REMUNERATION OF NON-EXECUTIVE DIRECTORS SHALL NOT INCLUDE ANY COMPONENT DEPENDENT ON THEIR PERFORMANCE OR THE VALUE OF THE COMPANY. ADOPTED

In the company's view, the form of structuring remuneration set out in sub-paragraphs (i) to (vii) above can only be regarded as an example. In the first place, the term "namely" suggests precisely this and, at the same time, to limit the different company options which could pursue the same ends and be better suited to the structure of the company in question would undoubtedly go against the spirit of the recommendation.

It is clear that the company has a remuneration policy which makes it possible to align the directors' interests with the long term interests of the company, and which is based on performance assessments, as follows with sufficient clarity from the remuneration policy approved by the shareholders and from the contents of item II.33 below referring to the remuneration system.

In relation to the recommendation that the remuneration policy should discourage excessive risk-taking, we should note that this follows in the first place from the fact that remuneration does not vary in direct proportion to results, but is instead determined by conjugating a range of factors which inevitably includes the level of risk, despite the difficulty involved in making this assessment.

However, in the case of Semapa, where shareholder control is stable, and which has therefore also enjoyed great stability in terms of management, this principle is efficiently assured by the fact its senior officers serve the company on a long term basis, meaning that their future remuneration is dependent on long term policies and the level of risks accepted.

As for the examples of how remuneration is to be structured:

(i) The remuneration of executive directors includes a variable component which meets the criteria set out in this sub-paragraph. However, we should note that the reference to measurable and preset criteria is not understood as a methodology which can be directly and arithmetically applied to the entire variable component, as certain aspects, such as the actual consideration of the risks accepted, are not inherently compatible with this form of operation. There are therefore preset percentages of the remuneration which are determined by means of value judgments,

(ii) Despite the difficulty in determining whether the value of the variable component is reasonable in relation to the fixed component, we believe that the proportion currently prevailing in this respect is reasonable. Upper limits exist on variable remuneration, established in the articles of association as detailed below, but not for fixed remuneration, and this limit it set by resolution of the Remuneration Committee.

(iii) There is no deferral of remuneration components, as explained in detail in chapter III of the remuneration policy approved by the shareholders.

(iv) The company does not enter into any contracts with directors with the effect of mitigating the risk inherent in the variability of the remuneration set by the company. As regards the conclusion of contracts of this type between directors and third parties, the company is not aware of any, and does nothing to encourage them, but these are transactions in which, due to their very nature, the company is not involved, meaning that it is unable to attest to none such existing.

(v) This specific measure does not apply to Semapa as the company runs no share-based variable remuneration scheme.

(vi) The company likewise has no option-based payment plans, meaning that this measure is not applicable.

(vii) This measure is also not applicable, as the company has no contractual relationships which establish special sets of rules for instances of departure/removal from office, meaning that the supplementary rules established in law apply.

(viii) This measure has not been adopted for reasons explained in the final paragraph of sub-paragraph a) of chapter V of the Remuneration policy statement and in item 2 of chapter VII of the same document.

II.1.5.2 THE STATEMENT ON REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS AND AUDIT BOARD REFERRED TO IN ARTICLE 2 OF LAW 28/2009, OF 19 JULY, SHALL CONTAIN, IN ADDITION TO THE CONTENT REFERRED TO THEREIN, SUFFICIENT INFORMATION: I) ON WHICH CORPORATE GROUPS WERE SELECTED FOR COMPARISON OF REMUNERATION POLICY AND PRACTICES FOR THE PURPOSES OF SETTING REMUNERATION; II) ON SEVERANCE PAYMENTS FOR DIRECTORS. ADOPTED

The approved remuneration policy statement contains the mandatory content referred to in Law 28/2009, of 19 June, and describes the comparative data considered by the Remuneration Committee in setting remuneration. As regards severance pay paid by Semapa to departing directors, the statement indicates that no agreements exist or have ever been set by the remuneration committee. The company accordingly complies with the recommendation.

II.1.5.3 THE REMUNERATION POLICY STATEMENT REFERRED TO IN ARTICLE 2 OF LAW 28/2009 SHOULD ALSO ENCOMPASS THE REMUNERATION OF MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 248-B.3 OF THE SECURITIES CODE, WHOSE REMUNERATION INCLUDES A SIGNIFICANT VARIABLE COMPONENT. THE STATEMENT SHOULD BE DETAILED AND THE POLICY PRESENTED SHOULD TAKE INTO ACCOUNT THE COMPANY'S LONG TERM PERFORMANCE, COMPLIANCE WITH THE RULES APPLICABLE TO THE COMPANY'S OPERATIONS AND RESTRAINT IN RISK-TAKING. NOT ADOPTED

The directors consider that employee pay policy, specifically for managerial staff, is a management act for which they have sole responsibility, as follows clearly from a combined interpretation of Articles 373.3 and 405 of the Companies Code. Contrary to the situation in a company by quota shares, in public limited companies shareholder involvement in management is highly exceptional, and should only occur on the initiative of the management body. No grounds are here deemed to exist for an exception, and it is considered that the existence of restraints on the management and setting of the pay policy for the company's senior management could even undermine the directors' accountability to the shareholders. The remuneration policy statement limits itself to acknowledging the position of the Board of Directors, of which it is well aware. The company continues therefore not to comply with this recommendation.

II.1.5.4 A PROPOSAL SHALL BE SUBMITTED AT THE GENERAL MEETING ON THE APPROVAL OF PLANS FOR THE ALLOTMENT OF SHARES AND/OR SHARE OPTIONS OR OPTIONS BASED ON VARIATIONS IN SHARE PRICES, TO MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER MANAGEMENT PERSONNEL AS DEFINED IN ARTICLE 248/3/B OF THE SECURITIES CODE. THE PROPOSAL SHALL MENTION ALL THE NECESSARY INFORMATION FOR A CORRECT ASSESSMENT OF ANY SUCH PLAN. THE PROPOSAL SHALL CONTAIN THE PLAN REGULATIONS OR, IF THESE HAVE NOT YET BEEN DRAWN UP, THE GENERAL CONDITIONS TO WHICH THE PLAN IS SUBJECT. THE MAIN FEATURES OF THE RETIREMENT BENEFIT PLANS FOR MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 248/3/B OF THE SECURITIES CODE, SHALL ALSO BE APPROVED AT THE GENERAL MEETING. ADOPTED

The company has no share allocation schemes. It does however have a pension plan, for directors only, with regulations approved by resolution of the shareholders. The recommendation is therefore adopted.
This issue is further referred to in chapter II.33 o) of this Report.

II.1.5.5 NO LESS THAN ONE REPRESENTATIVE OF THE REMUNERATION COMMITTEE SHALL BE PRESENT AT THE ANNUAL SHAREHOLDERS' GENERAL MEETING ADOPTED

This recommendation has been adopted. It should nonetheless be noted that the decision to adopt this recommendation has not been imposed by the company, but has instead flown from a decision taken freely by the Remuneration Committee itself.

II.1.5.7 THE ANNUAL REPORT ON CORPORATE GOVERNANCE SHALL DISCLOSE THE REMUNERATION RECEIVED, ON AN AGGREGATE AND INDIVIDUAL BASIS, IN OTHER GROUP COMPANIES AND THE PENSION RIGHTS ACQUIRED IN THE PERIOD IN QUESTION. NOT APPLICABLE

Note 1 to this recommendation in the 2010 Corporate Governance Code that "This recommendation shall remain in place until the reporting duties provided for in Article 3 c) and d) of Securities Market Commission Regulations no. 1/2010 come into effect." Given that these sub-paragraphs, and the reporting duties they provide for, came into effect on 1 January 2011, under Article 7.2 of Securities Market Commission Regulations no. 1/2010, Semapa considers that this recommendation has lapsed and as such is not applicable.

II.2. BOARD OF DIRECTORS

II.2.1. WITHIN THE LIMITS ESTABLISHED BY LAW FOR EACH MANAGEMENT AND SUPERVISORY STRUCTURE, AND EXCEPT ON THE GROUNDS OF THE SMALL SIZE OF THE COMPANY, THE BOARD OF DIRECTORS SHALL DELEGATE THE DAY-TO-DAY RUNNING OF THE COMPANY AND THE DELEGATED RESPONSIBILITIES SHALL BE IDENTIFIED IN THE ANNUAL REPORT ON CORPORATE GOVERNANCE. ADOPTED

In this company, day-to-day management responsibilities are delegated to an Executive Board and the respective powers are identified in this report. This question is considered at further length in Chapters II.2 and II.3.

II.2.2. THE BOARD OF DIRECTORS SHALL ENSURE THAT THE COMPANY ACTS IN ACCORDANCE WITH ITS OBJECTS, AND SHALL NOT DELEGATE ITS RESPONSIBILITIES WITH REGARD TO: I) DEFINITION OF THE COMPANY'S STRATEGY AND GENERAL POLICIES; II) DEFINITION OF THE CORPORATE STRUCTURE OF THE GROUP; III) DECISIONS THAT SHOULD BE CONSIDERED AS STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED. NOT ADOPTED

As in this past, this recommendation is not adopted in full because the powers delegated to the Executive Board include some of the powers contemplated in the recommendation.
However, in practice, this recommendation has been complied with, as the powers in question have so far been exercised by the Board of Directors, and it is the intention of both the Board of Directors and of the Executive Board shall this should continue to be the procedure in future.
However, the Board of Directors, as stated in the past, considers that the formal situation of wider delegated powers should be maintained, as the company should not take the risk that, in particular situations not compatible with the relative inflexibility of the procedures for holding meetings of the Board of Directors, important steps might not be taken in due time because the Executive Board lacks the necessary powers.

II.2.3. IF CHAIRMAN OF THE BOARD OF DIRECTORS EXERCISES EXECUTIVE DUTIES, THE BOARD OF DIRECTORS SHALL SET UP EFFICIENT PROCEDURES FOR COORDINATING NON-EXECUTIVE MEMBERS THAT ASSURE THAT THESE MAY REACH DECISIONS IN AN INDEPENDENT AND INFORMED MANNER, AND FURTHERMORE SHALL PROVIDE SHAREHOLDERS WITH DETAILS OF THESE PROCEDURES IN THE CORPORATE GOVERNANCE REPORT. ADOPTED

The Chairman of the Board of Directors is also Chairman of the Executive Board, but the necessary procedures are in place in the company to assure efficient coordination of the work of non-executive directors; this recommendation is therefore adopted in full. This issue is further referred to in Chapter II.8 of this Report.

II.2.4. THE ANNUAL MANAGEMENT REPORT SHALL INCLUDE A DESCRIPTION OF THE WORK OF NON-EXECUTIVE BOARD MEMBERS AND SHALL MENTION ANY CONSTRAINTS ENCOUNTERED. ADOPTED

This recommendation has been fully adopted, and a description of the activities of the non-executive directors in included in part IV of this Corporate Governance Report.

II.2.5. THE COMPANY SHALL SPECIFY ITS POLICY ON ROTATING AREAS OF RESPONSIBILITY WITHIN THE BOARD OF DIRECTORS, AND IN PARTICULAR RESPONSIBILITY FOR FINANCIAL MATTERS, PROVIDING INFORMATION ON THIS IN ITS ANNUAL CORPORATE GOVERNANCE REPORT. ADOPTED

This recommendation has been adopted insofar as there is a policy whereby the advantages of rotation and periodically considered and assessed, but not in the sense of there being any requirement for rotation, or maximum periods of time without rotation. As regards responsibility for financial matters, it is important to point out that this responsibility is shared in the company by two directors, Dr. José Alfredo Almeida Honório and Dr. José Miguel Pereira Gens Paredes. This matter is further considered in chapters II.3 and II.11.

II.3. CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS

II.3.1. DIRECTORS WHO EXERCISE EXECUTIVE DUTIES, WHEN REQUESTED BY OTHER BOARD MEMBERS TO SUPPLY INFORMATION, SHALL DO SO IN GOOD TIME AND THE INFORMATION SUPPLIED SHALL ADEQUATELY RESPOND TO THE ENQUIRY. ADOPTED

The executive directors provide the information requested by other company officers in a timely and appropriate manner, as detailed in chapter II.3 of this report. This recommendation has therefore been adopted.

II.3.2. THE CHAIRMAN OF THE EXECUTIVE COMMITTEE SHALL SEND NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE BOARD OF THE DIRECTORS AND, WHEN APPLICABLE, TO THE CHAIRMAN OF THE AUDIT BOARD OR THE AUDITING COMMITTEE. ADOPTED

This recommendation has been adopted, and the notices of meetings and minutes of the Executive Board are forwarded to the Chairman of the Audit Board.

II.3.3. THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS SHALL SEND THE NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE GENERAL AND AUDIT BOARD AND TO THE CHAIRMAN OF THE FINANCIAL AFFAIRS COMMITTEE. NOT APPLICABLE

This recommendation does not apply to the company, as it is structured differently.

II.4. GENERAL AND AUDIT BOARD, FINANCIAL AFFAIRS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD

II.4.1. IN ADDITION TO ITS SUPERVISORY DUTIES, THE GENERAL AND AUDIT BOARD SHALL ADVISE, MONITOR AND ASSESS, ON AN ONGOING BASIS, THE MANAGEMENT OF THE COMPANY BY THE EXECUTIVE BOARD OF DIRECTORS. IN ADDITION TO OTHER MATTERS, THE GENERAL AND AUDIT BOARD SHALL PRONOUNCE ON: I) DEFINITION OF THE STRATEGY AND GENERAL POLICIES OF THE COMPANY; II) THE CORPORATE STRUCTURE OF THE GROUP; AND III) DECISIONS WHICH SHOULD BE CONSIDERED STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED. NOT APPLICABLE

This recommendation does not apply to the company, as it is structured differently.

II.4.2. THE ANNUAL REPORTS AND FINANCIAL INFORMATION ON THE WORK OF THE GENERAL AND SUPERVISORY COMMITTEE, THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL BE DISCLOSED ON THE COMPANY'S WEBSITE TOGETHER WITH THE FINANCIAL STATEMENTS. ADOPTED

This recommendation is adopted, insofar as the report of the Audit Board, covering its activities in the period in question, has always been disclosed on the company's website, together with the other reports and financial statements.

II.4.3. THE ANNUAL REPORTS ON THE WORK OF THE GENERAL AND AUDIT BOARD, THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL INCLUDE A DESCRIPTION OF THEIR SUPERVISORY ACTIVITY AND SHALL MENTION ANY CONSTRAINTS ENCOUNTERED ADOPTED

The report in question includes a description of the supervisory activities of the Audit Board, indicating any constraints encountered. This recommendation is therefore adopted.

II.4.4. THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD (DEPENDING ON THE APPLICABLE MODEL) SHALL REPRESENT THE COMPANY FOR ALL PURPOSES IN DEALINGS WITH THE EXTERNAL AUDITOR, AND SHALL PROPOSE THE PROVIDER OF THESE SERVICES AND THE RESPECTIVE REMUNERATION, ENSURE THAT ADEQUATE CONDITIONS FOR THE SUPPLY OF THESE SERVICES ARE IN PLACE WITHIN THE COMPANY, AS WELL AS PROVIDING THE POINT OF CONTACT AT THE COMPANY AND RECEIVING THE RESPECTIVE REPORTS ADOPTED

The Audit Board represents the company in dealings with the External Auditor, not in the sense of being granted formal powers of representation but rather as the prime point of contact, with access and direct knowledge of the work carried out by the External Auditor. The company believes that this direct supervision by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried on by the External Auditor, provided that this does not undermine the provision of prompt and adequate information on this work to the management body, which has ultimate responsibility for the company's affairs and financial statements. In keeping with this principle, the External Auditor's reports are addressed to the Audit Board and discussed at joint meetings of this board with a member of the Board of Directors, and the Audit Board takes steps to assure that the necessary conditions are in place in the company for the provision of audit services.
With regard to the contracting of the External Auditor, the Audit Board proposes its candidate, under the terms of Article 420.2 b) of the Companies Code, and the respective remuneration.
This recommendation has therefore been adopted by the company.

II.4.5. DEPENDING ON THE APPLICABLE MODEL, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL ASSESS THE EXTERNAL AUDITOR ANNUALLY AND PROPOSE HIS DISMISSAL TO THE GENERAL MEETING WHENEVER THERE IS DUE CAUSE. ADOPTED

The External Auditor is assessed by the Audit Board on a continuous basis, and especially at the close of each half and full year. No proposal has ever been made for dismissal, but such powers are in fact recognized as existing.
This recommendation has therefore been adopted by the company.

II.4.6 THE INTERNAL AUDIT DEPARTMENTS AND THOSE THAT ENSURE COMPLIANCE WITH THE RULES APPLICABLE TO THE COMPANY (COMPLIANCE SERVICES) SHALL REPORT TO THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR IN THE CASE OF COMPANIES ADOPTING THE LATIN MODEL, AN INDEPENDENT DIRECTOR OR SUPERVISORY BOARD, REGARDLESS OF THE HIERARCHICAL RELATIONSHIP THAT THESE SERVICES HAVE WITH THE EXECUTIVE MANAGEMENT OF THE COMPANY. ADOPTED

The company does not have internal departments solely dedicated to audit or compliance and these functions are assigned essentially to the Audit Board and to Semapa's Legal Department. This option is due to Semapa's simplified administrative structure as a holding company, without prejudice to the existence of departments of this type in its subsidiaries.
This recommendation has therefore been adopted by the company.

II.5. SPECIAL COMMITTEES

II.5.1 EXCEPT IN SMALL COMPANIES AND DEPENDING ON THE MODEL ADOPTED, THE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY COMMITTEES SHALL SET UP THE NECESSARY COMMITTEES IN ORDER TO: I) ASSURE COMPETENT AND INDEPENDENT ASSESSMENT OF THE PERFORMANCE OF THE EXECUTIVE DIRECTORS, AS WELL AS OF THEIR OWN OVERALL PERFORMANCE AND ALSO THAT OF ALL EXISTING COMMITTEES; II) REFLECT ON THE GOVERNANCE SYSTEM IN PLACE AND MONITOR ITS EFFECTIVENESS AND PROPOSE TO THE RELEVANT BODIES THE MEASURES REQUIRED TO IMPROVE IT; III) IDENTIFY PROMPTLY POTENTIAL CANDIDATES WITH THE HIGH PROFILE NEEDED TO HOLD THE OFFICE OF DIRECTOR. NOT ADOPTED

At Semapa, it is not always necessary or appropriate for the Board of Directors to set up committees with specific powers in given areas, in view of the size of the company, and the fact that it is a holding company with no direct operations and a very simple administrative structure.
The company accordingly sees no need for a specific committee to assess the performance of the executive directors, as this function is fully and perfectly assured by the Chairman of the Board of Directors, the Audit Board, the Remuneration Committee and the shareholders.
As regards reflection on corporate governance, the company has indeed set up a committee for this purpose, as described in chapter II.3 of this Report.
Finally, on the question of the identifying of potential candidates for directorships, such a function does not exist for the reasons set out above in relation to recommendation II.1.3.2, meaning that in this particular the recommendation is not applicable.

We therefore consider that this recommendation has been adopted, insofar that two of the three requirements have been adopted and one is not applicable.
We therefore consider that Semapa has not adopted this recommendation.

II.5.2 MEMBERS OF THE REMUNERATION COMMITTEE OR THE EQUIVALENT SHALL BE INDEPENDENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND INCLUDE NO LESS THAN ONE MEMBER WITH KNOWLEDGE AND EXPERIENCE IN THE FIELD OF REMUNERATION POLICY. ADOPTED

As explained more fully below, the company considers that all the members of the Remuneration Committee qualify as independent.
Eng. Frederico da Cunha's connection with Semapa results from the fact that he was a non-executive director of the company until 2005 and currently draws a retirement pension on the strength of his former duties. However, Semapa considers that, because he was a non-executive director, and because of the time that has elapsed and the fact that his pension entitlement is an acquired right over which Semapa has no control, the impartiality of his analysis and decisions is not constrained, meaning that he exercises his duties with independence.
In the case of Dr. José Maury, there are instances in the previous financial year of services rendered by Egon Zehnder, the company he represents, to subsidiaries of Semapa. However the scale of these services is not such as could undermine the independence of this member of the committee. Dr. José Maury has extensive knowledge and experience in the field of remuneration policies.
Finally, Dr. Sofia Frère, appointed at the annual general meeting in 2011, is also independent, there existing no circumstance which could undermine the impartiality of her analysis or decisions. We would clarify however that, although she holds office in a number of companies in the Santander group, Semapa's commercial dealings with Santander do not fall within the scope of her responsibilities.
We may therefore see that the membership is extremely favourable to a correct and independent assessment. In effect, the committee consists one person who is familiar with the internal workings of the company from the time when he was a director, another who is a specialist in matters of remuneration and a third member who has pursued her professional career in the context of major business groups but with no connection to the company. The three members accordingly each bring specific advantages which complement each other.
The company therefore considers that this recommendation has been adopted. Nonetheless, we note that the Securities Market Commission has taken a different view, considering that Eng. Frederico da Cunha cannot be classified as independent given that he was formerly a director of the company. This issue is further referred to in items II.36 and II.38 of this Report.

II.5.3 NO NATURAL OR LEGAL PERSON WHO PROVIDES, OR HAS PROVIDED IN THE LAST THREE YEARS, SERVICES TO ANYBODY OR ORGANIZATION REPORTING TO THE BOARD OF DIRECTORS OR TO THE COMPANY'S BOARD OF DIRECTORS ITSELF, OR WHO HAS ANY CURRENT RELATIONSHIP WITH THE COMPANY'S CONSULTANTS, SHALL BE CONTRACTED TO SUPPORT THE REMUNERATION COMMITTEE IN THE PERFORMANCE OF ITS DUTIES. THIS RECOMMENDATION ALSO APPLIES TO ANY NATURAL OR LEGAL PERSON CONNECTED WITH SUCH PERSONS BY EMPLOYMENT OR SERVICE CONTRACT. ADOPTED

The Remuneration Committee has never contracted any person or organization to assist it in its duties. The recommendation has therefore been adopted.

II.5.4 ALL COMMITTEES SHALL DRAW UP MINUTES OF THE MEETINGS HELD. ADOPTED

This recommendation has been adopted by the company given that all the committees identified in Chapter II.3 of this Report draw up minutes of their meetings.

III. REPORTING AND AUDITING

III.1 GENERAL REPORTING DUTIES

III.1.1 COMPANIES SHALL MAINTAIN PERMANENT CONTACT WITH THE MARKET, THEREBY UPHOLDING THE PRINCIPLE OF EQUALITY FOR SHAREHOLDERS AND PREVENTING ANY INEQUALITY IN ACCESS TO INFORMATION FOR INVESTORS. TO THIS END, THE COMPANY SHALL HAVE AN INVESTOR SUPPORT OFFICE. ADOPTED

This recommendation has been adopted, as follows from the detailed treatment of this issue in Chapter III.16 of this Report.

III.1.2 THE FOLLOWING INFORMATION PUBLISHED ON THE COMPANY'S WEBSITE SHALL BE DISCLOSED IN THE ENGLISH LANGUAGE:
a) THE COMPANY NAME, PUBLIC COMPANY STATUS, REGISTERED OFFICE AND OTHER DATA REQUIRED BY ARTICLE 171 OF THE COMPANIES CODE;
b) ARTICLES OF ASSOCIATION;
c) IDENTITY OF COMPANY OFFICERS AND MARKET RELATIONS OFFICER;
d) INVESTOR SUPPORT OFFICE, RESPECTIVE SERVICES AND CONTACT DETAILS;
e) FINANCIAL STATEMENTS AND REPORTS;
f) SIX-MONTHLY SCHEDULE OF COMPANY EVENTS;
g) MOTIONS TO BE TABLED AT THE GENERAL MEETING;
h) NOTICES OF GENERAL MEETINGS. ADOPTED

All the above information is disclosed in English on the company's website, and this recommendation is therefore adopted by the company.

III.1.3 COMPANIES SHALL CHANGE TO A NEW AUDITOR AFTER TWO OR THREE TERMS OF OFFICE, DEPENDING ON WHETHER SUCH TERMS ARE RESPECTIVELY OF THREE OR FOUR YEARS. REAPPOINTMENT AFTER SUCH PERIOD HAS ELAPSED SHALL BE ON THE BASIS OF GROUNDS SET OUT IN A SPECIFIC REPORT FROM THE SUPERVISORY BOARD, EXPRESSLY ASSESSING THE AUDITOR'S INDEPENDENCE AND THE ADVANTAGES AND COSTS OF SUBSTITUTION. ADOPTED

At the annual general meeting in 2010, the Audit Board submitted to shareholders a proposal for retaining the External Auditor, issuing its opinion in a report in which it argued that the quality of the work performed by PricewaterhouseCoopers and the firm's accrued experienced in the sectors in which Semapa invests outweighed the drawbacks of retaining it. It concluded that the External Auditor is independent, a position which is reinforced by the proposal for rotating the partner representing the firm, in line with best international practice. The proposal was approved by the shareholders as it stood, and the External Auditor, now represented by a different partner, was elected for a further four-year period ending on 31 December 2013. The company accordingly complies with the recommendation.

III.1.4 IN THE EXERCISE OF ITS DUTIES, THE EXTERNAL AUDITOR SHALL CHECK THE APPLICATION OF REMUNERATION POLICIES AND SYSTEMS, THE EFFECTIVENESS AND WORKINGS OF INTERNAL CONTROL PROCEDURES AND REPORT ANY SHORTCOMINGS TO THE COMPANY'S SUPERVISORY BOARD. ADOPTED

The company's External Auditor, PricewaterhouseCoopers, checks the application of remuneration policies and systems, and the effectiveness and workings of procedures through the information and documents provided by the company, and in particular by the Remuneration Committee and the Internal Control Committee. The respective findings are reported by the External Auditor to the Audit Board which then reports the shortcomings detected, if any. This recommendation is accordingly adopted.

III.1.5 THE COMPANY SHALL NOT CONTRACT FROM THE EXTERNAL AUDITOR, OR FROM ANY ENTITIES BELONGING TO THE SAME CORPORATE GROUP OR NETWORK, ANY SERVICES OTHER THAN AUDIT SERVICES. IF THERE ARE REASONS FOR CONTRACTING SUCH SERVICES, WHICH SHALL BE APPROVED BY THE SUPERVISORY BOARD AND DETAILED IN ITS ANNUAL CORPORATE GOVERNANCE REPORT, THEY SHALL NOT ACCOUNT FOR MORE THAN 30% OF THE TOTAL VALUE OF THE SERVICES SUPPLIED TO THE COMPANY. ADOPTED

In the course of 2011, services other than audit services contracted by the company from the External Auditor, including from entities belonging to the same corporate group or service network, represented 21% of the total services provided to the company, which percentage is below the recommended upper limit of 30%. These services consist essentially of support services to safeguard compliance with fiscal obligations, in Portugal and abroad, and are approved by the Audit Board. The Board of Directors and the Audit Board consider that the contracting of these services is justified by the External Auditor's store of experience in the sectors in which the company operates and by the quality of its work, in addition to the fact that there are sufficient procedures in place to safeguard the independence of the auditors, through careful definition of the services required at the contracting stage. This recommendation has been adopted by the company.

IV CONFLICTS OF INTERESTS

IV.1 DEALINGS WITH SHAREHOLDERS

IV.1.1 TRANSACTIONS BETWEEN THE COMPANY AND THE OWNERS OF QUALIFYING HOLDING, OR WITH ENTITIES IN ANY WAY RELATED TO SUCH SHAREHOLDERS, AS DEFINED IN ARTICLE 20 OF THE SECURITIES CODE, SHALL BE CARRIED OUT ON AN ARM'S LENGTH BASIS. ADOPTED

This recommendation is adopted insofar as, in 2011, the company's transactions with the owners of qualifying holdings or with entities in any way related to such shareholders, as defined in Article 20 of the Securities Code, were carried out on an arm's length basis.

IV.1.2 SIGNIFICANT TRANSACTIONS WITH THE OWNERS OF QUALIFYING HOLDINGS, OR WITH ENTITIES IN ANY WAY RELATED TO SUCH SHAREHOLDERS, AS DEFINED IN ARTICLE 20 OF THE SECURITIES CODE, SHALL BE SUBMITTED FOR PRIOR CLEARANCE BY THE SUPERVISORY BOARD. THIS BODY SHALL DETERMINE THE PROCEDURES AND CRITERIA NEEDED FOR ASSESSING WHETHER SUCH TRANSACTIONS ARE SIGNIFICANT AND FOR DECIDING ON ANY STEPS TO BE TAKEN. ADOPTED

On the basis of a proposal from the Board of Directors, the Audit Board has defined the procedures and criteria for identifying significant transactions which, as such, should be submitted for prior clearance. These criteria are those set out in chapter III.13 of this Report. Application of these criteria shows that in 2011 none of the company's transactions with the owners of qualifying holdings or entities in any way related to such shareholders, as defined in Article 20 of the Securities Code, can be regarded as significant, and consequently none were submitted for clearance by the Audit Board. This recommendation is therefore adopted.

CHAPTER I GENERAL MEETING

I.1. IDENTIFICATION OF THE OFFICERS OF THE GENERAL MEETING.

The officers of the General Meeting are:

CHAIRMAN - (vacant)
SECRETARY - Dr.ª Rita Maria Pinheiro Ferreira Soares de Oliveira

I.2. STARTING AND ENDING DATES OF TERMS OF OFFICE.

The Secretary of the General Meeting, Dr.ª Rita Maria Pinheiro Ferreira Soares de Oliveira, was elected for the first time on 21 March 2007, and was re-elected at the general meeting of 22 April 2010, to hold office until the end of the term of office which ends on 31 December 2013. The same general meeting also re-elected as Chairman Dr. José Pedro Correia de Aguiar-Branco, who then tendered his resignation on 21 June 2011, leaving this position vacant since such date.

I.3. REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING.

During the financial year of 2011, the remuneration paid to the Chairman of the General Meeting was 3,000.00 Euros.

I.4. TIME DURING WHICH SHARES MUST BE BLOCKED IN ORDER FOR THEIR HOLDERS TO PARTICIPATE IN THE GENERAL MEETING.

Following on from the change to the law made by Decree-Law 49/2010, of 19 May, which, under Article 23-C of the Securities Code, exempted shares from blocking, requiring only that they be held on the 5th trading day prior to the date of the meeting, and setting different rules and time limits for participation in the general meeting, the shareholders approved at the 2011 general meeting a change to the articles of association (a new paragraph ten in Article Nine), incorporating these rules as far as they are applicable to the company due to its nature,

However, the previous rules are maintained, but will not apply as long as mandatory rules exist which take precedence over them. These rules require that shareholders present documentary evidence of ownership of shares and that they have been blocked no less than five days prior to the date of the general meeting. These five days are counted continuously and whenever a time limit ends on a weekend or bank holiday, the end of the period is transferred to the next business day. The company considers as the date of receipt the date on which the document is first received by fax or email, provided the original is presented by the starting date of the general meeting.

I.5. RULES APPLICABLE TO THE BLOCKING OF SHARES IN THE EVENT OF ADJOURNMENT OF THE GENERAL MEETING.

Although shares no longer have to be blocked unless shareholders expressly so request, the former chairman of the general meeting considered that this was not necessary for the entire adjournment period until resumption of the meeting, it being sufficient for the rules applying to the first session to apply to the second in this respect.

I.6. NUMBER OF SHARES THAT CORRESPOND TO ONE VOTE.

As established in the articles of association, one vote corresponds to each 385 shares.

I.7. EXISTENCE OF PROVISION IN THE ARTICLES OF ASSOCIATION FOR NON-VOTING SHARES OR RULES ESTABLISHING THAT VOTES IN EXCESS OF A GIVEN NUMBER ARE NOT COUNTED, WHEN CAST BY A SINGLE SHAREHOLDER OR RELATED SHAREHOLDERS.

There are no rules in the articles of association providing for non-voting shares or establishing that votes in excess of a given number are not included, when cast by a single shareholders or related shareholders.

I.8. THE EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON THE EXERCISE OF VOTING RIGHTS, INCLUDING QUORUMS FOR HOLDING MEETINGS OR ADOPTING RESOLUTIONS OR SYSTEMS FOR EQUITY RIGHTS.

Nothing to report in this regard except that there are time limits for presentation of the documentation needed for participation in the general meeting and postal votes. Except for the legal time limit – the day before the general meeting – for the exercise of postal votes, the legal time limits for attendance of general meeting are not applicable, as stated above and as provided in the articles of association, as long as mandatory legal rules exist which prevail over them as is the case of Article 23-C of the Securities Code.

I.9. EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON POSTAL VOTES.

Postal votes are permitted on the terms established in the articles of association, the following procedures being observed:

a) An envelope containing the voting declarations shall be addressed to the Chairman of the General Meeting, and received at the registered offices by the day before the meeting;

b) This envelope shall contain (1) letter addressed to the Chairman of the General Meeting, with notarized signature, expressing the intention to vote, and (2) the voting declarations, one for each item on the order of business, in a separate sealed envelope indicating on the outside the item on the order of business to which it refers;

c) Postal votes are counted as votes against any motions submitted subsequent to their casting, and

d) The Board of Directors may issue rules on alternative forms of exercising voting rights, not using paper, provided they also assure the authenticity and confidentiality of votes until the moment of casting.

I.10. PROVISION OF POSTAL VOTING FORMS.

The company provides postal voting forms. These forms are available on the company's website and may be requested from the investor support office.

I.11. TIME LIMIT FOR RECEIPT OF POSTAL BALLOTS PRIOR TO THE DATE OF GENERAL MEETINGS.

As stated, the envelope containing postal votes may be received up to the day prior to the general meeting.

I.12. EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS.

Exercise of voting rights by electronic means is still not possible, although the articles of association authorize the Board of Directors to issue regulations on alternative non-paper forms of exercise of voting rights, provided they also assure the authenticity and confidentiality of votes up to the moment of voting.

We wish to note that the company has yet to receive any enquiry or expression of interest from shareholders or investors in relation to such a facility.

I.13. SHAREHOLDER ACCESS TO EXTRACTS FROM MINUTES OF GENERAL MEETINGS THROUGH COMPANY WEBSITE WITHIN FIVE DAYS OF THE HOLDING OF THE MEETING.

The company posts extracts from the minutes of its general meetings on its web site within five days of the holding of meetings.

I.14. EXISTENCE OF HISTORICAL ARCHIVES, ON THE COMPANY'S WEBSITE, WITH RESOLUTIONS ADOPTED AT THE COMPANY'S GENERAL MEETINGS, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF VOTES, FOR THE LAST THREE YEARS.

Extracts from the minutes of general meetings, with the resolutions, share capital represented, and the results of votes, for the last 3 years, are available for consultation at the company's website.

I.15. INFORMATION ON PRESENCE AT GENERAL MEETINGS OF REPRESENTATIVE(S) OF THE REMUNERATION COMMITTEE.

The member of the Remuneration Committee usually present at general meetings, as at the last meeting, is Eng. Frederico José da Cunha Mendonça e Meneses.

I.16. INFORMATION ON THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE REMUNERATION POLICY OF THE COMPANY AND ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS.

In 2011, the Remuneration Committee submitted for the approval of the shareholders at the general meeting a remuneration policy statement relating to the the members of the Board of Directors and the Audit Board for which it is responsible; this document is reproduced in part II of this Corporate Governance Report, and was duly discussed and approved.

In view of the legal requirement, the Remuneration Committee will submit a remuneration policy statement to the general meeting each year, notwithstanding the view, set out in the first declaration, issued prior to the introduction of this requirement, that it would be more appropriate for the policy to remain in force for the duration of the respective term of office.

This remuneration policy statement does not encompass other management personnel, in the light of the company's view that the setting of employee pay policy is a management act for which the Board of Directors has sole powers, which understanding is explained more fully in connection with recommendation II.1.5.3.

The annual general meeting plays no part in assessing the performance of members of the board of the directors for the purpose of remuneration, notwithstanding the annual approval of the remuneration policy statement concerning company officers.

I.17. INFORMATION ON THE GENERAL MEETING'S INTERVENTION CONCERNING PROPOSALS FOR SHARE- OR OPTION-BASED PAYMENT SCHEMES OR PAYMENT SCHEMES BASED ON VARIATIONS IN SHARE PRICES FOR MEMBERS OF THE BOARD OF DIRECTORS, AUDIT BOARD OR OTHER MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 258-B.3 OF THE SECURITIES CODE, AND ON THE DOCUMENTS MADE AVAILABLE TO THE GENERAL MEETING FOR A CORRECT ASSESSMENT OF THESE SCHEMES.

No such proposal has been presented, as this type of scheme does not exist in the company.

I.18. INFORMATION ON THE GENERAL MEETING'S INTERVENTION IN APPROVING THE CENTRAL FEATURES OF THE RETIREMENT BENEFITS SYSTEM FOR MEMBERS OF THE BOARD OF DIRECTORS, AUDIT BOARD OR OTHER MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 258-B.3 OF THE SECURITIES CODE.

The retirement system existing in the company, which applies solely to members of the Board of Directors, was duly approved by the shareholders at the general meeting, who also approved the respective rules in full.

I.19. EXISTENCE OF PROVISION IN THE ARTICLES OF ASSOCIATION REQUIRING THE GENERAL MEETING TO RESOLVE, NO LESS THAN EVERY FIVE YEARS, ON WHETHER TO MAINTAIN OR ELIMINATE A RULE IN THE ARTICLES LIMITING THE NUMBER OF VOTES WHICH CAN BE HELD OR CAST BY A SINGLE SHAREHOLDER INDIVIDUALLY OR IN CONJUNCTION WITH OTHER SHAREHOLDERS.

No such provision exists as there is also no such limitation on the holding or casting of votes.

I.20. DEFENSIVE MEASURES DESIGNED TO CAUSE AUTOMATIC AND SERIOUS EROSION IN THE COMPANY'S ASSETS IN THE EVENT OF A CHANGE OF CONTROL OR ALTERATIONS TO MEMBERSHIP OF THE MANAGEMENT BODY.

The company has no defensive measures which automatically cause serious erosion in the company's assets in the event of a change of control or alterations to membership of the management body.

I.21. SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS PARTY AND WHICH TAKE EFFECT, ARE AMENDED OR TERMINATE IN THE EVENT OF A CHANGE IN THE CONTROL OF THE COMPANY, TOGETHER WITH THE RESPECTIVE EFFECTS, UNLESS, DUE TO ITS NATURE, DISCLOSURE OF SUCH AGREEMENTS WOULD BE SERIOUSLY DETRIMENTAL TO THE COMPANY, EXCEPT IF THE COMPANY IS SPECIFICALLY REQUIRED TO DISCLOSE SUCH INFORMATION BY OTHER MANDATORY PROVISION OF LAW.

The company is not party to any significant agreements which take effect, are amended or terminate in the event of a change in the control of the company.

I.22. AGREEMENTS BETWEEN THE COMPANY AND DIRECTORS OR MANAGERS, AS DEFINED BY ARTICLE 248-B.3 OF THE SECURITIES CODE, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT CONTRACT AS A RESULT OF A CHANGE OF CONTROL OF THE COMPANY.

There are also no agreements between the company and the company officers or employees providing for compensation in the event of termination or redundancy as the result of a takeover.

CHAPTER II MANAGEMENT AND SUPERVISORY BODIES

SECTION I – GENERAL MATTERS

II.1. COMPANY BODIES AND RESPECTIVE MEMBERSHIP

The following company officers were elected for the term running from 2010 to 2013, and remain in office until a fresh election is held:

GENERAL MEETING

CHAIRMAN:	(vacant)
SECRETARY:	Dr.ª Rita Maria Pinheiro Ferreira Soares de Oliveira

AUDIT BOARD

CHAIRMAN:	Dr. Miguel Camargo de Sousa Eiró
FULL MEMBERS:	Dr. Duarte Nuno d' Orey da Cunha
	Dr. Gonçalo Nuno Palha Gaio Picão Caldeira
ALTERNATE MEMBER:	Dr.ª Marta Isabel Guardalino da Silva Penetra

OFICIAL AUDITOR

FULL:	PricewaterhouseCoopers & Associados – SROC, Lda, represented by Dr. António Alberto Henriques Assis (ROC) or Dr. César Abel Rodrigues Gonçalves (ROC)
ALTERNATE:	Dr. Jorge Manuel Santos Costa (ROC)

BOARD OF DIRECTORS

CHAIRMAN:	Pedro Mendonça de Queiroz Pereira
DIRECTORS:	Maria Maude Mendonça de Queiroz Pereira Lagos
	Dr. José Alfredo de Almeida Honório
	Dr. Francisco José Melo e Castro Guedes
	Dr. Carlos Maria Cunha Horta e Costa
	Dr. José Miguel Pereira Gens Paredes
	Dr. Paulo Miguel Garcês Ventura
	Dr.ª Rita Maria Lagos do Amaral Cabral
	Eng. António da Nóbrega de Sousa da Câmara
	Eng. Joaquim Martins Ferreira do Amaral
	Dr. António Pedro de Carvalho Viana-Baptista
	Dr. Vitor Manuel Galvão Rocha Novais Gonçalves

COMPANY SECRETARY

Dr. Rui Tiago Trindade Ramos Gouveia

II.2. OTHER COMMITTEES WITH MANAGEMENT AND SUPERVISORY POWERS, AND RESPECTIVE MEMBERS

The company has the following committees with management and supervisory responsibilities:

EXECUTIVE BOARD

Pedro Mendonça de Queiroz Pereira, who chairs the committee
Dr. José Alfredo de Almeida Honório
Dr. Francisco José Melo e Castro Guedes
Dr. Carlos Maria Cunha Horta e Costa
Dr. José Miguel Pereira Gens Paredes
Dr. Paulo Miguel Garcês Ventura

INTERNAL CONTROL COMMITTEE

Eng. Joaquim Martins Ferreira do Amaral
Eng. Jaime Alberto Marques Sennfelt Fernandes Falcão
Dra. Margarida Isabel Feijão Antunes Rebocho

CORPORATE GOVERNANCE COMMITTEE

Dr.ª Rita Maria Lagos do Amaral Cabral
Eng. Gonçalo Allen Serras Pereira
Eng. Jorge Manuel de Mira Amaral

The following committees have also been set up without powers of corporate management or supervision:

STRATEGY COMMITTEE

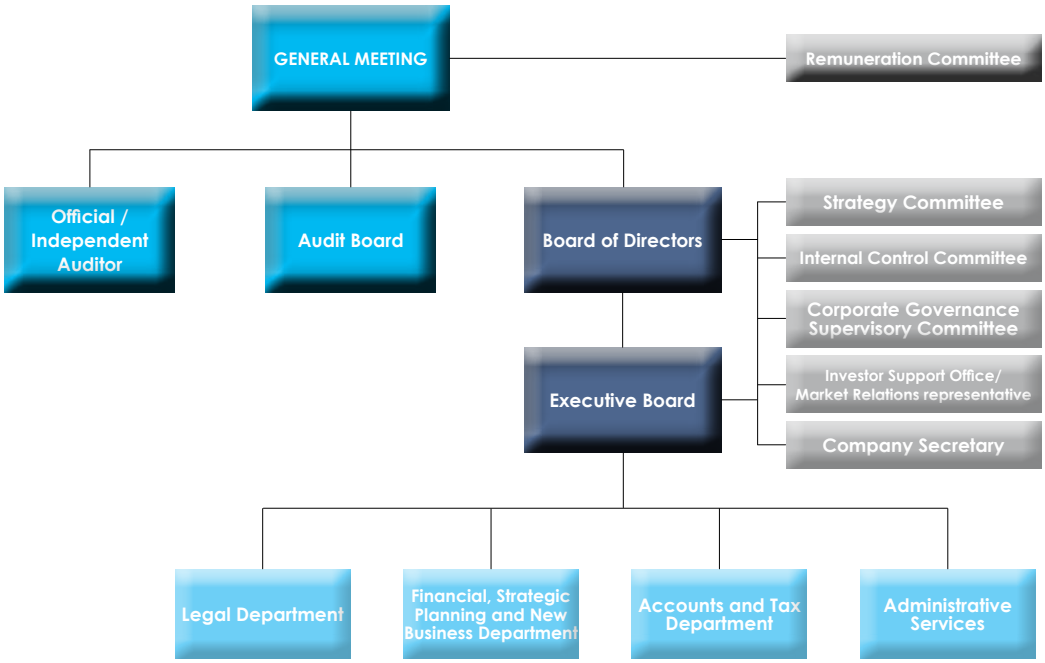
Pedro Mendonça de Queiroz Pereira, que preside
Maria Maude Mendonça de Queiroz Pereira Lagos
Dr. José Alfredo de Almeida Honório
Eng. Joaquim Martins Ferreira do Amaral
Dr. António Pedro de Carvalho Viana-Baptista

REMUNERATION COMMITTEE

Dr. José Gonçalo Maury
Eng. Frederico José da Cunha Mendonça e Meneses
Dr.ª Sofia Luísa Corrêa Henriques Cardoso de Menezes Frère

II.3. ORGANIZATIONAL CHARTS OR FLOW CHARTS SHOWING THE DIVISION OF RESPONSIBILITIES BETWEEN THE DIFFERENT COMPANY BODIES, COMMITTEES AND/OR DEPARTMENTS, INCLUDING INFORMATION ON SCOPE OF POWERS DELEGATED, IN PARTICULAR CONCERNING DELEGATION OF THE DAY-TO-DAY RUNNING OF THE COMPANY, OR THE DISTRIBUTION OF SPECIAL RESPONSIBILITIES ASSIGNED TO SPECIFIC DIRECTORS OR MEMBERS OF THE AUDIT BOARD AND A LIST OF MATTERS WHERE POWERS CANNOT BE DELEGATED AND POWERS EFFECTIVELY DELEGATED.

The following simplified chart shows the organization of Semapa's different bodies, committees and departments:



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

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

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

Although duties and responsibilities are not rigidly compartmentalized within the Board of Directors, four main areas may be distinguished in the way responsibilities are shared:

1. Strategic planning and investment policy, which are the responsibility of the Chairman of the Board of Directors, Pedro Mendonça de Queiroz Pereira.
2. Financial policy and risk management, which is the responsibility of the directors Dr. José Alfredo de Almeida Honório and Dr. José Miguel Pereira Gens Paredes.
3. Human resources policy and administrative control, which is the responsibility of the directors Dr. Francisco José de Melo e Castro Guedes and Dr. Carlos Maria Cunha Horta e Costa.
4. Legal and IT issues, which are the responsibility of Dr. Paulo Miguel Garcês Ventura

The Executive Board has been granted wide management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407, para. 4 of the Companies Code. Powers are specifically delegated for the following:

a) To negotiate and resolve to enter into any commercial or civil contract, by public or private act, on the terms and conditions it deems most appropriate, and to take all decisions it sees fit in the performance of these contracts;

b) To resolve to issue, sign, draw, accept, endorse, guarantee, protest or carry out any other act in connection with the use of bills or credit instruments;

c) To resolve on all routine banking operations, with Portuguese or foreign financial institutions, namely opening, consulting and establishing the form of effecting movements in bank accounts, in all the legally admissible forms;

d) To negotiate and resolve to contract and amend loan agreements, with financial institutions or other entities, including the provision of the respective guarantees in cases where the law permits such delegation, all on the terms it sees fit;

e) To resolve to acquire, dispose of and encumber assets of all kinds, on the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contractual instrument, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;

f) To take all decisions and carry out all acts in connection with the exercise by the company of its position as shareholder, namely by appointing its representatives at the general meetings of companies in which it has holdings and adopting unanimous resolutions in writing;

g) To draft the company reports, balance sheets, financial statements and proposals for allocation of profits;

h) To take all steps necessary or appropriate in connection with the company's industrial relations with its employees, namely contracting, dismissing, transferring, defining terms of employment and pay, and revising and amending the same;

i) To resolve on representation of the company before any court or mediation or arbitration body, taking all decisions as may be necessary or appropriate in connection with any proceedings pending before the same or to bring the same, and namely to desist, confess or settle;

j) To appoint attorneys for the company within the powers delegated to it;

k) To take all steps necessary or appropriate in connection with existing or planned issues of bonds and commercial paper, including the actual decision to issue, and

l) In general, to carry out all acts of day-to-day management in the company, save those which cannot be delegated under Article 407.4 of the Companies Code.

The Executive Board is barred from resolving on the following:

i) Selection of the chairman of the Board of Directors;

ii) Co-opting of directors;

iii) Annual reports and financial statements;

iv) Annual reports and financial statements;

v) Provision of bonds and personal or real guarantees by the company;

vi) Change in registered offices and increases in share capital; and

vii) Plans for merger, break-up or transformation of the company.

In the case of the Audit Board, which has the powers established in law, there are no delegated powers or special areas of responsibility for individual members.

Item II.5 in this chapter outlines the workings of the Audit Board and the Internal Control Committee, together with the powers of the latter.

The Strategy Committee has the central mission of following through and assessing the main strategic options of the Executive Board and the Board of Directors, with the following specific responsibilities:

a) To cooperate in long term strategic planning, including identification and setting of strategic aims for business development and implementation of initiatives for growth;

b) To advise, by drawing up recommendations, and to discuss the company's strategic options;

c) To oversee the company's strategic options, proposing, if necessary, the approval of specific measures and procedures for developing, adopting and modifying the strategies adopted;

d) To analyze and assess the evolution of the impact of external factors, such as changes in the economy, competition and technology, on the group's overall strategy.

The Corporate Governance Supervisory Committee (CGSC) monitors on a continuous basis the company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance, and is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the company. The CGSC is required to submit a full annual report to the Board of Directors on corporate governance, together with any proposals for changes, as it sees fit.

The functions of the Investor Support Office are detailed in chapter III.16 of this report.

The Company Secretary is appointed by the Board of Directors and has the powers defined in law.

The Remuneration Committee draws up an annual statement on remuneration policy for members of the board of directors and audit board, and sets the remuneration of directors and the system for old-age or invalidity retirement pensions, or complementary retirement pensions.

The Legal Department provides the company with legal advice in order to assure compliance with the relevant legislation.

The Financial, Strategic Planning and New Business Division is primarily engaged in financial management and conducting studies and research in order to identify and implement new business opportunities and contribute to the company's strategic planning.

Finally, the Accounts and Tax Department is principally responsible for rendering the company's accounts and complying with its fiscal obligations.

II.4. REFERENCE TO THE FACT THAT THE ANNUAL REPORTS ON THE ACTIVITIES OF THE GENERAL AND SUPERVISORY BOARD, THE COMMITTEE FOR FINANCIAL AFFAIRS, THE AUDIT COMMITTEE AND THE AUDIT BOARD INCLUDE A DESCRIPTION OF THE SUPERVISORY ACTIVITIES CARRIED ON, REFERRING TO ANY CONSTRAINTS DETECTED, AND THAT THEY ARE PUBLISHED ON THE COMPANY'S WEBSITE, IN CONJUNCTION WITH THE OTHER REPORTS AND FINANCIAL STATEMENTS.

The annual report on the activities of the Audit Board, including the respective opinion on the company's accounts, is part of the financial statements and is published in full on Semapa's website. This report refers to any constraints encountered in the course of the Audit Board's supervisory activities.

II.5. DESCRIPTION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS WITHIN THE COMPANY, NAMELY AS REGARDS THE FINANCIAL INFORMATION DISCLOSURE SYSTEM

The company's risks are controlled by the Board of Directors, by the Audit Board, by the External Auditor and through an organizational unit with special responsibilities in this area, the Internal Control Committee (ICC).

The Audit Board plays a particularly important role in this field, with all the powers and responsibilities assigned to it directly by law.

The main purpose of the ICC is to detect and control all relevant risks in the company's affairs, in particular financial risks, and the Committee enjoys full powers to pursue this aim, namely:

a) To assure compliance by the company with the entire regulatory framework applicable to it, deriving both from law and regulations;

b) To monitor the company's business affairs, with integrated and permanent analysis of the risks associated with these affairs;

c) To propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the company's business risks, with a view to perfecting the internal risk control and management system, involving at least the following components:
• Setting strategic aims for the company in terms of risk-taking;
• Identifying the mains risks associated with the specific business carried on and the events which may give rise to risks;
• Analysis and measurement of the impact and likelihood of the occurrence of each of the potential risks;
• Risk management with a view to aligning the risks effectively run with the company's strategic options on risk-taking;
• Procedures for monitoring the execution of risk management measures adopted and their effectiveness;
• Adoption of internal reporting and notification procedures on the various system components and for risk alerts.

d) To check implementation of the adjustments to the internal control and risk management system proposed by the Audit Board;

e) To monitor the quality of financial and accounting information, taking steps to ensure that it is reliable; and

f) To issue its opinion on the choice of external auditors and to monitor their independence.

The committee comprises three to five members appointed by the Board of Directors, which members cannot be executive directors. Its current members are those indicated above.

In addition to the important role played by the Audit Board in this field, internal procedures for risk control are also particularly important in each of the company's main subsidiaries. The nature of the risks and the degree of exposure vary from company to company, and each subsidiary therefore has its own independent system for controlling the risks to which it is subject.

Independent audits of Semapa and the companies it controls are carried out by PriceWaterhouseCoopers.

The internal control and risk management systems implemented have been shown to be effective, and no situations have so far arisen which have not been anticipated, duly guarded against or expressly accepted in advance as controlled risks.

II.6. RESPONSIBILITY OF THE MANAGEMENT BODY AND SUPERVISORY BODY FOR CREATING AND RUNNING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN THE COMPANY, AND FOR ASSESSING THE WORKINGS OF THESE SYSTEMS AND ADJUSTING THEM TO THE COMPANY'S NEEDS.

As follows from the previous item, in addition to its own powers in this field, the Board of Directors created the ICC which, in accordance with the responsibilities defined by the Board of Directors, is responsible for assuring internal control and risk management. The Audit Board is responsible for overseeing the effectiveness of the risk management system and the internal control system, proposing adjustments to the existing system whenever necessary, and the ICC is responsible for implementing these adjustments. Finally, it should be noted that these systems are monitored and overseen at all times by the Board of Directors, which has ultimate responsibility for the company's internal activities.

II.7. INDICATION OF THE EXISTENCE OF RULES OF PROCEDURE FOR CORPORATE BODIES OR ANY INTERNALLY DEFINED RULES ON INCOMPATIBILITY AND THE MAXIMUM NUMBER OF POSITIONS THAT A MEMBER IS ENTITLED TO HOLD AND WHERE THESE RULES MAY BE CONSULTED

The board of directors and the audit board have rules of procedure which are published on the company website, where they may be consulted.

There are no internal rules on incompatibility or the maximum number of positions that directors may hold on the management bodies of other companies.

SECTION II - BOARD OF DIRECTORS

II.8. IF THE CHAIRMAN OF THE MANAGEMENT BODY HAS EXECUTIVE POWERS, INFORMATION ON PROCEDURES FOR CO-ORDINATING THE WORK OF NON-EXECUTIVE MEMBERS WHICH ASSURE THAT THEIR DECISIONS ARE INDEPENDENT AND INFORMED

Coordination is assured by regularly transmitting all the relevant information on the day-to-day management of the company to members of the Board of Directors who are not members of the Executive Board in order to keep them permanently abreast of the company life, and by calling meetings of the Board of Directors for all decisions regarded as especially important, even when they fall within the scope of the general powers delegated.

In addition, the independent and informed nature of the decisions of non-executive directors is assured by the fact that their work is not organized by either the Chairman of the Board of Directors or by the executive directors. It should be noted that non-executive directors are not dependent on the Chairman for accessing information, and have direct access to the Audit Board and other executives, who respond to all requests without any restriction.

The specific position of the Chairman therefore has no impact on the independent and informed character of the decisions of non-executive directors.

II.9. IDENTIFICATION OF THE MAIN ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN THE COURSE OF ITS BUSINESS

Chapter 2 of the notes to the consolidated financial statements provides a detailed analysis of all financial and operational risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk, price risk, raw material supplies risk, sales price risk, the risk of product demand, the risk of competition, risk of environmental legislation, human resources risk, energy cost risk and economic and market risks in general.

With regard to legal risks, which are not detailed in the same way in the notes to the financial statements, it is important to point out that they derive essentially from fiscal and regulatory risks which are covered by the analysis of operational risks, specific general liability risks or risks relating to the negotiation and conclusion of contracts. These risks are controlled by legal offices both in Semapa as the holding company and in its subsidiaries, and through recourse to external lawyers whenever warranted by their particular expertise, the amount at stake or other factors in specific cases.

II.10. POWERS OF THE MANAGEMENT BODY, IN PARTICULAR WITH REGARD TO RESOLUTIONS ON INCREASING THE SHARE CAPITAL

Under the Articles of Association, the Board of Directors does not have powers to resolve on increases in share capital.

It is recognized that permitting the board of directors to resolve on this would offer practical advantages and greater rapidity. However, the need has not yet been felt to propose this to the shareholders.

II.11. INFORMATION ON THE POLICY OF ROTATING AREAS OF INDIVIDUAL RESPONSIBILITY IN THE BOARD OF DIRECTORS, AND IN PARTICULAR RESPONSIBILITY FOR FINANCIAL AFFAIRS, AND ON THE RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

The rotation of areas of individual responsibility within the Board of Directors, including responsibility for financial matters, is considered by the Executive Board whenever it organizes itself in view of the delegation of powers, normally subsequent to the general meetings at which elections are held. Rotation was considered in 2010, but it was decided to retain the existing distribution of areas of responsibility. The company believes it is necessary to weigh up the need to provide directors with fresh challenges with the real contribution made by the experience and expertise of directors in specific areas. This is the only way to assure that different areas of responsibility are distributed and exercised by the most suitable persons at any given moment.

It is also relevant to note the existence of various institutions and procedures for supervising the company's activities, starting which the Audit Board, which assures effective oversight in this and other areas of company activities, as described in greater detail in chapter II.4.

There are no special rules in Semapa on the appointment and replacement of members of the board of directors and the audit board, and the general supplementary rules contained in the Companies Code therefore apply here. As this provides a balanced framework, and given that there are no special circumstances in Semapa requiring another solution, the Board of Directors has seen fit to maintain the situation as it stands.

II.12. NUMBER OF MEETINGS OF THE MANAGEMENT AND SUPERVISORY BODIES, AND REFERENCE TO THE MINUTES OF THESE MEETINGS

In the course of 2011 there were 7 meetings of the Board of Directors and 9 meetings of the Audit Board. Minutes were drawn up of all meetings of the Board of Directors and Audit Board.

II.13. INDICATION OF THE NUMBER OF MEETINGS OF THE EXECUTIVE BOARD OR THE EXECUTIVE BOARD OF DIRECTORS, TOGETHER WITH REFERENCE TO THE TAKING OF MINUTES OF THESE MEETINGS AND THE FORWARDING OF THE SAME, TOGETHER WITH THE NOTICE OF MEETINGS, AS APPLICABLE, TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHAIRMAN OF THE AUDIT BOARD OR THE AUDIT COMMITTEE, TO THE CHAIRMAN OF THE GENERAL AND SUPERVISORY BOARD AND TO THE CHAIRMAN OF THE FINANCIAL AFFAIRS COMMITTEE.

The Executive Board met 41 times in 2011, with minutes being taken on each occasion. The board's minutes, together with the respective notices of meetings, were sent to all members, who include the Chairman of the Board of Directors, who also chairs the Executive Board, and to the Chairman of the Audit Board.

II.14. INDICATION OF THE EXECUTIVE AND NON-EXECUTIVE MEMBERS AND, WITH REGARD TO THE LATTER, A LIST OF MEMBERS WHO COMPLIED, WHEN APPLICABLE, WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1, EXCEPT FOR ITEM B), AND THE INDEPENDENCE CRITERION REFERRED TO IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

EXECUTIVE DIRECTORS

The executive members of the Board of Directors are those indicated above as members of the Executive Board.

In the case of Semapa, a clear line should not however be drawn between directors who are members of the executive board and directors who serve as mere "advisers" to the Board of Directors. Directors who are not members of the Executive Board are sometimes called on to perform duties in the company which go beyond providing advice at board meetings. However, these duties cannot be described in a standardized format, as they vary from person to person, and over time, depending also on the issues involved.

Despite this collaboration, none of the directors who are not members of the executive board can be classified as "executive" directors. Not even in cases where these members sit on committees, in particular the Strategy Committee, whose work brings it closer to management, is their involvement so broad and permanent as to justify such a classification.

Due to the actual nature of their duties, the executive directors cannot and should not be regarded as "independent" or not "incompatible" in the light of the criteria of Articles 414-A and 414 of the Companies Code.

NON-EXECUTIVE DIRECTORS

Maria Maude Mendonça de Queiroz Pereira Lagos, as director of companies with significant holdings in Semapa, is not independent. She also fails to meet the criteria for incompatibility, insofar as she is related to the Chairman of the Board of Directors, who holds directorships in companies related to Semapa.

Dr.ª Rita Maria Lagos do Amaral Cabral is also a director of companies with significant holdings in Semapa and a company controlled by Semapa, and cannot therefore be classified as independent. However, in her case there are no circumstances which qualify as a factor of "incompatibility".

With regard to Eng. António da Nóbrega de Sousa da Câmara, Eng. Joaquim Martins Ferreira do Amaral, Dr. António Pedro de Carvalho Viana-Baptista and Dr. Vitor Manuel Galvão Rocha Novais, no factor of incompatibility exists as defined in Article 414-A.1 of the Companies Code, meaning that they may be classified as independent as defined in Article 414.5 of the Companies Code.

II.15. INDICATION OF THE LEGAL AND REGULATORY RULES AND OTHER CRITERIA FORMING THE BASIS FOR THE MANAGEMENT BODY'S ASSESSMENT OF ITS MEMBERS INDEPENDENCE

The regulatory and legal criteria used by Semapa are those indicated in the title to chapter II.14 of this report.

In addition, Semapa makes only a general assessment as to the existence or otherwise of any circumstances which might constraint the independence of judgement of its officers. In making this assessment, the Board of Directors believes that the personal and professional qualities of each person are generally much more crucial in determining his or her independence of conduct than objective circumstances representing greater or lesser proximity to the company and its interests.

II.16. INDICATION OF THE PROCEDURAL RULES FOR THE SELECTION OF CANDIDATES FOR NON-EXECUTIVE DIRECTORSHIPS AND HOW THESE RULES PRECLUDE ANY INTERFERENCE IN THE PROCESS BY EXECUTIVE DIRECTORS.

The company has established no rules on selecting candidates for non-executive directorships, as it considers that authority to appoint company officers lies with the general meeting, as explained more fully in connection with recommendation II.1.3.2..

II.17. REFERENCE TO THE FACT THAT THE COMPANY'S ANNUAL MANAGEMENT REPORT INCLUDES A DESCRIPTION OF THE WORK UNDERTAKEN BY NON-EXECUTIVE DIRECTORS AND ANY CONSTRAINTS DETECTED.

The Board of Directors includes this description in chapter IV of this report on the governance model adopted and on the work of the non-executive members of the Board of Directors.

II.18. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, INDICATING THEIR PROFESSIONAL ACTIVITIES OVER AT LEAST THE LAST FIVE YEARS, THE NUMBER OF SHARES HELD IN THE COMPANY, THE DATE OF FIRST APPOINTMENT AND OF EXPIRY OF THEIR TERM OF OFFICE.

II.19. OFFICE HELD BY MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP.

Below we detail, for each of the members, their professional qualifications, the number of shares held, the date when first appointed and term of office, office held in other companies, distinguishing between office held in other companies in the same group as Semapa and in other companies in which Semapa has a direct or indirect holdings, and also other professional activities carried on in the last 5 years.

PEDRO MENDONÇA DE QUEIROZ PEREIRA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: GENERAL HIGH SCHOOL CERTIFICATE (LISBON), STUDIED AT THE INSTITUTO SUPERIOR DE ADMINISTRAÇÃO.
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 1991 - 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:

CELCIMO, S.L.	**Chairman of the Board of Directors**
CIMENTOSPAR - Participações Sociais, SGPS, Lda.....	**Manager**
SEINPART - Participações, SGPS, S.A.....	**Chairman of the Board of Directors**
SEMINV - Investimentos, SGPS, S.A.....	**Chairman of the Board of Directors**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A..	**Chairman of the Board of Directors**
CIMINPART - Investimentos e Participações, SGPS, S.A..	**Chairman of the Board of Directors**
CMP - Cimentos Maceira e Pataias, S.A.....	**Chairman of the Board of Directors**
PORTUCEL - Empresa Produtora de Pasta e Papel, S.A..	**Chairman of the Board of Directors**
SECIL - Companhia Geral de Cal e Cimento, S.A.....	**Chairman of the Board of Directors**
SECILPAR, S.L.....	**Chairman of the Board of Directors**
SOPORCEL - Sociedade Portuguesa de Papel, S.A.....	**Chairman of the Board of Directors**

6. OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.....	**Chairman of the Board of Directors**
COSTA DAS PALMEIRAS – Turismo e Imobiliário, S.A.....	**Chairman of the Board of Directors**
ECOVALUE – Investimentos Imobiliários, L.da.....	**Manager**
O E M - Organização de Empresas, SGPS, S.A.....	**Chairman of the Board of Directors**
SODIM, SGPS, SA.....	**Chairman of the Board of Directors**
TEMA PRINCIPAL – SGPS, S.A.....	**Director**
TERRAÇOS D'AREIA – SGPS, S.A.....	**Chairman of the Board of Directors**
VÉRTICE - Gestão de Participações, SGPS, S.A.....	**Chairman of the Board of Directors**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

CIMO - Gestão de Participações, SGPS, S.A.....	**Chairman of the Board of Directors**
ECOLUA - Actividades Desportivas, L.da.....	**Manager**
LONGAPAR, SGPS, SA.	**Chairman of the Board of Directors**
PARSEINGES - Gestão de Investimentos, SGPS, S.A.....	**Chairman of the Board of Directors**
SEMAPA Inversiones, S.L.....	**Chairman of the Board of Directors**
SOPORCEL – Gestão de Participações Sociais, SGPS, S.A.....	**Director**

MARIA MAUDE MENDONÇA DE QUEIROZ PEREIRA LAGOS

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: GENERAL HIGH SCHOOL CERTIFICATE
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 1994 - 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

CELCIMO, S.L.	**Director**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: NO OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6.OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.....	**Director**
HOTEL VILLA MAGNA, S.L.....	**Chairman of the Board of Directors**
HOTEL RITZ, SA.....	**Chairman of the Board of Directors**
YDREAMS - Informática S.A.....	**Director**
O E M - Organização de Empresas, SGPS, S.A.....	**Director**
SODIM, SGPS, S.A.....	**Director**
SONAGI, SGPS, S.A.....	**Director**
VIEZNADA, SL.....	**Director**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS: IN ADDITION TO THE POSITIONS INDICATED ABOVE, NO OTHER OFFICE HELD IN THE LAST FIVE YEARS.

JOSÉ ALFREDO DE ALMEIDA HONÓRIO

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS 20.000 SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN ECONOMICS FROM THE FACULTY OF ECONOMICS, UNIVERSITY OF COIMBRA (1980)
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 1994 - 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:

CELCIMO, S.L.	**Director**
CIMENTOSPAR - Participações Sociais, SGPS, Lda.....	**Manager**
SEINPART - Participações, SGPS, S.A.....	**Director**
SEMINV - Investimentos, SGPS, S.A.....	**Director**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.....	**Director and Chairman of the Executive Board**
CIMINPART - Investimentos e Participações, SGPS, S.A..	**Director**
CMP - Cimentos Maceira e Pataias, S.A.....	**Director**
COUNTRYTARGET, SGPS, S.A.....	**Chairman of the Board of Directors**
EUCALIPTUSLAND, S.A.....	**Chairman of the Board of Directors**
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A...	**Director and Chairman of the Executive Board**
PORTUCELPAPEL SETÚBAL S.A.....	**Chairman of the Board of Directors**
PORTUCEL FLORESTAL – Empresa de Desenv. Agro-Florestal, S.A.....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL Energia, SGPS, S.A.....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL FINE PAPER, S.A.....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL Floresta, SGPS, S.A (formerly called SOPORCEL – Gest. de Part. Sociais, SGPS. S.A).....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL FLORESTAL, S.A.....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL Internacional, SGPS, S.A. (formerly called IMPACTVALUE - SGPS, S.A.).....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL Papel – SGPS, S.A.....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL Participações, SGPS, S.A.....	**Chairman of the Board of Directors**
PORTUCELSOPORCEL Pulp, SGPS, S.A.	**Chairman of the Board of Directors**
PORTUCEL SOPORCEL SALES & MARKETING S.A.....	**Director**
PORTUCELSOPORCEL Switzerland Ltd	**Chairman of the Board of Directors**
SECIL - Companhia Geral de Cal e Cimento, S.A.....	**Director**
SOPORCEL – Sociedade Portuguesa de Papel, S.A.....	**Director and Chairman of the Executive Board**

SOPORCEL PULP, SA.....	**Chairman of the Board of Directors**

6. OFFICE HELD IN OTHER COMPANIES:

CELPA – Associação da Indústria Papeleira.....	**Chairman of the General Board and Member of the Executive Board**
CEPI – Confederation of European Paper Industries.....	**Director and Member of the Executive Board**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

ALIANÇA FLORESTAL – Soc. para o Des. Agro-Florestal, S.A.....	**Chairman of the Board of Directors**
BETOPAL, S.L.....	**Director**
CIMO - Gestão de Participações, SGPS, S.A.....	**Director**
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da	**Manager**
HEWBOL – SGPS, L.da	**Manager**
IBET – Instituto de Biologia Experimental e Tecnológica..	**Chairman of the Management Board**
LONGAPAR, SGPS, S.A.....	**Director**
PARSEINGES - Gestão de Investimentos, SGPS, S.A.	**Director**
TECNIPAPEL – Soc. de Transformação e Distribuição de Papel, L.da	**Chairman of the Management Board**
RAIZ – Instituto de Investigação da Floresta e Papel.....	**Manager**
SEMAPA Inversiones, S.L.....	**Director**

FRANCISCO JOSÉ MELO E CASTRO GUEDES

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN FINANCE FROM THE INSTITUTO SUPERIOR DE CIÊNCIAS ECONÓMICAS E FINANCEIRAS; MBA INSEAD
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2001 – 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:

CELCIMO, S.L.	**Director**
CIMENTOSPAR – Participações Sociais, SGPS, L.da.....	**Manager**
SEINPART Participações, SGPS, S.A.....	**Director**
SEMINV – Investimentos, SGPS, S.A.....	**Director**
SEMAPA Inversiones, S.L.....	**Chairman of the Board of Directors**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A...	**Director**
CMP- Cimentos Maceira e Pataias, S.A.....	**Director**
CIMENT DE SIBLINE S.A.L.....	**Director**
CIMINPART - Investimentos e Participações, SGPS, S.A..	**Director**
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da.....	**Manager**
HEWBOL – SGPS, L.da.....	**Manager**
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A....	**Director**
SECIL – Companhia Geral de Cal e Cimento, S.A.....	**Director**
SECILPAR S.L.....	**Director**
SCG – Société des Ciments de Gabès, S.A.....	**Director**
SERIFE – Soc. Estudos e Realiz. Indust. Fornec. Equipamentos, L.da.....	**Manager**
SILONOR, S.A.....	**Director**

So.I.Me Liban S.A.L..... **Director**
SUPREMO CIMENTOS, S.A. ..... **Director**
SOPORCEL – Sociedade Portuguesa de Papel, S.A..... **Director**

6. OFFICE HELD IN OTHER COMPANIES:
VIROC PORTUGAL – Indústrias de Madeira e Cimento, S.A.... **Chairman of the Board of Directors**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:
ETSA Investimentos, SGPS, S.A (formerly called VERDEOCULTO - Investimentos, SGPS, S.A)..... **Chairman of the Board of Directors**
PARSEINGES - Gestão de Investimentos, SGPS, S.A..... **Director**

CARLOS MARIA CUNHA HORTA E COSTA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN ECONOMICS FROM THE INSTITUTO SUPERIOR DE ECONOMIA
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2006 – 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:
CELCIMO, S.L. ..... **Director**
GREAT EARTH - Projectos, S.A..... **Director**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: HOLDS NO OFFICE IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6. OFFICE HELD IN OTHER COMPANIES:
CIMIGEST, SGPS, S.A..... **Director**
CIMIPAR, Sociedade Gestora de Participações Sociais, S.A.... **Chairman of the Board of Directors**
CIMO - Gestão de Participações, SGPS, S.A..... **Chairman of the Board of Directors**
LONGAPAR, SGPS, S.A..... **Director**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.. **Chairman of the Board of Directors**
SONACA, SGPS, S.A..... **Chairman of the Board of Directors**

JOSÉ MIGUEL PEREIRA GENS PAREDES

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN ECONOMICS
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2006 – 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:
ABAPOR - Comércio e Indústria de Carnes, S.A..... **Chairman of the Board of Directors**
Aprovechamiento Integral de Subprodutos Ibéricos, S.A..... **Director**
BIOLOGICAL - Gestão de Resíduos Industriais, L.da..... **Manager**
CELCIMO, S.L. ..... **Director**
CIMENTOSPAR - Participações Sociais, SGPS, L.da..... **Manager**
ETSA Investimentos, SGPS, S.A (formerly called VERDEOCULTO - Investimentos, SGPS, S.A)..... **Chairman of the Board of Directors**
ETSA, SGPS, S.A..... **Chairman of the Board of Directors**
GREAT EARTH - Projectos, S.A..... **Director**
I.T.S. - Indústria Transformadora de Subprodutos, S.A..... **Chairman of the Board of Directors**

SEBOL - Comércio e Indústria de Sebo, S.A.....	**Chairman of the Board of Directors**
SEINPART - Participações, SGPS, S.A.....	**Director**
SEMINV - Investimentos, SGPS, S.A.....	**Director**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A....	**Director**
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A...	**Director**
SOPORCEL – Sociedade Portuguesa de Papel, S.A.....	**Director**
SUPREMO CIMENTOS, S.A.	**Director**

6. OFFICE HELD IN OTHER COMPANIES:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	**Director**
CIMO – Gestão de Participações, SGPS, S.A.	**Director**
HOTEL RITZ, S. A.	**Director**
LONGAPAR, SGPS, S.A.....	**Director**
MOR ON-LINE – Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.	**Director**
O E M – Organização de Empresas, SGPS, S.A.	**Director**
SODIM, SGPS, S.A.	**Director**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

ABAPOR - Comércio e Indústria de Carnes, S.A.....	**Director**
ECH – Exploração de Centrais Hidroeléctricas, S.A.....	**Director**
ETSA - Empresa de Transformação de Subprodutos Animais S.A.....	**Chairman of the Board of Directors**
ETSA, SGPS, S.A.....	**Director**
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.....	**Director**
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	**Director**
SEBOL - Comércio e Indústria de Sebo, S.A.....	**Director**
SODIM, SGPS, S.A.....	**Member of Audit Board**
SECILPAR Inversiones, S.L.....	**Director**
SONACA, SGPS, S.A.....	**Director**
TERCIM – Terminais de Cimento, S.A.....	**Director**
VERDEOCULTO - Investimentos, SGPS, S.A.....	**Director**

PAULO MIGUEL GARCÊS VENTURA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN LAW FROM FACULTY OF LAW, UNIVERSITY OF LISBON. REGISTERED WITH THE PORTUGUESE BAR ASSOCIATION. IEP INSEAD.
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2006 – 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:

ABAPOR - Comércio e Indústria de Carnes, S.A.....	**Director**
Aprovechamiento Integral de Subprodutos Ibéricos, S.A.....	**Director**
BIOLOGICAL - Gestão de Resíduos Industriais, L.da...	**Manager**
CELCIMO, S.L.	**Director**
CIMENTOSPAR – Participações Sociais, SGPS, L.da....	**Manager**

ETSA Investimentos, SGPS, S.A (formerly called VERDEOCULTO - Investimentos, SGPS, S.A).....	**Director**
ETSA, SGPS, S.A.....	**Director**
GREAT EARTH - Projectos, S.A.....	**Director**
I.T.S. - Indústria Transformadora de Subprodutos, S.A.....	**Director**
SEBOL - Comércio e Indústria de Sebo, S.A.....	**Director**
SEINPART - Participações, SGPS, S.A.....	**Director**
SEMAPA Inversiones, S.L.....	**Director**
SEMINV - Investimentos, SGPS, S.A.....	**Director**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A....	**Director**
CIMINPART - Investimentos e Participações, SGPS, S.A...	**Chairman of General Meeting**
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A....	**Director**
SOPORCEL – Sociedade Portuguesa de Papel, S.A.....	**Director**

6. OFFICE HELD IN OTHER COMPANIES:

ANTASOBRAL - Sociedade Agro-Pecuária, SA.....	**Chairman of General Meeting**
BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.....	**Chairman of General Meeting**
CIMIGEST, SGPS, S.A.....	**Company Secretary**
CIMILONGA – Imobiliária, S.A.....	**Chairman of General Meeting**
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....	**Director**
CIMO - Gestão de Participações, SGPS, S.A.....	**Director**
ESTRADAS DE PORTUGAL, S.A.....	**Vice-Chairman of General Meeting**
GALERIAS RITZ – Imobiliária, S.A.....	**Chairman of General Meeting**
HOTEL RITZ, S.A.....	**Chairman of General Meeting**
LONGAPAR, SGPS, S.A.....	**Director**
LONGAVIA – Imobiliária, S.A.....	**Chairman of General Meeting**
O E M - Organização de Empresas, SGPS, S.A.....	**Director**
PARQUE RITZ – Imobiliária, S.A.....	**Chairman of General Meeting**
REFUNDOS - Sociedade Gest. de Fundos de Invest. Imobiliário, S.A.....	**Chairman of General Meeting**
SODIM, SGPS, S.A.....	**Director**
SONAGI – Imobiliária, S.A.....	**Chairman of General Meeting**
VÉRTICE – Gestão de Participações, SGPS, S.A.....	**Chairman of General Meeting**
Sociedade Agrícola da Quinta da Vialonga, S.A.....	**Chairman of General Meeting**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....	**Chairman of General Meeting**
CIMO - Gestão de Participações, SGPS, S.A.....	**Chairman of General Meeting**
ETSA - Empresa de Transformação de Subprodutos Animais S.A.....	**Director**
IMOCIPAR – Imobiliária, S.A.....	**Chairman of General Meeting**
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.....	**Chairman of General Meeting**
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.....	**Director**
LONGAPAR, SGPS, S.A.....	**Chairman of General Meeting**

REN – Redes Eléctricas Nacionais, SGPS, S.A.....	**Vice-Chairman of General Meeting**
SEINPART - Participações, SGPS, S.A.....	**Chairman of General Meeting**
SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A....	**Company Secretary**
SEMINV - Investimentos, SGPS, S.A.....	**Chairman of General Meeting**
VERDEOCULTO – Investimentos, SGPS, S.A.....	**Chairman of General Meeting**
Legal practice	

RITA MARIA LAGOS DO AMARAL CABRAL

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN LAW FROM FACULTY OF LAW, UNIVERSITY OF LISBON. REGISTERED WITH THE PORTUGUESE BAR ASSOCIATION
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2006 – 2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA:

CELCIMO, S.L.	**Director**

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: HOLDS NO OFFICE IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6. OFFICE HELD IN OTHER COMPANIES:

Casa Agrícola Amaral Cabral, L.da.....	**Manager**
CIMIGEST, SGPS, S.A.....	**Director**
Companhia Agrícola da Quinta do Duque, S.A.....	**Chairman of General Meeting**
Sociedade Amaral Cabral & Associados – Soc. de Advogados, RL.....	**Director**
Sociedade Agrícola do Margarido, S.A.....	**Chairman of General Meeting**
SODIM, SGPS, S.A.....	**Director**
Banco Espírito Santo, S.A.....	**Member of Remuneration Committee**

7. OTHER PROFESSIONAL ACTIVITIES IN THE LAST FIVE YEARS:

Guest lecturer, Faculty of Law, Portuguese Catholic University.
Member of the National Ethics Council for Life Sciences
Vice-President of the Institute of Bioethics, Portuguese Catholic University

ANTÓNIO DA NÓBREGA DE SOUSA DA CÂMARA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE CIVIL ENGINEERING (1977), IST; MSC (1979) AND PHD (1982) IN ENVIRONMENTAL ENGINEERING SYSTEMS; PROFESSOR OF THE FACULTY OF SCIENCE AND TECHNOLOGY, UNIVERSIDADE NOVA DE LISBOA.
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2006-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA
5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: HOLDS NO OFFICE IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6. OFFICE HELD IN OTHER COMPANIES:

YDREAMS - Informática S.A.....	**Chairman of the Board of Directors**
YD YNVISIBLE, S.A.....	**Director**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.

JOAQUIM MARTINS FERREIRA DO AMARAL

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN MECHANICAL ENGINEERING - IST
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2006-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA
5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: HOLDS NO OFFICE IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6. OFFICE HELD IN OTHER COMPANIES:

AEM – Assoc Empresas Emitentes de Valores Cotados em Mercado	**Chairman of the General Board**
LVT - Lisboa Vista do Tejo	**Chairman of the Board of Directors**
LUSOPONTE – Concessionária para a Travessia do Tejo S.A.	**Chairman of the Board of Directors**
Transdev – Transportes	**Consultant**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

GREAT EARTH - Projectos, S.A.	**Chairman of the Board of Directors**
CIMIANTO - Sociedade Técnica de Hidráulica, S.A.	**Director**
GALP ENERGIA, SGPS, S.A.	**Chairman of the Board of Directors**

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN ECONOMICS FROM THE PORTUGUESE CATHOLIC UNIVERSITY (1980); POST-GRADUATE STUDIES IN EUROPEAN ECONOMICS FROM THE PORTUGUESE CATHOLIC UNIVERSITY (1981); MBA FROM INSEAD, FONTAINEBLEAU, FRANCE (1983).
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2010-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA
5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: HOLDS NO OFFICE IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6. OFFICE HELD IN OTHER COMPANIES:

Credit Suisse AG (para Espanha e Portugal)	**CEO**
JERÓNIMO MARTINS SGPS, S.A.	**Manager and Member of Audit Board**
RIM – Research In Motion (BlackBerry) (Canadá)	**Director**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

O2 Europe (Reino Unido, Irlanda, Alemanha, República Checa)	**Director**
TELESP (São Paulo, Brasil)	**Director**
Telefonica Moviles Mexico (México)	**Director**
NH Hoteles (Madrid, Espanha)	**Director**
Telefonica S.A.	**Director**
Telefonica Moviles, S.A.	**Chairman of the Board of Directors and of Executive Board**
Telefonica España	**Chairman of the Board of Directors and of Executive Board**
Portugal Telecom	**Director**

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN BUSINESS MANAGEMENT ISC-HEC- BRUSSELS – 1984.
3. DATE OF FIRST APPOINTMENT AND END-DATE OF TERM OF OFFICE: 2010-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA
5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING: HOLDS NO OFFICE IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING

6. OFFICE HELD IN OTHER COMPANIES:

ZOOM INVESTMENT, SGPS, S.A.....	**Director**
TCARE - Conhecimento e Saúde, S.A.....	**Director**
WINENERGY – Engenharia e Desenvolvimento, S.A. (formerly called TRC – Tecnologia, Representação e Comércio, S.A.)	**Director**
MAGALHÃES e GONÇALVES - Consultoria e Gestão, Lda.....	**Manager**

7. OTHER OFFICE HELD IN THE LAST FIVE YEARS:

SGC COMUNICAÇÕES, SGPS, S.A.....	**Director**
SGC TELECOM, SGPS, S.A.....	**Member of Executive Board**
AR Telecom, Acessos e Redes de Telecomunicações, S.A.	**Member of Executive Board**

SECTION III – GENERAL AND SUPERVISORY BOARD, COMMITTEE FOR FINANCIAL AFFAIRS AND AUDIT BOARD

II.21. IDENTIFICATION OF THE MEMBERS OF THE AUDIT BOARD, DECLARING THAT MEMBERS COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1 AND THE INDEPENDENCE CRITERION PROVIDED FOR IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE. THE AUDIT BOARD CONDUCTS A SELF-ASSESSMENT FOR THIS PURPOSE.

The composition of the Audit Board is indicated above; there are three full members and one alternate member.

The self-assessment carried out by the Audit Board for the financial year of 2011 shows that:

All the members of the Audit Board comply with the incompatibility requirements in Article 414-A of the Companies Code.

As regards the assessment of independence in accordance with the criteria established in Article 414.5 and taking into account the Opinion of the Securities Market Commission of 12 November 2011, the Audit Board considers that all its members are independent. In the last report, the Audit Board considered that Dr. Duarte Nuno D'Orey da Cunha did not comply with sub-paragraph b) of this article, due to being elected to the board for the third term running, meaning that he was not independent. In the light of the said opinion of the Securities Market Commission, which concluded that only the third re-election of members of the audit board for a fourth term of office causes them not to meet the independence criterion, the Audit Board has altered its self-assessment.

II.22. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE AUDIT BOARD, PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS OR MORE, THE NUMBER OF SHARES HELD IN THE COMPANY, DATE OF FIRST APPOINTMENT AND EXPIRY OF TERM OF OFFICE

II.23. OFFICE HELD BY MEMBERS OF THE AUDIT BOARD IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP

MIGUEL CAMARGO DE SOUSA EIRÓ

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN LAW, UNIVERSITY OF LISBON (1971)
3. DATE OF FIRST APPOINTMENT AND TERM OF OFFICE: 2006-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA
5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A... **Chairman of Audit Board**

6. OFFICE HELD IN OTHER COMPANIES: NO OFFICE HELD IN OTHER COMPANIES.

7. OTHER PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS:

Legal practice

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A. **Member of Audit Board**

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A. ..... **Member of Audit Board**

DUARTE NUNO D'OREY DA CUNHA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS 2,907 SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN FINANCE, ISCEF
3. DATE OF FIRST APPOINTMENT AND TERM OF OFFICE: 2004-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA
5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A... **Member of Audit Board**

6. OFFICE HELD IN OTHER COMPANIES:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A. ..... **Chairman of General Meeting**

VÉRTICE – Gestão de Participações, SGPS, S.A..... **Director**

7. OTHER PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS:

BEIRA-RIO – Sociedade Construtora de Armazéns, S.A. **Director**

CIMILONGA – Imobiliária, S.A..... **Adviser to the Directors**

LONGAVIA – Imobiliária, S.A..... **Director**

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A... **Chairman of Audit Board**

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A. ..... **Chairman of Audit Board**

Sociedade Agrícola da Quinta da Vialonga, S.A..... **Director**

SONACA, SGPS, S.A..... **Chairman of General Meeting**

SONAGI, SGPS, S.A..... **Director**

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

1. NUMBER OF SHARES HELD IN THE COMPANY: HOLDS NO SHARES IN THE COMPANY
2. PROFESSIONAL QUALIFICATIONS: DEGREE IN LAW, PORTUGUESE CATHOLIC UNIVERSITY, LISBON (1990); CONCLUDED PROFESSIONAL TRAINEESHIP AT THE LISBON DISTRICT COUNCIL OF THE BAR ASSOCIATION (1991); MASTER OF BUSINESS ADMINISTRATION (MBA), UNIVERSIDADE NOVA DE LISBOA (1996); ATTENDED POSTGRADUATE COURSE IN REAL ESTATE MANAGEMENT AND VALUATION, ISEG (2004)
3. DATE OF FIRST APPOINTMENT AND TERM OF OFFICE: 2006-2013
4. OFFICE HELD IN OTHER COMPANIES BELONGING TO SAME GROUP AS SEMAPA: NO OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA

5. OFFICE HELD IN OTHER COMPANIES IN WHICH SEMAPA HAS A DIRECT OR INDIRECT HOLDING:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A.... **Member of the Audit Board**

6. OFFICE HELD IN OTHER COMPANIES:

LOFTMANIA – Gestão Imobiliária, L.da..... **Manager**

LINHA DO HORIZONTE – Investimentos Imobiliários, Lda... **Manager**

7. OTHER PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS: IN ADDITION TO THE POSITIONS INDICATED ABOVE, NO OTHER OFFICE HELD IN THE LAST FIVE YEARS.

II.24. REFERENCE TO THE FACT THAT THE AUDIT BOARD CONDUCTS AN ANNUAL ASSESSMENT OF THE EXTERNAL AUDITOR AND TO THE POSSIBILITY OF IT PROPOSING TO THE GENERAL MEETING THE AUDITOR'S DISMISSAL WITH DUE CAUSE

As part of its supervisory work and auditing of the company's accounts, the Audit Board assesses the external auditor each year, and the result of this assessment is included in its Report and Opinion on the annual accounts.

Although the powers of the Audit Board do not expressly include the possibility of proposing dismissal of the auditor to the general meeting, it is fully accepted that these powers derive from its general duties and responsibilities – oversight and notification of irregularities detected to the first general meeting held after such discovery. If the irregularities constitute due cause for dismissal, the Audit Board must inevitably submit a proposal to the shareholders to this effect.

SECTION IV – REMUNERATION

II.30. DESCRIPTION OF THE REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AS REFERRED TO IN ARTICLE 2 OF LAW NO. 28/2009, OF 19 JUNE.

We refer in this regard to the statement issued by the Remuneration Committee, included below in part II of this Information on Corporate Governance, which describes in full the remuneration policy for the management and supervisory bodies.

II.31. INDICATION OF THE ANNUAL REMUNERATION EARNED INDIVIDUALLY BY MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES, INCLUDING FIXED AND VARIABLE REMUNERATION AND, WITH REGARD TO THE LATTER, INDICATION OF THE DIFFERENT COMPONENT PARTS, THE PORTION WHICH IS DEFERRED AND THE PORTION ALREADY PAID.

The following table indicates the remuneration earned in 2011 by the members of the company's management and supervisory bodies. The table breaks down remuneration into fixed and variable components, but not into the component parts of the variable remuneration, or into the portions deferred and already paid. Variable remuneration is stated as a whole because this is how it is set, taking into consideration the factors described in the Remuneration Policy Statement from the Remuneration Committee, without specifically identifying components, and the portions deferred/paid are not indicated because no portion is deferred.

Values in Euros	FIXED REMUNERATION	VARIABLE REMUNERATION
BOARD OF DIRECTORS		
António da Nóbrega de Sousa da Câmara	6,535.08	0.00
António Pedro de Carvalho Viana-Baptista	128,305.13	0.00
Carlos Maria Cunha Horta e Costa	376,486.36	0.00
Francisco José Melo e Castro Guedes	61,781.31	63,360.00
Joaquim Martins Ferreira do Amaral	226,772.85	63,360.00
José Alfredo de Almeida Honório	266,153.86	831,738.00
José Miguel Pereira Gens Paredes	269,708.06	444,283.00
Maria Maude Mendonça de Queiroz Pereira Lagos	430,308.43	887,042.00
Paulo Miguel Garcês Ventura	270,469.75	443,521.00
Pedro Mendonça de Queiroz Pereira	430,308.43	956,580.00
Rita Maria Lagos do Amaral Cabral	11,436.39	126,720.00
Vítor Manuel Galvão Rocha Novais Gonçalves	128,305.13	0.00
TOTAL	**2,606,570.78**	**3,816,604.00**
AUDIT BOARD		
Miguel Camargo de Sousa Eiró	19,958.57	0.00
Duarte Nuno d' Orey da Cunha	14,256.13	0.00
Gonçalo Nuno Palha Gaio Picão Caldeira	14,256.13	0.00
TOTAL	**48,470.83**	**0.00**

II.32. INFORMATION ON HOW REMUNERATION IS STRUCTURED IN ORDER TO ALIGN THE INTERESTS OF MEMBERS OF THE MANAGEMENT BODY WITH THE LONG TERM INTERESTS OF THE COMPANY, AND ON HOW IT IS BASED ON PERFORMANCE ASSESSMENT AND DISCOURAGES EXCESSIVE RISK-TAKING

The way in which remuneration is structured and how it is based on the directors' performance follows with sufficient clarity from the Remuneration Policy Statement of the Remuneration Committee, specifically from item 1 of chapter VI, to which we refer, and from the references to performance assessment included in item II.33 above.

As regards the discouragement of excessive risk-taking, we should clarify that there is no separate mechanism in place with this specific aim. Risk is an intrinsic characteristic of any act of management and, as such, it unavoidably and continuously considered in all management decisions. A quantitative or qualitative assessment of risk as good or bad cannot be made in isolation, but only in the light of its results in company performance over time. Nonetheless, the factors considered by the Remuneration Committee also include any excessive risk-taking.

II.33. IN RELATION TO THE REMUNERATION OF EXECUTIVE DIRECTORS:

a) REFERENCE TO THE FACT THAT THE REMUNERATION OF EXECUTIVE DIRECTORS INCLUDES A VARIABLE COMPONENT AND INFORMATION ON HOW THIS COMPONENT DEPENDS ON A PERFORMANCE ASSESSMENT

The remuneration of executive directors effectively includes a variable component which depends on a performance assessment, as described in the Remuneration Policy Statement, in particular in item 2 of chapter VI.

b) INDICATION OF THE COMPANY BODIES EMPOWERED TO ASSESS THE PERFORMANCE OF EXECUTIVE DIRECTORS;

The body empowered to conduct the performance assessment of executive directors is the Remuneration Committee, which uses for this purpose the information at its disposal and other information and documents requested from the Chairman of the Directors, as the main person responsible for the team, and from non-executive directors and members of the Audit Board who are best placed to observe the performance of the executive members of the Board of Directors and have direct access to these members.

However, in view of the actual nature of the situation, this is not a technical/functional assessment in which the assessor is responsible for setting objectives, monitoring progress and discussing performance with the person assessed. Instead, this is a general assessment of performance on the basis of the information and documents referred to.

c) INDICATION OF THE PRE-SET CRITERIA FOR ASSESSING THE PERFORMANCE OF EXECUTIVE DIRECTORS;

There are no pre-set criteria for assessing the performance of executive directors, notwithstanding the criteria defined in item 2 of chapter VI of the Remuneration Policy Statement for setting the variable remuneration component.

As a basic tool for setting variable remuneration, the members of the Remuneration Committee work with a system of KPIs which have evolved and are not publicly disclosed, although remuneration has not been set merely by appraising and applying quantitative elements in direct arithmetic fashion. Certain defined percentages are set in accordance with value judgments.

d) SPECIFICATION OF THE PROPORTION OF DIRECTORS' PAY REPRESENTED BY VARIABLE AND FIXED COMPONENTS, AND INDICATION OF UPPER LIMITS FOR BOTH COMPONENTS;

As stated above, there are no upper limits on remuneration, notwithstanding the limit set by the articles of association on directors' profit sharing.

The relative weight of the fixed and variable components of remuneration has fluctuated, as is inevitable given the variable nature of one of these components. The following table provides a comparison of fixed and variable remuneration earned by executive directors over recent years:

YEAR	FIXED	VARIABLE	TOTAL
2011	38%	62%	100%
2010	56%	44%	100%
2009	50%	50%	100%
2008	44%	56%	100%

e) INFORMATION ON DEFERRED PAYMENT OF THE VARIABLE COMPONENT OF REMUNERATION, INDICATING THE DEFERRAL PERIOD.

As also explained above, payment of the variable component of remuneration is not deferred.

f) DETAILS OF HOW PAYMENT OF VARIABLE REMUNERATION IS SUBJECT TO THE COMPANY'S CONTINUED POSITIVE PERFORMANCE OVER THE DEFERRAL PERIOD;

As follows from the previous item, Semapa operates no such mechanism.

g) SUFFICIENT INFORMATION ON THE CRITERIA APPLIED IN ALLOCATING VARIABLE REMUNERATION IN SHARES AND ON THE CONTINUED HOLDING BY EXECUTIVE DIRECTORS OF THE SHARES IN THE COMPANY ACQUIRED IN THIS MANNER, ON ANY CONTRACTS CONCLUDED WITH REGARD TO THESE SHARES, SPECIFICALLY HEDGING OR TRANSFERRING RISK, THE RESPECTIVE LIMITS AND THE RESPECTIVE PROPORTION REPRESENTED OF TOTAL ANNUAL REMUNERATION;

This information is also not applicable in the case of Semapa as the variable remuneration includes no component paid in shares.

h) SUFFICIENT INFORMATION ON THE CRITERIA APPLIED IN ALLOCATING VARIABLE REMUNERATION IN OPTIONS AND INDICATION OF THE DEFERRAL PERIOD AND THE PRICE FOR EXERCISING OPTIONS;

The information is also not applicable in this case as Semapa has no scheme for allocating options.

i) IDENTIFICATION OF THE MAIN PARAMETERS AND GROUNDS FOR ANY ANNUAL BONUS SYSTEM AND ANY OTHER NON--CASH BENEFITS;

The criteria for setting annual bonuses are those relating to the variable remuneration as described in item 2 of chapter VI of the Remuneration Policy Statement, and no other non-cash benefits are allocated.

j) REMUNERATION PAID IN THE FORM OF PROFIT SHARING AND/OR PAYMENT OF BONUSES, AND THE GROUNDS ON WHICH THESE BONUSES AND/OR PROFIT SHARING WERE GRANTED;

The value of the remuneration paid in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration indicated in item II.31 of this report, which amounts were set on the basis of application by the Remuneration Committee (as explained more fully in its report) of the criteria described in item 2 of chapter VI of the Remuneration Policy Statement.

l) COMPENSATION PAID OR OWING TO FORMER EXECUTIVE DIRECTORS IN RELATION TO TERMINATION OF THEIR DIRECTORSHIPS DURING THE PERIOD;

No compensation was paid or is owing to former directors in respect of termination of their directorships in 2011.

m) REFERENCE TO CONTRACTUAL LIMITS ON SEVERANCE PAY FOR DIRECTOR, AND THE RESPECTIVE RELATIONSHIP WITH THE VARIABLE REMUNERATION COMPONENT.

Semapa has not contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination.

n) SUMS PAID ON ANY GROUNDS BY CONTROLLED OR CONTROLLING COMPANIES OR COMPANIES BELONGING TO THE SAME GROUP;

In the financial year of 2011, the directors of Semapa earned no remuneration from companies belonging to the same group. The remuneration earned in the same period by these directors from controlled or controlling companies stood at 5,765,374.12 Euros in aggregate.

o) DESCRIPTION OF THE MAIN FEATURES OF COMPLEMENTARY OR EARLY RETIREMENT SCHEMES FOR DIRECTORS, INDICATING WHETHER THEY HAVE BEEN ASSESSED BY THE GENERAL MEETING;

There is a retirement benefits system for directors approved by the general meeting, under which the directors are entitled to a monthly life pension, paid 12 times a year, as from the age of 55, if they have served as directors of the company for a minimum of 8 years, consecutively or non-consecutively. In the event of invalidity, the entitlement is not subject to an age requirement.

The value of the pension is fixed at between 80% and 27.2% of the result of dividing by 12 the fixed annual remuneration earned by the director at the date of leaving office as director of Semapa or any other controlled company. The percentage is determined by the total length of service, in this case including service in Semapa or controlled companies, as director or in another capacity. The percentage of 80% applies to service of 20 years or more, and there is a sliding scale with 27.2% being applied to those with 8 years' service. The General Meeting of 30 March 2005 decided to apply the upper limit to 6 directors.

It is relevant to note that the regulations also allow for half the value of the pension to be transferred to the surviving spouse or underage or incapable children of the director. In addition, any sums earned for services subsequently rendered to Semapa or controlled companies, together with the value of any pensions which the beneficiary is entitled to receive from public social security systems in relation to the same period of service, must be deducted from the pension paid.

We are pleased to clarify that, during the period in question, no directors took retirement and the eight-year period on which pension entitlement depends was not completed in respect of any director, meaning that no pension rights were acquired. Nonetheless, the annual adjustment was made to the respective provisions, with a variation of 170,010.00 Euros, as may be seen in the Notes to the Financial Statements.

p) ESTIMATED VALUE OF RELEVANT NON-CASH BENEFITS CONSIDERED AS REMUNERATION AND NOT INCLUDED IN THE FOREGOING.

There are no other relevant non-cash benefits considered as remuneration and not included in the above items.

q) ARRANGEMENTS WHICH PREVENT EXECUTIVE DIRECTORS FROM ENTERING INTO CONTRACTS WHICH UNDERMINE THE RATIONALE OF VARIABLE REMUNERATION.

The company has no arrangements of this kind. However, as explained above, Semapa does not enter into with its directors any agreement of this kind, and is not aware that any director has entered into such a contract with a third party; the company has not encouraged such contracts.

II.34. REFERENCE TO THE FACT THAT THE REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE MANAGEMENT BODY DOES NOT INCLUDE VARIABLE COMPONENTS

There is no impediment in the company to variable remuneration being assigned to non-executive directors where justified, as follows from the 2nd option described in chapter VII of the Remuneration Policy Statement.

II.35. INFORMATION ON THE POLICY ADOPTED IN THE COMPANY ON WHISTLEBLOWING (REPORTING CHANNELS, PERSONS ENTITLED TO RECEIVE REPORTS, REQUIRED TREATMENT OF SUCH REPORTS AND INDICATION OF PERSONS AND BODIES WITH ACCESS TO THE INFORMATION AND THEIR RESPECTIVE INVOLVEMENT IN THE PROCEDURE)

The company has a set of "Regulations on Notification of Irregularities", which govern the procedure whereby company employees give notice of irregularities allegedly taking place within the company.

These regulations enshrine the general duty to give notice of alleged irregularities, indicating the Audit Board as the body to be informed, and also providing for an alternative solution in the event of there being a conflict of interests on the part of the Audit Board as regards the irregularity to be reported.

The Audit Board may request the assistance of the Internal Control Committee, and is required to conduct a preliminary investigation of all the facts necessary for assessing the alleged irregularity. This process ends with filing or with a submission to the Board of Directors or the Executive Board, depending on whether a company officer is involved, of a proposal for appropriate measures in the light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the company.

Access to the "Regulations on Notification of Irregularities" is reserved.

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

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

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

SECTION V - SPECIALIST COMMITTEES

II.36. IDENTIFICATION OF THE MEMBERS OF THE COMMITTEES SET UP TO ASSESS THE INDIVIDUAL AND COLLECTIVE PERFORMANCE OF EXECUTIVE DIRECTORS, TO REFLECT ON THE GOVERNANCE SYSTEM ADOPTED BY THE COMPANY AND TO IDENTIFY POTENTIAL CANDIDATES WITH THE RIGHT PROFILE FOR DIRECTORSHIPS

The performance of executive directors is assessed by the Remuneration Committee as described in item II.33 b) and as detailed in recommendation II.5.1; this committee has the composition described in item II.2 of this Report.

The CGSC has specific responsibility for assessing the governance system adopted; this committee's membership and mission is detailed above in item II.2 of this report.

No committee has responsibility for identifying candidates, as explained in connection with recommendations II.1.3.2 and II.5.1 and item II.16 of this Report.

II.37. NUMBER OF MEETINGS OF COMMITTEES WITH MANAGEMENT AND SUPERVISORY RESPONSIBILITIES DURING THE PERIOD IN QUESTION, WITH REFERENCE TO THE TAKING OF MINUTES OF THESE MEETINGS.

During the financial year of 2011, the Internal Control Committee met twice and the Corporate Governance Supervisory Committee met 4 times, with minutes being taken of all meetings held.

II.38. REFERENCE TO THE FACT THAT ONE MEMBER OF THE REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN THE FIELD OF REMUNERATION POLICY

One of the members of the Remuneration Committee, Dr. José Maury, as stated above, has vast knowledge and experience in the field of remuneration.

II.39. REFERENCE TO THE INDEPENDENCE IN RELATION TO THE BOARD OF DIRECTORS OF INDIVIDUALS OR ENTITIES CONTRACTED TO SIT ON THE REMUNERATION COMMITTEE BY EMPLOYMENT OR SERVICE CONTRACT AND, WHEN APPLICABLE TO THE FACT THAT SUCH PERSONS HAVE CURRENT RELATIONSHIPS WITH THE COMPANY'S CONSULTANTS

As stated above in connection with recommendation II.5.3, the Remuneration Committee has never contracted any person or body to assist it. The actual members of this committee are independent, on the terms detailed above in connection with recommendation II.5.2..

CHAPTER III INFORMATION AND AUDITING

III.1. CAPITAL STRUCTURE, INCLUDING INDICATION OF SHARES NOT ADMITTED FOR TRADING, DIFFERENT CATEGORIES OF SHARES, RIGHTS AND DUTIES ATTACHED TO THE SAME, AND THE PERCENTAGE OF THE CAPITAL REPRESENTED BY ANY SUCH CATEGORY

Semapa's share capital comprises solely ordinary shares, with a nominal value of one euro each, with no differences in the rights and duties pertaining to each share.

The share capital is represented by 118,332,445 shares, corresponding to share capital of the same amount in Euros; all shares are admitted for trading.

III.2. QUALIFYING HOLDINGS IN THE ISSUER'S SHARE CAPITAL, CALCULATED IN ACCORDANCE WITH ARTICLE 20 OF THE SECURITIES CODE. (AT 31 DECEMBER)

	Holder	Nr shares	% shares and voting rights	% non-suspended voting rights
A -	Cimigest, SGPS, SA	100	0.00%	0.00%
	Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69%	14.35%
	Longapar, SGPS, S.A.	21,505,400	18.17%	19.05%
	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%
	Administradores da Soc. Agrícola da Q.ta da Vialonga:			
	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%
	Sub-total:	57,852,839	48.89%	51.25%
B -	Banco BPI, S.A.	-	-	-
	Banco Português de Investimento, S.A. – carteira própria	3,294	0.00%	0.00%
	BPI Vida - Companhia de Seguros de Vida, S.A.	405,804	0.34%	0.36%
	Pension Funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10,362,388	8.76%	9.18%
	Investment Funds managed by BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A.	1,237,518	1.05%	1.10%
	Sub-total:	12,009,004	10.15%	10.64%
C -	Banco Espírito Santo, S.A.	-	-	-
	Fundo de Pensões do BES	3,871,957	3.27%	3.43%
	Sub-total:	3,871,957	3.27%	3.43%
D -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F. I.	3,820,550	3.23%	3.38%
	Bestifond, F.I.	3,432,923	2.90%	3.04%
	Bestinver Global, FP	907,128	0.77%	0.80%
	Bestinver Hedge Value Fund, FIL	855,353	0.72%	0.76%
	Bestinver Mixto, F.I.	639,125	0.54%	0.57%
	Soixa SICAV	603,626	0.51%	0.53%
	Bestinver Bestvalue SICAV	550,645	0.47%	0.49%
	Bestinver Ahorro, F.P.	540,058	0.46%	0.48%
	Texrenta Inversiones SICAV	162,753	0.14%	0.14%
	Bestinver Value Investor, SICAV	146,200	0.12%	0.13%
	Bestinver Renta, F.I.	94,353	0.08%	0.08%
	Bestinver Prevision, F.P.	33,828	0.03%	0.03%
	Divalsa de Inversiones SICAV, SA	26,132	0.02%	0.02%
	Bestinver Empleo FP	23,517	0.02%	0.02%
	Linker Inversiones, SICAV, SA	15,964	0.01%	0.01%
	Sumeque Capital, SICAV	10,719	0.01%	0.01%
	Bestinver Empleo II, F.P.	1,415	0.00%	0.00%
	Bestvalue, F.I.	921	0.00%	0.00%
	Sub-total:	11,865,210	10.03%	10.51%
E -	Norges Bank (the Central Bank of Norway)	5,933,463	5.01%	5.26%
	Sub-total:	5,933,463	5.01%	5.26%

Semapa - Sociedade de Investimento e Gestão. SGPS S.A. holds 5,447,975 shares of own shares, corresponding to 4.6% of the shares capital.

III.3. IDENTIFICATION OF SHAREHOLDERS WITH SPECIAL RIGHTS, AND DESCRIPTION OF SUCH RIGHTS.

No shareholders or categories of shareholders in Semapa have special rights.

III.4. ANY RESTRICTIONS ON THE TRANSFERABILITY OF SHARES, SUCH AS CONSENT CLAUSES FOR DISPOSAL, OR LIMITATIONS ON OWNERSHIP OF SHARES

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

III.5. SHAREHOLDERS' AGREEMENTS KNOWN TO THE COMPANY OR WHICH MIGHT LEAD TO RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

The company is unaware of any shareholders' agreement on shares in its capital, notwithstanding the open coordination of voting rights by Cimigest, SGPS, S.A. and other entities, on terms which follow from the list of qualifying holdings.

III.6. RULES APPLICABLE TO AMENDMENT OF THE ARTICLES OF ASSOCIATION

Semapa has no special rules on the amendment of its articles of association. The general rules deriving from the Companies Code therefore apply to these issues.

III.7. CONTROL MECHANISMS IN AN EMPLOYEE OWNERSHIP SCHEME INSOFAR AS VOTING RIGHTS ARE NOT DIRECTLY EXERCISED BY EMPLOYEES

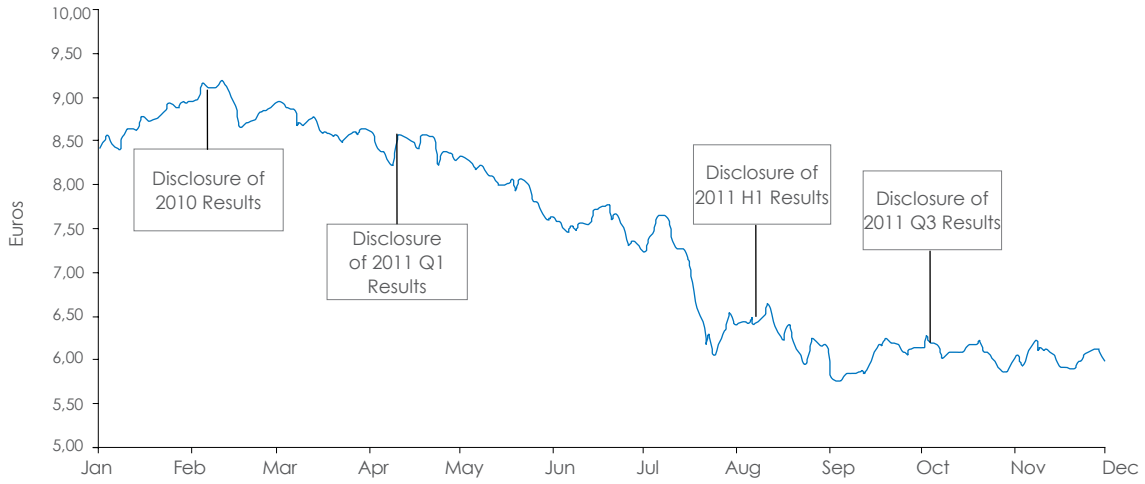
There is no employee ownership scheme in Semapa.

III.8. DESCRIPTION OF EVOLUTION IN THE ISSUER'S SHARE PRICE.

The performance of the capital markets over the course of 2011 reflected the serious financial crisis affecting the Euro zone in 2011, causing a high degree of instability on the European stock exchanges. The main European markets ended the year with significant losses, with the Paris, London and Madrid indexes down by 17%, 15.5% and 13.1% respectively.

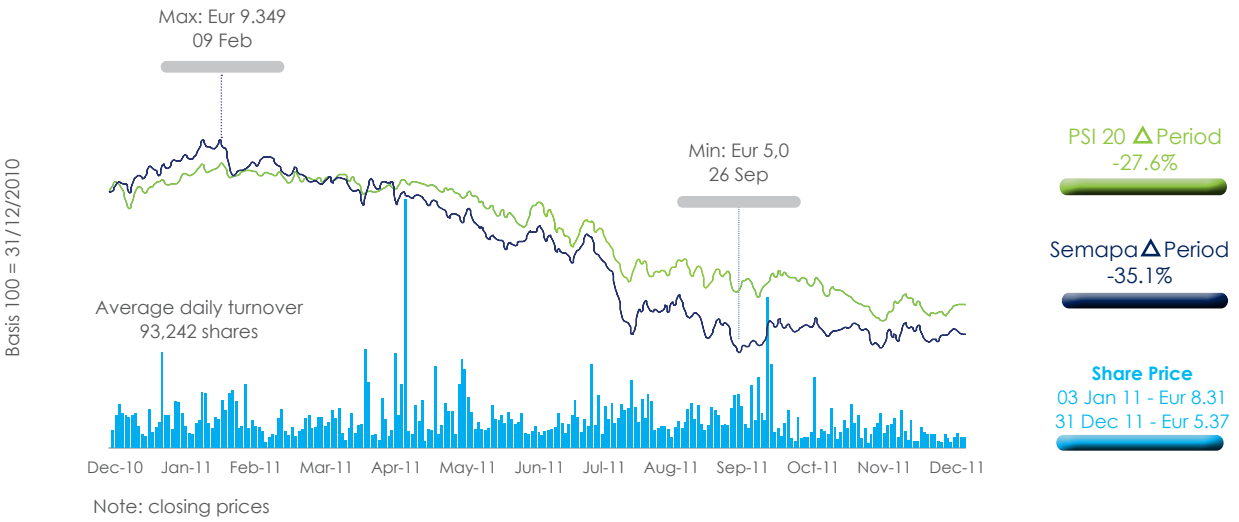
The following graph shows the average listed price of the company over the period, together with the main disclosures made to the market:

AVERAGE LISTED PRICE FOR SEMAPA SHARES DURING 2011



In the period immediately following publication of the results for 2010, on 8 February 2011, no significant change was observed in the share price.

The Portuguese stock exchange was particularly hard hit by the crisis situation and the PSI20 index finished the year with an accrued loss of 27.6%. Semapa shares were not immune to the downward corrections experienced across the market, recording a drop in value of 35.1% over 2011. We should recall that in 2010 Semapa SGPS was the 5th best performing share in the PSI20 index, gaining 6.7% over the year, in contrast to a loss for the index as a whole of 10.3%.



The listed price for Semapa shares ranged between a minimum of 5.37 euros and a maximum of 8.31 euros. Average daily trading over the period stood at 93,242 shares.

III.9. DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY ADOPTED BY THE COMPANY, INCLUDING THE DIVIDEND PER SHARE DISTRIBUTED DURING THE LAST THREE PERIODS

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

The pay-out ratio (dividends/net profit) in recent years has been high, reaching a high point of 94% in 1995, and standing at its lowest in 2004, at 7.1%.

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

2008	(in relation to 2007) 0.255€ per share
2009	(in relation to 2008) 0.255€ per share
2010	(in relation to 2009) 0.255€ per share
2010	(in relation to 2010*) 0.255€ per share

* paid on 10 December as an advance on 2010 profits

III.10. A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE AND SHARE OPTION PLANS ADOPTED OR VALID FOR THE FINANCIAL YEAR IN QUESTION, THE REASON FOR ADOPTING SAID SCHEME AND DETAILS OF THE CATEGORY AND NUMBER OF PERSONS INCLUDED IN THE SCHEME, SHARE-ASSIGNMENT CONDITIONS, NON-TRANSFER OF SHARE CLAUSES, CRITERIA ON SHARE-PRICING AND THE EXERCISING OPTION PRICE, THE PERIOD DURING WHICH THE OPTIONS MAY BE EXERCISED, THE CHARACTERISTICS OF THE SHARES TO BE DISTRIBUTED, THE EXISTENCE OF INCENTIVES TO PURCHASE AND/OR EXERCISE OPTIONS, AND THE RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR EXECUTING AND/OR CHANGING THE PLAN

As stated above, the company has no share or share option plans.

III.11. DESCRIPTION OF THE MAIN TRANSACTIONS AND OPERATIONS CARRIED OUT BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODY, THE OWNERS OF QUALIFYING HOLDINGS OR CONTROLLED, CONTROLLING OR GROUP COMPANIES, WHEN ECONOMICALLY SIGNIFICANT FOR ANY OF THE PARTIES INVOLVED, EXCEPT FOR THOSE TRANSACTIONS OR OPERATIONS THAT ARE CARRIED OUT ON AN ARMS-LENGTH BASIS AND FORM PART OF THE COMPANY'S NORMAL BUSINESS

There are no transactions to record other than those carried out on an arms-length basis or which form part of the company's normal business.

III.12. OUTLINE ESSENTIAL DETAILS OF TRANSACTIONS AND OPERATIONS CARRIED OUT BETWEEN THE COMPANY AND HOLDERS OF QUALIFYING HOLDINGS OR ANY RELATED ENTITIES, UNDER ARTICLE 20 OF THE SECURITIES CODE, NOT ON AN ARM'S LENGTH BASIS

There are no transactions to record.

III.13. DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO INTERVENTION BY THE SUPERVISORY BODY FOR THE PURPOSES OF PRIOR ASSESSMENT OF TRANSACTIONS TO BE CARRIED OUT BETWEEN THE COMPANY AND HOLDERS OF QUALIFYING HOLDINGS OR RELATED ENTITIES, UNDER ARTICLE 20 OF THE SECURITIES CODE.

The Board of Directors is required to obtain the Audit Board's clearance for transactions between the company and the owners of qualifying holdings or entities in any way related to these shareholders, as defined in Article 20 of the Securities Code, whenever one of the following criteria is met with regard to each period:
a) When such transactions have a value greater than or equal to 1% of the company's consolidated turnover in the previous year;
b) When the accrued value, with regard to the same owner of a qualifying holding, or entity related to the same in any way, as defined in Article 20 of the Securities Code, is greater than or equal to double the amount resulting from application of the criterion referred to in the preceding sub-paragraph.

III.14. DESCRIPTION OF STATISTICAL DATA (NUMBER, AVERAGE AND MAXIMUM VALUES) RELATING TO TRANSACTIONS SUBJECT TO PRIOR INTERVENTION BY THE SUPERVISORY BODY.

There were no transactions in 2011 subject to prior intervention by the Audit Board.

III.15. INDICATION THAT THE ANNUAL REPORTS ISSUED BY THE GENERAL AND SUPERVISORY BOARD, BY THE COMMITTEE FOR FINANCIAL AFFAIRS, BY THE AUDIT COMMITTEE AND BY THE AUDIT BOARD ARE MADE AVAILABLE ON THE COMPANY'S WEBSITE IN CONJUNCTION WITH THE FINANCIAL STATEMENTS, INCLUDING INDICATION OF ANY CONSTRAINTS ENCOUNTERED

The Audit Board's report, covering its activities over the period in question, is published on the company's website in conjunction with the other reports and financial statements.

III.16. REFERENCE TO THE EXISTENCE OF AN INVESTOR SUPPORT OFFICE OR OTHER SIMILAR SERVICE.

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

Dr. José Miguel Gens Paredes can be contacted at the email address (jmparedes@semapa.pt) or on the company's general telephone numbers. All public information on the company can be accessed by these means. It should be noted, in any case, that the information most frequently requested by investors is available at the company's website at www.semapa.pt.

III.17. INDICATION OF ANNUAL REMUNERATION PAID TO THE AUDITOR OR OTHER INDIVIDUALS OR ENTITIES BELONGING TO THE SAME NETWORK AND BORNE BY THE COMPANY AND/OR BY CONTROLLED, CONTROLLING OR GROUP ENTITIES AND DETAILS OF THE PERCENTAGE RELATING TO SUCH SERVICES

The following costs were incurred in relation to auditors in 2011 by the company and other related companies:

Account audit services	828,366.00 €	66%
Other reliability assurance services	158,878.00 €	13%
Total audit services:	987,244.00 €	79%
Fiscal consultancy services	266,236.00 €	21%
Total other services:	266,236.00 €	21%
Total:	1,253,480.00 €	100%

In relation to fiscal consultancy services and services other than auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the company, in particular by the Audit Board and the Internal Control Committee.

III.18. REFERENCE TO THE PERIOD FOR ROTATING THE EXTERNAL AUDITOR.

The company does not require rotation of its external auditor, but if it is decided to retain the auditor for more than two terms of office, the Audit Board is required to issue a report recommending such continuation. This was the course adopted at the last elections, in 2010, when the audit firm was retained, but not the person in charge of the audit team.

II. REMUNERATION POLICY STATEMENT

Law 28/2009, of 19 June, requires the Remuneration Committee to submit each year for the approval of the general meeting of shareholders a statement on the remuneration policy for members of the management supervisory bodies. A draft document was accordingly submitted to shareholders in 2011, resulting in approval of a remuneration policy statement as transcribed below:

"REMUNERATION POLICY STATEMENT -
SEMAPA DIRECTORS AND AUDITORS

I. INTRODUCTION

Semapa's Remuneration Committee drew up a remuneration policy statement for the first time in early 2007, successfully submitting it for approval by the company's general meeting that year. This statement was drafted in line with a recommendation issued on this matter by the Securities Market Commission (*Comissão de Mercado de Valores Mobiliários*).

The Remunerations Committee declared at this time that it felt that the options set out in the statement should be maintained until the end of the term of office of the company's officers then underway. This term ran from 2006 to 2009.

The statement was due for review in 2010, not only because a fresh term of office had started, but also because of the entry into force of Law 28/2009, of 19 June, requiring remuneration committees to submit a remuneration policy statement annually for the approval of the general meeting.

This Committee continues to believe that a remuneration policy statement, due to its nature as a set of principles, should be stable during an entire term of office, unless exceptional or unforeseen circumstances require it to be altered.

We have therefore decided to propose for approval a statement with the same content as that currently in force.

There is a significant divide between the two most common systems for setting the remuneration of company officers. The first is for such remuneration to be set by the general meeting; this solution is rarely adopted, being rather impractical for a variety of reasons. The second is for remuneration to be set by a Remuneration Committee, which decides in keeping with criteria on which the shareholders have had not always had the opportunity to pronounce.

The solution now before us amounts to an intermediate system whereby the shareholders can appraise a remuneration policy to be followed by the Committee. This seeks to draw on the best features of both theoretical systems, as we propose to do in this document, reasserting the position we have previously defended whilst also including the contribution from the additional experience and expertise acquired by the company, and complying with the new legal requirements in this field.

II. LEGAL REQUIREMENTS AND RECOMMENDATIONS

This statement is issued in the legal framework formed by Law 28/2009, of 19 June (as referred to above), and the recommendations of the Securities Market Commission for 2010.

In addition to requiring annual statements, approved by the general meeting and duly disclosed, the new law requires the statement on remuneration policy to include information on:

a) *Procedures to permit directors' interests to be aligned with those of the company;*

b) *The criteria for setting the variable component of remuneration;*

c) *The existence of share bonus and share option plans for directors and auditors;*

d) *The possibility of the variable remuneration component, if any, being paid, in full or in part, after the accounts for the periods corresponding to the entire term of office having been drawn up;*

e) *Procedures for capping variable remuneration, in the event of the results showing a significant deterioration in the company's performance in the last period for which accounts have been reported or when such a deterioration may be expected in the period underway.*

The recommendations from the Securities Market Commission currently in force state that:

II.1.5.2. A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties.

II.1.5.3. The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the managers' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long--term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.

III. LEGAL REQUIREMENTS AND THE ARTICLES OF ASSOCIATION

Any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the articles of association.

The legal rules for the board of directors are essentially established in Article 399 of the Companies Code, and may in practice be summarised as follows:

- Remuneration is to be set by the general meeting of shareholders or by a committee appointed at such meeting.
- The remuneration fixed shall take into account the duties performed and the state of the company's affairs.
- The remuneration may be fixed or else consist in part of a percentage of the profits of the period, but the maximum percentage for distribution to directors must be authorized by a clause in the articles of association, and shall not apply to the amounts allocated to reserves or to any portion of the profits not legally available for distribution to the shareholders.

For the members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the company's affairs.

Semapa's articles of association contain a specific clause, number seventeen, dealing only with the directors and governing also retirement provision. We transcribe the relevant passages:

"2 - The remuneration of the directors […] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.

3 - The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."

This is the formal framework to be observed in defining remuneration policy.

IV. HISTORICAL BACKGROUND

Since the incorporation of Semapa and up to 2002, all directors of Semapa received remuneration comprising a fixed component, paid fourteen times a year, and fixed by the Remuneration Committee, then called the Comissão de Fixação de Vencimentos.

In 2003, the resolution on the distribution of profits from 2002 included, for the first time, a part of the profits to be directly paid as remuneration to the directors, divided between the directors as decided by the Remuneration Committee.

This procedure was repeated through to 2005, with regard to the profits from 2004.

In 2006, the allocation of profits from 2005 did not provide for any amount for directors' remuneration, which was understandable, given that the profits already reflected a provision for the variable remuneration of the directors, under the new accounting standards applicable. The variable component of the remuneration was fixed in 2006 by the Remuneration Committee, also with reference to the profits, in accordance with the articles of association.

This is the procedure which has stayed in place through to the present, although since 2007 this has taken place within the terms of a remuneration policy statement approved by the company's General Meeting.

It should be noted that the allocation of a percentage of profits is not applied directly, but rather as an indicator, and also as a limit, in line with the articles of association, on amounts which are determined in a more involved process, taking into account the factors set out in the remuneration policy statement in force.

The percentage for the directors' variable remuneration has ranged between a maximum of 5% and a minimum of 2.23% of the net profits. In recent years, the percentage has been lower than initially, due essentially to the consideration given to other earnings received by the same directors in companies controlled by Semapa.

There has therefore been a constant procedure since 2003, with the directors' remuneration comprising a fixed component and a variable component.

Since the incorporation of the company, the members of the audit board have received fixed monthly remuneration. Since the officers of the general meeting started to receive remuneration, this has been set in accordance with the number of meetings actually held.

V. GENERAL PRINCIPLES

The general principles to be observed when setting the remuneration of the company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

It is necessary to consider the duties performed by each company officer not only in the formal sense, but also in the broader sense of the work carried out and the associated responsibilities. Not all the executive directors are in the same position, and the same is also true, for example, of the members of the audit board. Duties have to be assessed in the broadest sense, taking into account criteria as varied as, for example, responsibility, time dedicated, or the added value to the company resulting from a given type of intervention or representation of a given institution.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due, on the one hand, to the added responsibility this represents, and, on the other hand, to the existence of another source of income.

It should be noted that Semapa's experience has shown that the directors of this company, contrary to what is often observed in other companies of the same time, cannot be neatly split into executive and non-executive. There are a number of directors with delegated powers and who are generally referred to as executive directors, but some of directors without delegated powers are closely involved in the life of the company in a variety of ways, sometimes on a daily basis. These are essential aspects which must inevitably be considered when setting remuneration.

b) The state of the company's affairs.

This criterion must also be understood and interpreted with care. The size of the company and the inevitable complexity of the associated management responsibilities, is clearly one of the relevant aspects of the state of affairs, understood in the broadest sense. There are implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of pay, and the officers of a corporation are no exception. Only respect for market practices makes it possible to keep professionals of a calibre required for the complexity of the duties performed and the responsibilities shouldered, thereby assuring not only their own interests but essentially those of the company, and the generation of value of all its shareholders. In the case of Semapa, in view of its characteristics and size, the market criteria to be considered are those prevailing internationally, as well as those to be observed in Portugal.

VI. COMPLIANCE WITH LEGAL REQUIREMENTS AND RECOMMENDATIONS

Having described the historical background and the general principles adopted, we shall now consider the issue of compliance by these principles with the relevant legal requirements.

1. Article 2 a) of Law 28/2009. Alignment of interests.

The first requirement that Law 28/2009 regards as essential in terms of the information in this statement is for a description of the procedures which assure that the directors' interests are aligned with those of the company.

We believe that the remuneration system adopted in Semapa is successful in assuring such alignment. Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set out, and secondly because it links the directors to results by means of a variable remuneration component which is set primarily in the light of these results.

2. Article 2 b) of Law 28/2009. Criteria for the variable component.

The second requirement established by the law is for information on the criteria used to determine the variable component.

The company's results are the most important factor in setting the variable remuneration: not the results seen as an absolute value, but as viewed from a critical perspective in the light of what may be expected of a company of this size and characteristics, and in view of the actual market conditions. The importance of the results in setting the variable component derives from the actual articles of association, which expressly provide for the possibility of "profit sharing" and limit this to a percentage of profits.

In setting the variable component, other factors are also considered, resulting in the main from the general principles - market, specific duties, the state of the company's affairs. These factors are often more individual, relating to the specific position and performance of each director.

Another important factor which is taken into overall account when setting the variable component is Semapa's option not to provide any share or option plans.

3. Article 2 c) of Law 28/2009. Share or option plans.

The decision whether or not to provide share or option plans is structural in nature. The existence of such a plan is not a simple add-on to an existing remuneration system, but rather an underlying to change to the existing system, at least in terms of the variable remuneration.

Although a remuneration system of this type is not incompatible with the company's articles of association, we feel that the wording of the relevant provisions in the articles and the historical background to the existing system argue in favour of maintaining a remuneration system without any share or option component.

This is not to say that we see no merits in including a share or option component in directors' remuneration, nor that we would not be receptive to restructuring directors' remuneration to incorporate such a plan. However, such a component is not essential in order to promote the principles we defend and, as we have said, we do not believe that this was the fundamental intention of the company's shareholders.

4. Article 2 d) of Law 28/2009. Date of payment of variable remuneration.

   Specialists in this field have drawn attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office can in some way be appraised.

   We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of Semapa and other similar companies.

   One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is pegged simply to one financial year, which may not be representative, and which may present higher profits at the cost of worse results in subsequent years.

   However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as Semapa, with a stable shareholder structure and management, where these concerns are inherently less of an issue.

5. Article 2 e) of Law 28/2009. Procedures for capping variable remuneration.

   Procedures of this kind are designed to limit variable remuneration in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such a deterioration may be expected in the period underway.

   This type of provision also reflects a concern that good performance in the short term, which may boost directors' remuneration, could be achieved at the cost of future performance.

   For obvious reasons, the arguments presented above also apply here. It should also be noted that a system of this kind would have little practical effect if not combined with significant deferral of remuneration, which is not proposed for Semapa.

6. First part of Recommendation II.1.5.2.. Comparative information.

   In relation to groups of companies whose remuneration policies and practices have been taken as the baseline for setting remuneration, this Committee took into consideration, to the extent of the information accessible, all Portuguese companies of equivalent size, namely PSI-20 companies, and also companies in international markets with characteristics similar to those of Semapa.

7. Second part of Recommendation II.1.5.2.. Termination agreements.

   There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination by agreement of Directors' duties.

   This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature.

8. Recommendation II.1.5.3. Inclusion of managers in this statement

   The Remuneration Committee has no proposal or statement to make on this issue, as it is the express understanding of the Board of Directors that it has sole powers over this matter and that it is not in the company's interest to comply with this recommendation.

VII. SPECIFIC OPTIONS

The specific options for the remuneration policy we propose are as follows:

1. The remuneration of executive directors shall comprise a fixed component and a variable component.
2. The remuneration of non-executive directors shall comprise only a fixed component, or else a fixed component and a variable component, as for executive directors, whenever justified by the nature of the duties actually exercised and their degree of responsibility and involvement in the day to day running of the company.
3. The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
4. The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a pre-set amount for each meeting of the Board of Directors attended.
5. A monthly rate shall be set for the fixed component of the remuneration of directors for all those who are members of the Executive Board and those who, although not members of such Board, perform duties or carry out specific work of a repeated or ongoing nature.
6. The pre-set amount for participation in meetings of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.
7. The fixed remuneration of the members of the Audit Board shall consist in all cases of a pre-set amount paid fourteen times a year.
8. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.
9. The procedure for assigning variable remuneration to the executive members of the Board of Directors shall comply with the criteria proposed by the Remuneration Committee, and the total such remuneration shall not exceed five per cent of the consolidated net profits (IFRS format).
10. In setting all remuneration, including in particular the distribution of the total amount allocated to the variable remuneration of the Board of Directors, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

The Remuneration Committee

José Gonçalo Maury

Frederico José da Cunha Mendonça e Meneses"

III. DISCLOSURES REQUIRED BY ARTICLES 447 AND 448 OF THE COMPANIES CODE AND PARAGRAPHS 6 AND 7 OF ARTICLE 14 OF SECURITIES MARKET COMMISSION REGULATION 5/2008

(with reference to the financial year of 2011)

1. Securities issued by the company and held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 of the Companies Code:

- José Alfredo de Almeida Honório - 20,000 shares in the company
- Duarte Nuno d'Orey da Cunha - 2,907 shares in the company
- Maria Rita Carvalhosa Mendes de Almeida Queiroz Pereira - 16,464 shares in the company

2. Securities issued by companies controlled by or belonging to the same group as Semapa held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 of the Companies Code:

- Duarte Nuno d'Orey da Cunha - 16,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

3. Securities issued by the company and controlled companies held by companies in which directors and auditors hold corporate office:

- Cimigest, SGPS, S.A. - 100 shares in the company
- Cimo - Gestão de Participações, SGPS, S.A. – 16,199,031 shares in the company
- Longapar, SGPS, S.A. – 21,505,400 shares in the company
- Sodim, SGPS, SA - 18,842,424 shares in the company
- Sonagi, SGPS, S.A. - 96,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- OEM - Organização de Empresas, SGPS, SA – 535,000 shares in the company
- ZOOM Investment, SGPS, SA – 1,434,761 acções da sociedade e 12,295,308 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

4. Acquisition, disposal, encumbrance or pledge of securities issued by the company, controlled companies or companies in the same group by company officers and the companies referred to in 3:

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

Date	Quantity	Price per share	Nature
18-Mar	138,730	8.617 €	Sale
09-May	959,136	8.284 €	Sale

- Cimo - Gestão de Participações, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Nature
18-Mar	138,730	8.617 €	Purchase
09-May	323,036	8.284 €	Purchase
28-Dec	1,630,590	5.46 €	Purchase

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

Date	Quantity	Price per share	Nature
09-May	636,100	8.284 €	purchase

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

Date	Quantity	Price per share	Nature
28-Dec	1,630,590	5.46 €	Sale

5. Transactions in own shares:

- On 03 March 2011, Semapa purchased from Seminv – Investimentos, SGPS, S.A., 2,727,975 shares corresponding to 2.31% of its share capital, for a price of € 8.889 per share, in an OTC operation; these shares had already been subject to the rules on treasury stock, insofar as Seminv is wholly controlled by Semapa,

  Accordingly, as a result of this transaction, Semapa continued with the same number of shares subject to the rules on treasury stock – 5,447,975 *shares corresponding to 4.6% of its share capital* - and now holds all these shares directly

IV. ASSESSMENT OF THE GOVERNANCE MODEL ADOPTED AND ACTIVITIES OF THE NON--EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors has assessed the governance model adopted, with special assistance to this end from the Corporate Governance Supervisory Committee, and continues to believe that this model is that which best suits Semapa, as may be concluded from the positions as previously expressed, to a large extent reproduced below.

The assessment of a corporate governance model is a process of reflection which should involve not only the various aspects of the issues considered throughout the Corporate Governance Report, but most importantly the manner in which governance is structured, in terms of boards and committees. The first part of this reflection has been conducted in the report, dealing in particular with the recommendations adopted and not adopted, and explanation of the associated reasons. The second part is carried out here, by looking at a range of issues, from the structure adopted under the terms of Article 278 of the Companies Code, the committees operating in the company and the supervisory framework chosen through to the activities of non-executive directors and, in the last instance, the characteristics of the persons suitable or not suitable for appointment to particular office in the company.

This assessment involves a perspective which is halfway between the shareholder view and the management view, because whilst it is the directors who experience the system implemented most directly on a daily basis, it is broadly up to the shareholders to decide on the model they wish to apply and the persons they wish to elect to corporate office, in line with the model chosen.

So in addition to describing the activities of the non-executive members of the board of directors, we shall provide merely a brief outline of the sensibilities of the members of the Board of Directors in this regard, considering also that this is a matter where sensibilities are always highly varied.

Starting with the basic framework, it is generally agreed that the structure adopted under Article 278 of the Companies Code is the most appropriate. This conclusion is reached not merely through resistance to change; instead, it is essentially based on a perception that the other two possible structures are less appropriate.

The possible structure consisting of a board of directors with its own audit committee is generally rejected intuitively by directors, as it goes against the general feeling as to what constitutes a "normal" organizational structure in a company. To have the persons responsible for supervision as members of the Board of Directors, even if this were essentially just a legal fiction, would generate confusion as to roles and positions which would be experienced negatively by most of the directors. This might be the easiest option for companies who look on their non-executive directors as essentially "supervisors", but this is not the case at Semapa and is consequently the reason for this feeling.

The other possible structure, consisting of an Executive Board of Directors and a General and Supervisory Board, also appears less appropriate than the model currently in place. A General and Supervisory Board would appear to function, in comparison with the model currently in place in Semapa, as a hybrid between the non-executive directors and the Audit Board: on the one hand it has powers of supervision, on the other hand it can act as a second instance for management matters. Here too, the blurring of the line between management duties and supervisory duties is not very attractive, and the option of a General and Supervisory Board without the need to authorize certain management acts would not bring any great advantage in comparison with the structure of a Board of Directors and an Audit Board.

Another factor in favour of the existing system is always the familiarity of the persons involved with the existing structure, allowing them to take better advantage of its potential, and also the inevitable costs of a radical change.

No advantage is therefore seen in proposing to the shareholders any structural change in the company's management model.

As regard the auditing structure, the legislation in these cases leaves no option to listed companies – Article 413.2 of the Companies Code – other than to have an Audit Board and an official Auditor or else an Official Audit Firm, which is not a member of the Audit Board, as in Semapa's case.

The decision to set up the committees currently existing in the company, except for the Remuneration Committee, was taken in the exercise of the Board of Directors' own powers.

Special reference should be made to the Executive Board. Although Semapa is a holding company, and therefore has a very simple administrative structure, the delegation of powers to this board is considered to be fully justified. There are many matters which require immediate collegiate attention, and the intervention of the other directors is reserved for matters of greater moment or specific issues. The directors without delegated powers are not only not regarded as mere "supervisors" of the company but are also in some cases more deeply engaged than simply as advisers at board meetings.

The Internal Control Committee, the Corporate Governance Supervisory Committee and the Strategy Committee are justified by the nature of their responsibilities as explored in other parts of this Corporate Governance Report.

The actual activities of the non-executive members of the Board of Directors constitute an important part of the general assessment of the governance model in force in the company. As we have already seen elsewhere in this Corporate Governance Report, the activity of the non-executive directors of Semapa does not consist merely of attending and providing advice at meetings of the Board of Directors.

The position, participation and engagement of the non-executive directors is not the same in all cases. Some directors are further removed from daily activities, as is the case of Eng. António Câmara and Dr. Vítor Novais Gonçalves, who have collaborated as advisers at the formal meetings of the Board of Directors and have been heard and asked to contribute to specific discussions on particular issues.

Other directors, such as Dr. Rita Amaral Cabral and Eng. Joaquim Ferreira do Amaral, in addition to taking part in the way described, are also more directly involved in the company's activities, not least by sitting on the committees set up by the Board of Directors. The former sits on the Corporate Governance Supervisory Committee whilst the latter is a member of the Internal Control Committee.

We should also point to the fact that the non-executive directors Ms. Maria Maude Queiroz Pereira Lagos, Eng. Joaquim Ferreira do Amaral and Dr. António Pedro Carvalho Viana-Baptista all sit on the Strategy Committee.

In addition to this involvement, there are other specific tasks carried out by non-executive directors which are not related to the company's committees, such as the participation by the director Ms. Maude Queiroz Pereira Lagos in the corporate representation of the company.

As already explained elsewhere in this report, the non-executive directors have access to all information on company affairs, are supported at all times by the executive directors and have reported no constraints experienced in the course of their work.

The essential feature of the activities of non-executive directors is the diversity of their participation and contribution, which is believed to be healthy and positive for the company's interests.

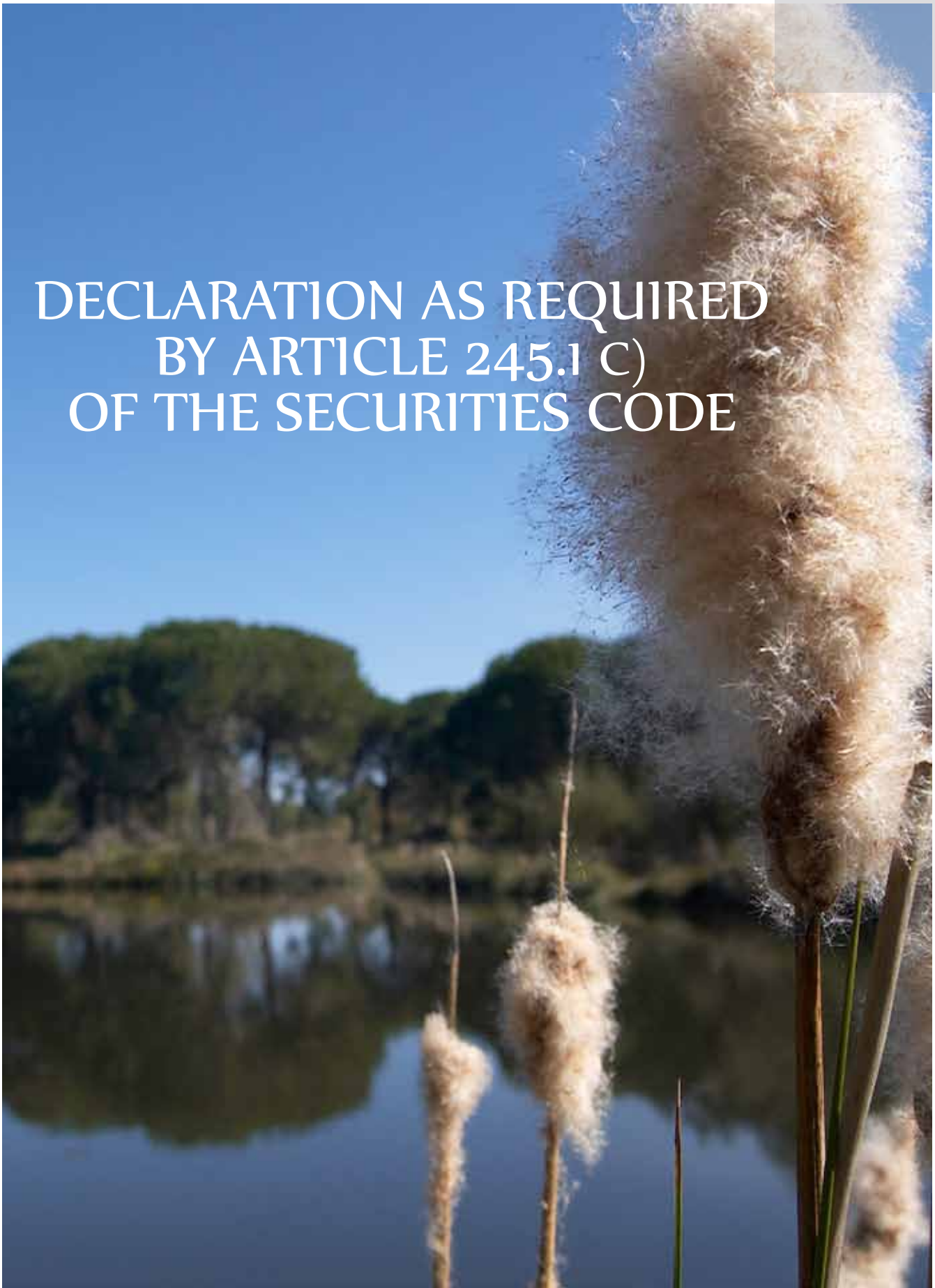
The most important decision to be taken by shareholders with regard to corporate governance and the composition of the company bodies is whether or not to appoint independent directors., insofar as the independence restrictions relating to the other company bodies are mandatory legal requirements. There are no great reasons for wishing independent non-executive directors in the case of Semapa and, as stated above in relation to the clear distinction between those with responsibility for management (with more or less direct or hands-on involvement) and those with responsibility for supervision, this option fits in with the directors' understanding of the role of the different company officers. Nonetheless, the company currently has four independent directors.

It is sincerely believed that the manner in which the company organizes and conducts itself within a given form which it has adopted has greater implications in terms of corporate governance than the manner in which the company may have formally decided to structure itself.

The organization of corporate governance in this company has functioned effectively, without constraints, with respect for the interests of shareholders, employees and officers, and we therefore believe that different arrangements are not currently of interest.

03

DECLARATION AS REQUIRED BY ARTICLE 245.1 C) OF THE SECURITIES CODE



DECLARATION AS REQUIRED BY ARTICLE 245.1 C) OF THE SECURITIES CODE

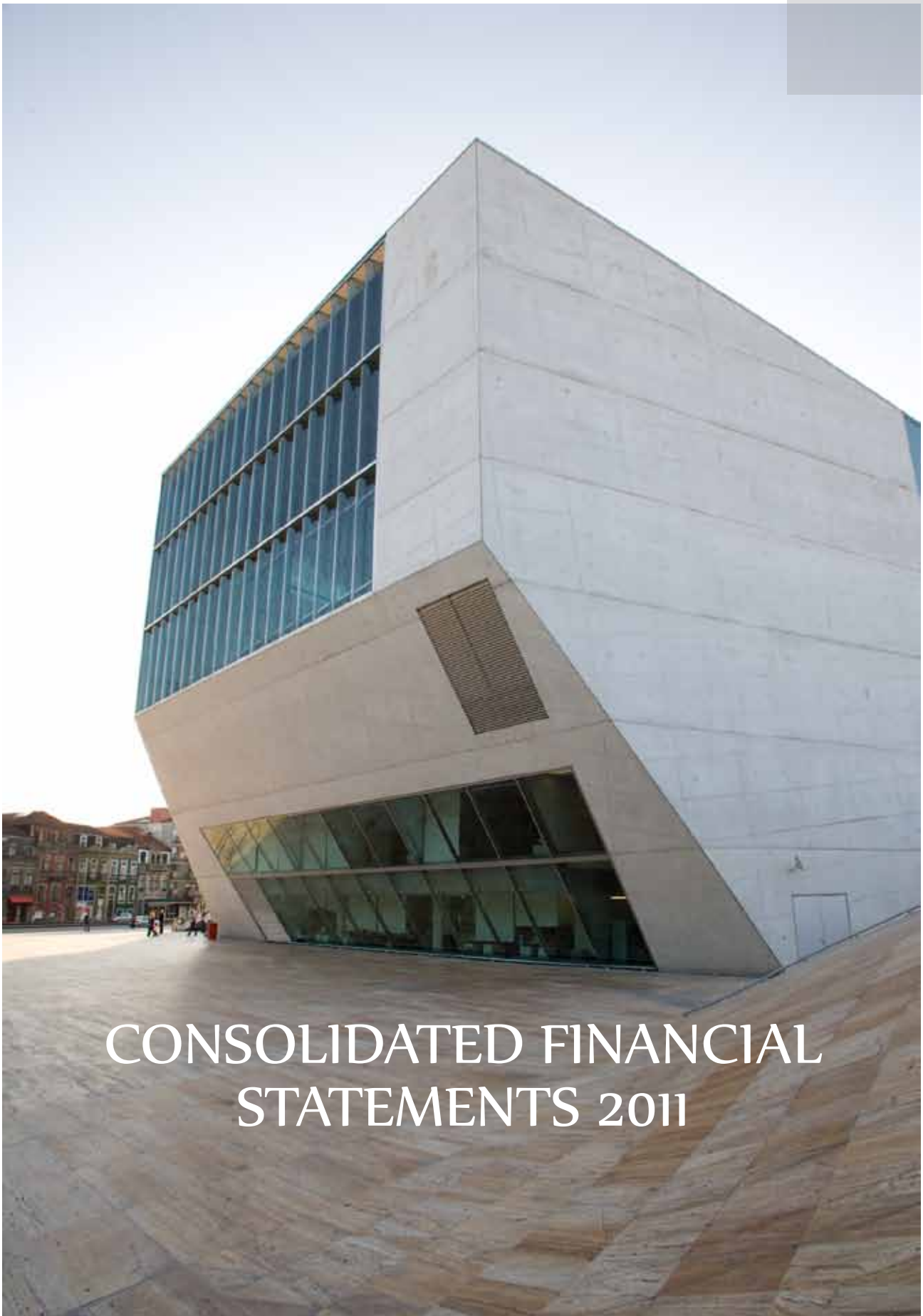
Article 245.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of declarations, as described in this article. In the case of Semapa, a uniform declaration has been adopted, worded as follows:

> *I hereby declare, under the terms and for the purposes of Article 245.1 c) of the Securities Code that, as far as I am aware, the management report, annual accounts, legal accounts certificate and other financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year of 2011, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the said company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of the said company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face.*

Considering that the members of the Audit Board and the Official Auditor sign an equivalent declaration in relation to the documents for which they are responsible, a separate declaration with the above text was signed by the directors only, as it was deemed that the company officers fall within the concept of "persons responsible for the issuer". As required by this rule, we provide below a list of the persons signing the declaration and their office in the company:

NAME	OFFICE
PEDRO MENDONÇA DE QUEIROZ PEREIRA	DIRECTOR
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
VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES	DIRECTOR

04



CONSOLIDATED FINANCIAL STATEMENTS 2011

CONSOLIDATED INCOME STATEMENT

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	Notes	2011	2010	4thQ 2011	4th Q 2010
				(unaudited)	*(unaudited)*
Revenues					
Sales	4	1,745,533,739	1,653,001,567	449.222,808	444,153,112
Services rendered	4	34,210,792	35,234,753	9,462,180	9,585,822
Other income					
Gains on disposal of non-current assets	5	2,899,293	4,087,228	2,633,006	260,317
Other operating income	5	50,371,727	40,197,076	15,859,554	11,882,715
Change in fair value of biological assets	18	266,690	(7,787,354)	1,001,269	100,310
Costs expenses and losses					
Cost of inventories sold and consumed	6	(669,537,514)	(595,904,289)	(180,129,013)	(170,774,938)
Variation in production	6	(37,258,418)	(6,535,646)	(5,113,812)	147,061
Cost of materials and services consumed	6	(465,136,602)	(444,672,390)	(123,969,126)	(119,042,558)
Payroll costs	6	(195,087,873)	(189,136,394)	(48,958,038)	(51,558,595)
Other costs and losses	6	(38,987,290)	(35,833,244)	(12,813,566)	(7,071,088)
Provisions	6	1,317,896	(3,455,956)	7,767,055	(21,770,122)
Depreciation amortization and impairment losses	8	(165,454,459)	(166,380,145)	(43,005,125)	(35,092,659)
Operational results		**263,137,981**	**282,815,206**	**71,957,192**	**60,819,377**
Group share of (loss) / gains of associated companies	9	1,088,356	291,941	(142,595)	3,536
Net financial results	10	(38,448,290)	(44,841,506)	(5,220,602)	(6,899,670)
Profit before tax		**225,778,047**	**238,265,641**	**66,593,995**	**53,923,243**
Income tax	11	(56,632,701)	(63,918,087)	(20,678,577)	(5,260,914)
Net Income		**169,145,346**	**174,347,554**	**45,915,418**	**48,662,329**
Net profit for the year					
Attributable to Semapa shareholders		**124,161,800**	**126,720,230**	**34,196,509**	**36,140,321**
Attributable to non-controlling interests	13	44,983,546	47,627,324	11,718,909	12,522,008
Earnings per share					
Basic earnings per share, EUR	12	1,100	1,123	0,303	0,320
Diluted earnings per share, EUR	12	1,100	1,123	0,303	0,320

CONSOLIDATED BALANCE SHEET

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	Notes	31-12-2011	31-12-2010
ASSETS			
Non-Current Assets			
Goodwill	15	332,849,940	320,204,947
Other intangible assets	16	162,158,991	169,630,374
Plant, property and equipment	17	2,045,745,274	2,113,206,535
Investment properties		830,412	845,791
Biological assets	18	110,769,306	110,502,616
Investment in associates	19	3,924,419	2,039,513
Financial assets at fair value through profit or loss	20	9,657,695	13,128,488
Available-for-sale financial assets	21	553,764	677,180
Deferred tax assets	28	61,643,040	37,157,841
Other non-current assets		1,606,107	1,282,641
		2,729,738,948	**2,768,675,926**
Current Assets			
Inventories	23	242,814,299	226,840,348
Receivable and other current assets	24	316,625,454	272,242,644
State and other public entities	25	65,364,536	36,799,405
Assets held for sale	33	15,315,760	-
Cash and cash equivalents	31	415,697,575	265,091,311
		1,055,817,624	**800,973,708**
Total Assets		**3,785,556,572**	**3,569,649,634**
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	(15,071,293)	(15,078,437)
Fair value reserves	27	(11,409,673)	(5,621,595)
Other reserves	27	858,223,718	760,984,662
Retained earnings	27	17,807,528	20,806,145
Retained earnings from the year	27	124,161,800	126,720,230
Interim dividends	27	-	(29,481,174)
Consolidated shareholders' equity		**1,048,802,998**	**933,420,749**
Non-controlling interests	13	333,216,889	310,520,846
Total Equity		**1,382,019,887**	**1,243,941,595**
Non-current liabilities			
Deferred taxes liabilities	28	339,427,148	313,340,341
Pensions and other post-employment benefits	29	127,002,406	126,382,060
Provisions	30	35,905,280	36,263,863
Interest-bearing liabilities	31	1,156,533,619	1,257,882,924
Other non-current liabilities	32	18,175,624	26,402,576
		1,677,044,077	**1,760,271,764**
Current liabilities			
Interest-bearing liabilities	31	251,991,062	150,478,637
Payables and other current liabilities	32	371,566,103	348,469,759
State and other public entities	25	100,024,555	66,487,879
Liabilities held for sale	33	2,910,888	-
		726,492,608	**565,436,275**
Total liabilities		**2,403,536,685**	**2,325,708,039**
Total equity and liabilities		**3,785,556,572**	**3,569,649,634**

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	2011	2010	4th Q 2011	4th Q 2010
			(unaudited)	*(unaudited)*
Retained earnings for the year without non-controlling interests	**169,145,346**	**174,347,554**	**45,915,418**	**48,662,329**
Fair value in financial derivative instruments				
Fair value changes	(6,420,152)	1,440,383	(5,784,118)	526,273
Tax on items above when applicable	526,080	(487,595)	1,087,298,	544,669
Actuarial gains / (losses)				
Actuarial gains / (losses)	1,060,676	(4,990,550)	(1,605,028)	(8,377,408)
Tax on items above when applicable	(262,177)	662,639	(295,329)	609,999
Currency translation differences	834,257	4,968,529	4,152,287	4,437,376
Profit directly recognized in equity	**(4,261,316)**	**1,593,406**	**(2,444,890)**	**(2,259,091)**
Total recognized income and expense for the period	**164,884,030**	**175,940,960**	**43,470,528**	**46,403,238**
Attributable to:				
Semapa's shareholders	120,111,181	125,887,059	31,371,568	33,229,158
Non-controlling interests	44,772,849	50,053,901	12,098,960	13,174,080
	164,884,030	**175,940,960**	**43,470,528**	**46,403,238**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY 2010 TO 31 DECEMBER 2011

	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 2011	**118,332,445**	**(47,164,986)**	**3,923,459**	**(5,621,595)**	**760,984,662**	**(15,078,437)**	**20,806,145**	**97,239,056**	**933,420,749**	**310,520,846**	**1,243,941,595**
Distribution of net profit of 2010:											
- Transfer to reserves	-	-	-	-	97,239,056	-	-	(97,239,056)	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,184,064)	(4,184,064)
Income and expenses recognized directly in equity *	-	-	-	(5,788,078)	-	7,144	1,730,316	-	(4,050,618)	(210,698)	(4,261,316)
Differences in non-controlling interests acquisitions	-	-	-	-	-	-	(4,725,856)	-	(4,725,856)	(17,881,312)	(22,607,168)
Other movements	-	-	-	-	-	-	(3,077)	-	(3,077)	(11,429)	(14,506)
Net profit for the year	-	-	-	-	-	-	-	124,161,800	124,161,800	44,983,546	169,145,346
Equity as of 31 December 2011	**118,332,445**	**(47,164,986)**	**3,923,459**	**(11,409,673)**	**858,223,718**	**(15,071,293)**	**17,807,528**	**124,161,800**	**1,048,802,998**	**333,216,889**	**1,382,019,887**

* *Net of deferred taxes*

	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 2010	**118,322,445**	**(47,164,986)**	**3,923,459**	**(6,220,818)**	**711,616,511**	**(17,978,700)**	**24,386,833**	**78,849,325**	**865,744,069**	**305,375,259**	**1,171,119,328**
Distribution of net profit of 2009:									-		-
- Transfer to reserves	-	-	-	-	49,368,151	-	-	(49,368,151)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(29,481,174)	(29,481,174)	-	(29,481,174)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(46,017,677)	(46,017,677)
Income and expenses recognized directly in equity *	-	-	-	599,223	-	2,900,263	(4,322,657)	-	(833,171)	2,426,577	1,593,406
Differences in non-controlling interests acquisitions	-	-	-	-	-	-	(77,028)	-	(77,028)	(293,249)	(370,277)
Dividends distributed to subsidiary Seminv,SGPS,SA	-	-	-	-	-	-	1,391,268	-	1,391,268	-	1,391,268
Other movements	-	-	-	-	-	-	(562,271)	-	(562,271)	1,402,612	840,341
Interim dividends	-	-	-	-	-	-	-	(29,4981,174)	(29,481,174)	-	(29,481,174)
Net profit for the year	-	-	-	-	-	-	-	126,720,230	126,720,230	47,627,324	174,347,554
Equity as of 31 December 2010	**118,332,445**	**(47,164,986)**	**3,923,459**	**(5,621,459)**	**760,984,662**	**(15,078,437)**	**20,806,145**	**97,239,056**	**933,420,749**	**310,520,846**	**1,243,941,595**

* *Net of deferred taxes*

CONSOLIDATED CASH FLOW STATEMENT

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	Notes	31-12-2011	31-12-2010	4th Q 2011	4th Q 2010
				(unaudited)	*(unaudited)*
OPERATING ACTIVITIES					
Payments from customers		1,881,714,693	1,806,503,592	473,369,081	464,078,083
Payments to suppliers		(1,413,944,427)	(1,379,259,485)	(308,834,972)	(345,143,991)
Payments to personnel		(142,656,951)	(150,240,186)	(56,460,528)	(57,401,372)
Cash flow from operations		325,113,315	277,003,921	108,073,581	61,532,720
Income tax received/(paid)		(33,132,631)	(36,889,211)	508,920	(17,446,584)
Other receipts (payments)/relating to operating activities		32,285,017	46,507,491	11,735,950	29,694,059
Cash flow from operating activities (1)		**324,265,701**	**286,622,201**	**120,318,451**	**73,780,196**
INVESTING ACTIVITIES					
Inflows:					
Financial Investments		4,944,470	994,000	2,574,195	-
Property, plant and equipment		196,863	1,723,418	94,643	-
Intangible Assets		-	10,604,340	-	6,051,980
Government Grants		5,474,411	79,864	(23,784)	29,875
Interest and similar income		11,776,035	8,611,556	4,674,989	760,799
Dividends		926,127	1,329,228	-	-
		23,317,906	23,342,405	7,320,043	6,842,654
Outflows:					
Financial investments		(117,174,030)	(11,411,649)	(64,508,597)	(264,615)
Property, plant and equipment		(31,257,590)	(71,619,171)	12,879,516	(5,265,453)
		(148,431,620)	(83,030,820)	(51,629,081)	(5,530,067)
Cash flow from investing activities (2)		**(125,113,714)**	**(59,688,414)**	**(44,309,038)**	**1,312,586**
FINANCING ACTIVITIES					
Inflows:					
Receipts relating to loans		1,582,107,457	1,620,000,269	468,356,115	479,437,558
Share Capital, Additional paid in capital and Share premiums increases		-	1,593,750	-	-
		1,582,107,457	1,621,594,019	468,356,115	479,437,558
Outflows:					
Payments relating to loans		(1,577,378,314)	(1,528,800,353)	(440,063,793)	(386,701,295)
Amortization of financial leases		(1,201,430)	(1,018,116)	(532,221)	(30,613)
Interest and similiar expenses		(47,575,523)	(41,170,358)	(18,486,877)	(15,018,708)
Dividends		(3,832,914)	(103,226,962)	(421,487)	(56,424,752)
		(1,629,988,181)	(1,674,215,789)	(459,504,378)	(458,175,367)
Cash flow from financing activities (3)		**(47,880,724)**	**(52,621,770)**	**8,851,737**	**21,262,191**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		151,271,263	174,312,017	84,861,150	96,354,973
FOREIGN EXCHANGE DIFFERENCES		671,865	1,744,565	976,419	762,348
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		265,091,311	89,034,729	331,196,870	167,973,990
EFFECT OF NON-CURRENT ASSETS HELD FOR SALE		(1,336,864)	-	(1,336,864)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**415,697,575**	**265,091,311**	**415,697,575**	**265,091,311**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

(Translation of a report originally 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 its subsidiaries. Semapa was incorporated on 21 June 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
Corporate body no.: 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cements and derivatives, and environment, developed respectively through its subsidiaries Portucel - Empresa Produtora de Pasta e Papel, S.A.; Secil - Companhia Geral de Cal e Cimento, S.A. and ETSA – Investimentos, SGPS, S.A..

These consolidated financial statements were approved by the Board of Directors on 27 February 2012.

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

1. SUMMARY OF THE PRINCIPAL ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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 45), and under the historic cost convention, except for: biological assets, financial assets available for sale, derivative financial instruments and financial instruments which are recorded at fair value (Notes 18 and 34).

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 CHANGES IN CONSOLIDATION METHODS AND COMPARABILITY

In the year 2011, 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.

These company's 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 Balance sheet, in a separate component of shareholders' equity, and in the Consolidated Income Statement. Companies included in the consolidated financial statements are detailed in Note 44.

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 measured 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 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.

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).

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

Transaction costs directly attributable are immediately expensed.

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 changes in the associates' shareholders' equity (including net income/loss) with a corresponding gain or loss recognized for the period, and by dividends received.

The difference between the acquisition cost and the fair value of the associate's identifiable assets, liabilities and contingent liabilities on the acquisition date, if positive, are recognized as goodwill and recorded as investments in affiliated companies. If these differences are negative, they are recorded as income for the period under the caption "Profit in affiliated companies".

Transaction costs directly attributable are immediately expensed.

An evaluation of investments in associates occurs 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 recognized 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 recognize 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.

Associate's accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group. Investments in associated companies are detailed in Note 19.

1.3.3 Joint Ventures

A jointly-controlled entity is a joint venture which involves the creation 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 under the proportional consolidation method, with the assets, liabilities and income and expenses of the jointly-controlled entities recognized on a line-by-line basis in the consolidated financial statements, such as sub-group Secil.

1.4 SEGMENTAL REPORTING

An operating segment is a component of an entity:

a) that engages in business activities that may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

b) whose operating results are regularly reviewed by the chief operating decision maker of the entity for the purposes of making decisions about allocating resources to the segment and assessing its performance;

c) for which separate financial information is available.

Operating segments are consistently reported with the internal model of information management provided to the chief operating decision maker of the entity (CODM--Chief Operating Decision-Maker). The CODM is responsible for allocating resources to the segment and assess its performance, as well as for the strategic decision making.

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

Pulp and Paper

Portucel – Empresa Produtora de Pasta e Papel, S.A. is the subsidiary, acquired in 2004, that leads the Enterprise Group dedicated to the production and sales in Portugal, Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria, Belgium, Morocco, Poland and United States, among others 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 e 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 Outão (Portugal), 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 Inertes, SGPS S.A..

Environment

ETSA – Investimentos, SGPS, SA leads the Enterprise Group of environment which operates in Portugal.

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 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 effected 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 the 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 different functional currency from the Group's reporting currency are converted into the reporting currency as follows:

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

The resulting exchange rate differences are recognized as a separate component of Shareholders' Equity, under the caption "Translation reserve";

(ii) The income and costs of each income statement 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

Intangible assets are booked at acquisition cost less accumulated amortization and impairment losses, by the straight-line method over a period between 3 and 5 years and annually for CO_2 emission rights.

1.6.1 CO_2 emission rights

The CO_2 emission rights attributed to the Group within the National Plan for the assignment of CO_2 emission licences at no cost, are recognized under Intangible Assets at market value on the award date, with a corresponding liability being recorded under "Deferred income – grants", for the same amount.

The Group records as an operating cost with a corresponding liability and an operating income as a result of the recognition of the proportion of the corresponding subsidy relating to the Group's CO_2 emissions.

Sales of emission rights give rise to a gain or a loss, for the difference between the amount realised and the respective initial recognition cost, net of the corresponding State subsidy.

At the date of the consolidated balance sheet, CO_2 emission rights' portfolio is valued at the lower of the acquisition or their market value. On the other hand, liabilities due for those emissions are valued at market value at the same date.

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 PLANT, PROPERTY AND EQUIPMENT

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

Regarding the subsidiaries CMP, Société des Ciments de Gabés (SCG), Portucel, 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 recognized 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 recognized as a cost in the period they are incurred.

Depreciation is calculated on the acquisition cost, using the straight-line method, 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 recognized in the income statement as other operating income or costs.

1.9 INVESTMENT PROPERTIES

Investment properties are valued at acquisition cost, less depreciation and impairment losses, being the cost of those acquired up to 1 January 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 recognized 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.

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

The reversal of impairment losses is recognized 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 recognized (net of amortization 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 selling costs at the time of harvesting. The Group's biological assets comprise the forests held for the production of timber.

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house that is subject to periodical validation by external and independent experts, 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 and its risks.

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

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 financial investments in the following categories: loans and receivables, financial assets at fair value through profit and loss, held-to-maturity investments, 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 instruments and reappraises this classification on each reporting date.

All acquisitions and disposals of these investments are recognized at the date of the relevant purchase and sale contracts, irrespective of the financial settlement date.

Financial 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 (Note 24).

Financial assets at fair value throught profit 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 (Note 20).

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 instruments 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. An impairment loss 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 AND HEDGE ACCOUNTING

Derivative financial instruments

The Group uses derivatives with the object of managing the financial risks to which it is exposed (subjected).

Notwithstanding the fact that 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 as gains 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.

Whenever the expectations surrounding movements in interest rates or in exchange rates changes, the Group tries to anticipate any adverse impact through derivatives such as interest rate swaps (IRS), interest rate and currency collars, currency forwards, etc..

When selecting instruments, economic aspects are the most valued ones. The implications of including each additional tool in the existing portfolio of derivatives are also taken into account, especially in terms of volatility on the results.

Coverage of cash flows (interest rate risk and exchange risk)

The Group, in order to manage the exposure to interest rates and exchange rates, performs cash flow coverage.

These transactions are recorded in the balance sheet at their fair value. To the extent that they are considered effective hedgings, changes in fair value are initially recorded against equity and subsequently recognized as gains / losses on financial instruments in net financial results on the date of the settlement.

If the hedging operations are ineffective, they are recorded directly into the income statement. Thus, in net terms, the costs associated to the covered funds are accrued at the contracted hedging operation inherent rate.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the changes in fair value of derivatives accumulated in equity reserves are recognized in the income statement when the hedged transaction also affects results.

Net investment coverage (exchange rate risk)

The Group, in order to manage the exposure to exchange rates, covers its position towards foreign currency while investing on entities abroad (net investment) by hiring currency forwards.

The currency forwards contracted with the purpose of hedging investments in foreign operations, and that qualifies as hedging instruments, are recorded in the balance sheet at their fair value. To the extent they are considered effective, changes in fair value of currency forwards are recognized directly in equity, within the caption Translation reserves. Gains and losses accumulated in reserves are transferred to the income statement when the foreign entities are sold.

1.14 CORPORATE 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 recognized 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.

Tax benefits attributed to the Group regarding its investment projects are recognized through the income statement as there is sufficient taxable income to allow its use.

1.15 INVENTORIES

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 their purchase cost or their net realisable value. The purchase cost includes ancillary costs, and it is determined using the weighted average cost as the valuation method.

ii) Finish products and work in progress

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

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

1.16 RECEIVABLES AND OTHER CURRENT ASSETS

Debtors' balances and other current assets are recorded at fair value and are subsequently recognized at their amortised cost, 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

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. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the balance sheet as a current liability, under the caption Interest-bearing liabilities.

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 amout received after the issue.

Costs directly attributable to the issue of new shares or options towards the 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, 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 recognized at fair value, net of the transaction costs incurred, and are subsequently stated at their amortised cost. Any difference between the amounts received (net of transaction costs) and the repayment amount is recognized 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 recognized 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 capitalized when their construction period exceeds one year, and form part of the asset's cost.

Capitalization of these charges commences after the start of the asset's preparation or development activities and ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed or when the relevant project is suspended or substantially concluded.

Any financial income directly related to a specific investment is deducted from the borrowing costs of the referred asset.

1.21 PROVISIONS

Provisions are recognized whenever the Group has a present legal or constructive obligation, as a result of past events, in which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognized. Provisions are reviewed on balance sheet date and are adjusted so as 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 capitalized 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 38).

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 quantity those obligations, having for this purpose recognized a provision under the caption "Provisions" (Note 30).

1.22 PENSIONS AND OTHER EMPLOYEE BENEFITS

1.22.1 Pensions obligations - defined benefit 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 referred to 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 recognize 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 recognized immediately in situations in which the benefits are being paid or are overdue.

The calculated liability is presented in the Consolidated Balance sheet 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 recognized 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 recognized 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 Pension obligations – defined contribution plans

Portucel Sub-Grup

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

In order to capitalize those contributions, pension funds were set up, for which employees can make additional voluntary contributions.

Therefore, the responsibility with these plans corresponds to the contribution made to the funds based on the percentage of the employees' salaries defined in the respective agreements. These contributions are recognized as a cost in the income statement in the period to which they refer, regardless of the date of the settlement of the liability.

Secil Sub-Group

The defined contribution plan, managed by the Pension Fund Group Secil and finance by the associates and beneficiaries was implemented with effects as of 1 January 2010 as follows:

(i) Secil and CMP pension plans include all workers with a no-term contract as of 31 December 2009 (and who were covered by the defined-benefit plans) who opted for the transition to these plan and all employees hired under a permanent contract after 1 January 2010, also applied to board members.

(ii) Unibetão, Britobetão and Minerbetão pension plans include all workers with a no-term contract as of 31 December 2009, signed under the CTT agreement between APEB and FETESE and all employees hired under a permanent contract after 1 January 2010, with the exception of workers who are covered by CTT agreement between APEB and FETESE, which continue to benefit from the defined-benefit plan, also applied to board members;

(iii) Secil Britas and Quimipedra pension plans include all workers with a no-term contract as of 31 December 2009 and all employees hired under a permanent contract after 1 January 2010, also applied to board members.

Regarding workers who had, at 31 December 2009, a no-term contract and who were covered by the defined-benefit plan, the initial fund contribution was based on their share of the defined-benefit pension plan liabilities as at 31 December 2009.

The companies with autonomous Pension Funds (Secil, CMP and Unibetão) allocated their share of assets to the defined contribution plan.

Additionally, the excess funds determined on 14 September 2010, after the allocation between defined-benefit and defined contribution, established with respect to 31 December 2009, was also transferred to a reserve account.

This account can be used to fund contributions, deal with management fees provided for in the pension plan or to improve benefits.

1.22.3 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 subsidiary CMP – Cimentos Maceira and Pataias, S.A. 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: (i) at Secil via a Health Insurance contracted by the company, (ii) at CMP, through "Cimentos – Federação das Caixas de Previdência", for the employees included therein, as well as by way of the company's prior approval of the medical services for the remaining employees and after 1 July through the insurance scheme contracted by the company and (iii) at the subsidiaries Cimentos Madeira e Brimade through the approval of expenses for medical services and medicines.

1.22.4 Holiday pay and allowances and bonuses

Under the terms of the 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.

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 the date of the balance sheet is shown under the caption "Payables and other current liabilities".

1.23 PAYABLES AND OTHER CURRENT LIABILITIES

Trade creditors and current accounts payable are initially recorded at their fair value and subsequently at amortised cost (Note 32).

1.24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or discontinued operations) are classified as held for sale if its value is realizable through a sale transaction rather than through its continuing use.

It is considered that this situation exists only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition, (ii) the Group has assumed a commitment to sell, and (iii) it is expected that the sale will take place within a period of 12 months. In this case, non-current assets are valued at lower between book value and fair value less costs to sell.

From the moment that certain tangible assets shall be considered as "held for sale", depreciation ceases, and are the assets are classified as non-current assets held for sale.

Gains or losses on disposals of tangible assets, determined as the difference between the sale price and its net book value, are recorded in as gains and losses on disposals of assets.

1.25 GOVERNMENT GRANTS

Government grants are recognized at their fair value when 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 during the estimated useful life of the granted asset, by deducting the value of its amortization.

1.26 LEASES

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

According to this method, the asset's cost is recorded in property, plant and equipment and 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 (Note 40).

Leases included in contracts according to IFRIC 4

The Group recognizes an operating or financial lease whenever it enters into an agreement, encompassing a transaction or a series of related transactions which even if not in the legal form of a lease, transfers a right to use an asset in return for a payment or a series of payments (Note 17).

1.27 DIVIDENDS DISTRIBUTION

The distribution of dividends to shareholders is recognized 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.

1.28 REVENUE RECOGNITION AND ACCRUAL BASIS

Income derived from sales is recognized in the consolidated income statement when risks and benefits attached to possession of the assets are transferred to the purchaser and the amount of the income can be reasonably quantified.

Sales are recognized 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 services rendered is recognized in the consolidated income statement with reference to the stage of completion of the services rendered at the balance sheet date.

Interest received is recognized in accordance with the principle of accrual accounting, taking into consideration the amount of 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 costs and income are recognized 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 respective costs and income are recognized in the "Receivables and other current assets" and "Payables and other current liabilities" headings (Notes 24 and 32, respectively).

1.29 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities in which there is probability of an outflow of funds affecting future economic benefits is only probable, are not recognized 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 recognized for liabilities which meet the conditions described in note 1.21.

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them (Note 43).

1.30 SUSBSEQUENT EVENTS

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

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

1.31 NEW STANDARDS, CHANGES AND INTERPRETATIONS OF EXISTING STANDARDS

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the IASB for the financial years that begin on or after 1 January 2011:

New standards	Effective date *
IAS 24 (revised) - Related Parties	1 January 2011
IAS 32 (revised) - Financial instruments: presentation - classification of issued rights	1 January 2011
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards	1 January 2011

** Periods beginning on or after*

Annual improvement of standards in 2010 (effective for annual financial periods beggining on 1 January 2011)	Effective date *
IFRS 1 - First-time Adoption of International Financial Reporting Standards	1 January 2011
IFRS 3 - Concentration of 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 2011
IAS 34 - Interim Financial Reporting	1 January 2011
IFRIC 13 - Customer loyalty programs	1 January 2011

** Periods beginning on or after*

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

New standards and interpretations not mandatory as at 31 December 2011:

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the periods starting on 1 January 2012 or further, as the Group decided not to adopt them in advance in the current period, as follows.

Standards not yet approved by the European Comission	Effective date *
IFRS 1 - First-time Adoption of International Financial Reporting Standards	1 July 2011
IFRS 7 - Financial Instruments - Disclosures	1 July 2011
IAS 12 (revised) - Taxes on income	1 January 2012
IAS 1 (revised) - Presentation of Financial Statements	1 January 2012
IFRS 9 (new) - Financial Instruments - Classification and measurement	1 January 2013
IFRS 10 (new) - Consolidated financial statements	1 January 2013
IFRS 11 (new) - Join agreements	1 January 2013
IFRS 12 (new) - Disclosure of interests in other entities	1 January 2013
IFRS 13 (new) - Fair value: mesurement and disclosure	1 January 2013
IAS 27 (revised 2011) - Separate financial statements	1 January 2013
IAS 28 (revised 2011) - Investments in associates and join ventures	1 January 2013
IAS 19 (revised 2011) - Benefits to employees	1 January 2013
IFRS 7 (revised) - Disclosure - compensation of financial assets and liabilities	1 January 2013
IAS 32 (revised) - Offset of financial assets and liabilities	1 January 2014

** Period beginning on or after*

Up to the date of issuing this report, the Group had not concluded the estimate of the effects of the changes arising from the adoption of these standards, for which it decide 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 develops direct and indirect managing activities over its subsidiaries. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries. Thus, the company depends on the eventual dividends distribution by subsidiaries, interests' payment, loans reimbursement and other cash-flows generated by those companies.

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

The Semapa group has a risk-management programme which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by Financial Management of the holding and main subsidiaries, in accordance with the policies approved by the Board of Directors. An Internal Control Commission with specific functions over the operations risk control is established at Semapa level.

2.1.1 Currency risk

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

Regarding the segment of the Pulp and Paper, on one hand, a significant portion of its sales are denominated in currencies other than Euro. Thus, its development could have a significant impact on future sales of the Company, while USD becames the currency with higher impact on the USD. Also sales in GBP and CHF have some expression, as sales in other currencies are less significant.

Purchases of certain raw materials are made in USD, particularly the share of imports of wood pulp and softwood, therefore variations in this coin may have an impact on acquisition values.

Furthermore, once a sale is made in a currency other than the Euro, the Group takes on an exchange risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place, as it's been usual for the BEKP sales. Therefore, Portucel's assets present receivables exposed to currency risk permanently.

Portucel holds a commercial subsidiary in the United States of America, Portucel Soporcel North America, whose share capital amounts to about USD 25 million and is exposed to currency risk. In addition to this transaction, this segment no longer holds investments in foreign operations which are materially relevant and whose net assets are exposed to currency risk.

Occasionally, when 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 currency risk inherent to the segment of Cement and derivatives, is mainly caused by the purchases of fuel and freight ships, both paid in USD. This segment continued its policy of maximizing the potential of covering their foreign exchange exposure, through compensating the exchange flows internally.

For the flows that are not compensated naturally, the risk has been assessed and covered by contracting structures of exchange options, which set the limit for the amount to pay, while it allows benefits from a favourable evolution in the exchange rate.

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

The Group's exposure to foreign exchange rate risk as of 31 December 2011, based on the financial assets and liabilities that amounted to a net asset Euro of 78,168,679 converted at the exchange rate as of that date (31 December 2010 Euro 56,910,770) as follows:

Amounts in Foreign Currency	United States Dollar	British Pound	Polish Zloty	Swedish Krona	Czech Koruna	Swiss Franc	Danish Krone
As of 31 December 2011							
Assets							
Cash and cash equivalents	31,913,837	371	10,328	-	-	89,150	-
Receivables	75,088,344	18,551,452	9,415,896	232,152	-	3,755,182	543,599
Other assets	393,397	-	-	-	-	-	-
Total Financial Assets	**107,395,578**	**18,551,822**	**9,426,224**	**232,152**	**-**	**3,844,332,**	**543,599**
Liabilities							
Bearing liabilities	(8,626,664)	-	-	-	-	-	-
Payables	(3,357,514)	(1,679,107)	(338,227)	(499,742)	(152)	(7,833,648)	(686,990)
Total Financial Liabilities	**(11,984,178)**	**(1,679,107)**	**(338,227)**	**(499,742)**	**(152)**	**(7,833,648)**	**(686,990)**
Derivative financial instruments	(113,876,000)	(413,813)	-	-	-	-	-
Net financial position	**(18,464,600)**	**16,458,902**	**9,087,997**	**(267,589)**	**(152)**	**(3,989,317)**	**(143,391)**
As of 31 December 2010							
Total Financial Assets	82,393,348	16,065,219	4,285,847	1,326,797	274	2,595,789	1,526,510
Total Financial Liabilities	(21,598,522)	(1,355,221)	(310,266)	(136,628)	(87,660)	(1,025,407)	(622,428)
Derivative financial instruments	(97,884,000)	(15,167,000)	-	-	-	-	-
Net financial position	**(37,089,174)**	**(457,002)**	**3,975,581**	**1,190,169**	**(87,386)**	**1,570,382**	**904,082**

Amounts in Foreign Currency	Hungarian Florim	Australian Dollar	Norwegian Krone	Mozambican Metical	MAD	000 Lebanese Pounds	Tunisian Dinar
A 31 de Dezembro de 2011							
Assets							
Cash and cash equivalents	-	-	-	7,991,465	935,893	159,323	1,412,935
Receivables	-	73,670	935,893	-	-	11,462,570	10,617,957
Other assets	-	-	-	-	-	59,381	90,905
Total Financial Assets	**-**	**73,670**	**935,893**	**7,991,465**	**935,893**	**11,681,274**	**12,121,797**
Liabilities							
Bearing liabilities	-	-	-	-	-	(728,926)	(24,106,191)
Payables	-	(2,279)	(491,414)	-	(530,416)	(17,894,594)	(16,751,143)
Total Financial Liabilities	**-**	**(2,279)**	**(491,414)**	**-**	**(530,416)**	**(18,623,520)**	**(40,857,334)**
Derivative financial instruments	-	-	-	-	-	-	-
Net financial position	**-**	**71,391**	**444,479**	**7,991,465**	**405,477**	**(6,942,246)**	**(28,735,537)**
As of 31 December 2010							
Total Financial Assets	5,160,001	96,887	-	-	-	15,008,522	13,716,938
Total Financial Liabilities	(67,508)	(3,042)	-	-	-	(18,763,829)	(29,014,513)
Derivative financial instruments	-	-	-	-	-	-	-
Net financial position	**5,092,493**	**93,845**	**-**	**-**	**-**	**(3,755,307)**	**(15,297,575)**

Derivative financial instruments are to covering the currency risk of future transactions in foreign currency.

As of 31 December 2011, a variation (positive or negative) of 10% of all currency rates to euro would have a impact on results of Euro 95,940 and Euro 3,650,792, correspondingly (as of 31 December 2010: Euro -4,761,691 and Euro 4,670,132) on equity of Euro 2,899,389 and Euro 4,422,344 (31 December 2010: Euro 1,709,466 and Euro – 2,809,347), considering the effect of currency hedging transactions.

2.1.2 Interest rate risk

The cost of the Group's financial debt is indexed to short--term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt).

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.

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.

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.

The sub-group ETSA and holding's kept all its debt allocated to a variable tax rate.

On 31 December 2011 and 2010, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturity or the next settlement date was as follows:

Amounts in Euro	Until 1month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December, 2011						
Assets						
Currents						
Cash and cash equivalents	394,740,798	20,794,347	-	-	-	415,535,145
Total Financial Liabilities	**394,740,798**	**20,794,347**	**-**	**-**	**-**	**415,535,145**
Liabilities						
Non-current						
Bearing liabilities	117,349,998	125,500,000	825,097,568	78,479,722	12,340,917	1,158,768,205
Currents						
Bearing liabilities	13,678,531	17,088,716	221,223,815	-	-	251,991,062
Derivative financial instruments	-	-	13,102,491	-	-	13,102,491
Total Financial Liabilities	**131,028,529**	**142,588,716**	**1,059,423,874**	**78,479,722**	**12,340,917**	**1,410,759,267**
Difference	**263,712,269**	**(121,794,369)**	**(1,059,423,874)**	**(78,479,722)**	**(12,340,917)**	**(995,224,122)**

Amounts in Euro	Until 1month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December, 2010						
Assets						
Currents						
Cash and cash equivalents	211,501,234	53,368,636	-	-	-	264,869,869
Total Financial Liabilities	**211,501,234**	**53,368,636**	**-**	**-**	**-**	**264,869,869**
Liabilities						
Non-current						
Bearing liabilities	65,400,000	31,200,000	133,079,000	691,977,190	336,226,733	1,257,882,924
Currents						
Bearing liabilities	90,667,342	46,938,993	12,872,302	-	-	150,478,637
Derivative financial instruments	-	-	5,658,458	-	-	5,658,458
Total Financial Liabilities	**156,067,342**	**78,138,993**	**151,609,760**	**691,977,190**	**336,226,733**	**1,414,020,019**
Difference	**55,433,891**	**(24,770,357)**	**(151,609,760)**	**(691,977,190)**	**(336,226,733)**	**(1,149,150,149)**

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 sensitivity analysis is based on the following assumptions:
- Changes in market interest rates affect income or interest expense of financial instruments;
- Changes in market interest rates only affect income or interest expense relating to the financial instruments with fixed interest rates, if these are recognized at fair value;
- Changes in market interest rates affect the fair value of derivatives and other financial assets and liabilities;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows to net present values using market rates at the end of the year.

Under these assumptions, an increase or decrease of 0.5% on the interest rates for all currencies where the Group has loans as of 31 December 2011 would have had a negative or a positive impact in the profit before tax of approximately Euro (6,595,659) (2010: Euro (4,444,197)) and Euro 4,289,036 (2010: Euro 3,317,270) and equity of Euro 5,289,656 (2010: Euro 3,735,624) and Euro (5,569,320) (2010: Euro (4,292,918)) before tax.

2.1.3 Credit Risk

The deterioration in global economic conditions or adverse situations which only affect economies at the local level could give rise to situations in which customers are unable to meet their commitments stemming from the sales of products.

Credit insurance has been one of the instruments adopted by the Semapa Group to mitigate the negative impact of this type of risk.

Sales that are not covered by credit insurance are subject to rules which ensure that sales are made to customers with a satisfactory credit history and are within reasonable exposure limits and approved for each costumer.

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

As of 31 December 2011 and 31 December 2010, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances:

				Total	
Amounts in Euro	Pulp and Paper	Cement Derivatives	Environ-ment	31-12-2011	31-12-2010
not overdue	179,172,414	21,794,725	2,950,332	203,917,471	158,319,992
1 to 90 days	24,264,675	12,240,974	5,499,578	42,005,227	41,225,953
91 to 180 days	546,726	2,623,298	1,086,837	4,256,861	5,406,369
181 to 360 days	58,628	1,716,159	303,955	2,078,742	3,141,423,
361to 540 days	928	804,090	32,878	837,896	1,202,747
541 a 720 days	-	722,431	48,949	771,380	948,478
more than 721 days	181,993	5,549,695	410,945	6,142,633	6,184,486
	204,225,364	**45,451,372**	**10,333,474**	**260,010,210**	**216,429,448**
Litigation - doubtful debts	2,166,009	4,008,592	-	6,174,601	5,627,567
Impairments (Note 22)	(2,110,062)	(12,338,933)	(492,681)	(14,941,676)	(13,689,539)
Net receivables balance (Note 24)	**204,281,311**	**37,121,031**	**9,840,793**	**251,243,135**	**208,367,476**

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 the available 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 customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the share not attributable to the insurance company, to define the amount of losses to recognize in the period.

The existing guarantees for a significant part of the open and old balances, justify the fact that no impairment has been recorded related to those amounts.

The table below represents the quality of the Group's credit risk, as of 31 December 2011 and 31 December 2010, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

	31-12-2011	31-12-2010
AA	-	1,064,538
AA-	-	93,491,476
A+	1,001,139	1,076,339
A	76,812,011	3,549,044
A-	95,616	16,573,192
BBB+	60,029,703	125,423,058
BBB-	58,834,855	-
BB+	55,107,112	-
BB	141,395,115	-
BB-	55,818	
B	-	1,783,478
Other	23,006,773	23,115,934
	416,338,142	**266,077,060**

The caption "Other" concern to Angola's financial institutions with which there are transactions, and relatively to which it was not possible to obtain the ratings with reference to the presented dates.

The ageing analysis of receivables already in delay is as follows:

Amounts in Euro	31-12-2011		31-12-2010	
	Gross value	Credit Insurance	Gross value	Credit Insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	41,640,212	18,466,379	41,031,041	7,171,492
Overdue - more than 3 months	5,874,359	274,373	8,900,139	2,164,185
	47,514,571	**18,740,752**	**49,931,180**	**9,335,677**
Accounts receivable overdue and impaired				
Overdue - less than 3 months	365,015	-	194,912	-
Overdue - more than 3 months	14,331,808	-	13,640,720	-
	14,696,823	**-**	**13,835,632**	**-**

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for all accounts receivable from costumers and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings.

Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and is within acceptable levels.

The maximum exposure to the credit risk as at 31 December 2011 and 2010 is detailed in the following schedule:

Amounts in Euro	31-12-2011	31-12-2010
Non-current		
Other non-current assets	1,606,107	1,282,642
Derivative financial instruments	-	499,129
Currents		
Receivables and other current assets	300,673,354	299,780,974
Cash andcash equivalents	415,535,146	264,869,870
Derivative financial instruments	802,997	708,060
	718,617,604	**567,140,675**
Credit risk exposures relating to off-balance sheet itens		
Warranties (Note 40)	52,948,002	59,996,236
	52,948,002	**59,996,236**

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 sheet date:

Amounts in Euro	Les than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of 31 December 2011						
Liabilities						
Interest-bearing liabilities						
Bond loans	887,289	2,036,267	171,109,628	689,322,381	-	863,355,564
Comercial paper	183,612	432,711	5,489,441	140,572,336	6,630,000	153,308,101
Bank loans	11,564,690	13,332,830	76,488,267	298,538,849	101,595,183	501,519,819
Financial leases payables	68,863	101,535	616,775	1,603,920	657,236	3,048,330
Shareholder loan	-	125,000	10,375,000	-	-	10,500,000
Accounts payable and other liabilities	174,866,520	68,971,396	53,745,725	19,111,746	-	316,695,387
Derivative financial instruments	2,549,919	-	2,575,219	11,454,239	207,017	16,786,394
Total liabilities	**190,120,894**	**84,999,739**	**320,400,054**	**1,160,603,470**	**109,089,437**	**1,865,213,594**
As of 31 December 2010						
Liabilities						
Interest-bearing liabilities						
Bond loans	-	2,488,522	18,440,041	610,010,328	248,081,967	879,020,858
Comercial paper	50,402,763	173,856	995,749	66,987,447	47,678,291	166,238,106
Bank loans	41,097,448	604,502	48,773,791	294,605,586	103,333,587	488,414,914
Financial leases payables	80,491	182,261	601,147	869,361	790,623	2,523,883
Shareholder loan	-	237,500	19,712,500	-	-	19,950,000
Accounts payable and other liabilities	140,999,868	91,382,053	50,946,359	26,402,576	-	309,730,856
Derivative financial instruments	208,892	-	3,131,056	4,158,072	(441,067)	7,056,954
Total liabilities	**232,789,462**	**95,068,694**	**142,600,643**	**1,003,033,370**	**399,443,401**	**1,872,935,571**

As of 31 December 2011 and 2010, bank loans granted and not withdrawn amounts are Euro 332,924,686 and Euro 338,178,006 respectively.

2.1.5 Price Risk

The Group, as a result of its investment in Banco Comercial Português, Energias de Portugal and Banco Espírito Santo, has been exposed to fluctuations in the price of shares. As of 31 December 2011, a fall of 10% on the price of these shares would have a negative impact of EUR 978,146. On 31 December 2010, a variation of the same order would have a negative impact of Euro 1,367,684.

2.2 OPERATIONAL RISK FACTORS

2.2.1 Risks relating to the "Pulp" and "Paper" segments

Risks relating to the forestry sector

Portucel Group carries out the management of woodlands covering an area of some 120 thousand hectars of land, from north to south of the country, according to the principles laid down in its Forestry Policy. Eucalyptus trees occupy 72% of this area, namely the Eucalyptus globulus, the species that is universally acknowledged as the tree with the ideal fibre for producing high quality paper.

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

The main risks associated with the sector are the risk attached to the productive capacity of the plantations and the risk of wildfires. In order to maximize the productive capacity of the areas it manages, 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 regarding the

population but also from the forestry landscape perspective, namely:

i Increase the productivity of its woodlands through the use of the best agro-forestry practices adapted to local conditions and compatible with the environment.

ii Establish and improve the network of forestry infrastructures to enable the required accessibility for management, whilst making them compatible with the forestry protection measures against wildfires.

iii Ensure compliance with the water-cycle functions, promoting, whenever possible, the rehabilitation and qualitative protection of water resources.

The Group also has a research institute, RAÍZ, whose activity is focused in 3 main areas: Applied Research, Consulting and Training. In the forestry research area, RAÍZ seeks:

i To improve the productivity of the eucalyptus forests

ii To enhance the quality of the fibre produced

iii To implement a sustained forestry management program from an economic, environmental and social perspectives

iv. To lower the cost of wood

Regarding the risk of wild fires, the manner in which the Group manages its woodlands constitutes the front line for mitigating this risk. Most of the Group's forestry resources are certified by the FSC (Forest Stewardship Council), a certification programme which guarantees that the Company's forests are managed in a responsible manner from an environmental, economic and social standpoint, complying with stringent and internationally--recognized criteria.

Amongst the various management measures to which the Group has committed under this program, the strict compliance for the biodiversity rules and the construction and maintenance of access roads and routes to each of the operational areas assume particular importance in mitigating the risk of wild fires.

Moreover, the Group has a stake in the Afocelca grouping – a complementary corporate grouping (CCG) between the Portucel Group and the ALTRI Group, whose mission is to provide assistance to the fight 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, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimizing the losses by forest fires for the members of the grouping, which own and manage more than 250 thousand hectars of forests in Portugal.

Risks relating to the production and trading of BEKP and UWF paper

Supply of raw materials

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

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, so that increases in forested areas, or the substitution of some of the currently used areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed of the responsible authorities in approving the new projects. 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.

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

The Group seeks to maximize the added value of their products, particularly through increased integration of certified wood in these products.

The low expression of this wood outside the forests directly managed by the Group, has meant a shortage of supply to which the Group has responded with an increase in the price offered when comparing to wood originating from forests that are not certified.

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 production should not be put ahead of its use as a raw material, to be used to produce tradeable goods.

In the year ended 31 December 2011, an increase of Euro 5 on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had an impact in Group's earnings of some Euro 21,000,000.

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

Market price for UWF paper and BEKP

The market prices of BEKP and UWF paper are defined in the world global market in perfect competition and have a significant impact on the Group's revenues and on its profitability. Cyclical fluctuations in BEKP and in UWF Paper prices mainly arise from changes in the world supply and demand, the financial situation of each of the international market players (producers, traders, distributors, clients, etc.), creating imbalances in supply, in the face of market demand raising market volatility.

The BEKP and UWF paper markets are highly competitive. Significant variations in existing production capacities 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 expenditure to increase productivity and the quality of the products it sells.

In the year ended 31 December 2011, 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 14,000,000 and Euro 58,000,000.

Demand for the Group´s products

Notwithstanding what refers to the concentration of the portfolios of the Group's customers, any reduction in demand for BEKP and UWF in the markets of the European Union and the United States could have a significant impact on the Group's sales. The demand for BEKP produced by Group also depends on the evolution of the capacity for paper production in the world, since the major Group customers are BEKP paper producers.

The demand for printing and writing has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the economy, worldwide, can cause a slowdown or decline in demand for printing paper and writing in this way affect the performance of the Group.

Consumer preferences may have an impact on global demand and the role of certain particular types, such as the demand for recycled products or products with certified virgin fiber.

Regarding this matter, and in the case of the UWF, the Group believes that the marketing strategy and branding that has been following, combined with the significant investments made to improve productivity and produce high quality products, allow you to put your products in market segments less sensitive to variations in demand, allowing a lower exposure to this risk.

Competition

Increasing competition in paper and pulp markets may have a significant impact in price and as a consequence in Group's profitability.

As paper and pulp markets are highly competitive, new capacities may have a relevant impact in prices worldwide.

Producers from southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers.

These factors have forced the Group to make significant investments in order to keep production costs competitive and produce high quality products as it is likely that competitive pressure will remain strong in the future.

The Portucel Group sells most of its paper production in Europe, holding significant market shares in Southern European countries and relevant market shares in the other major European markets, as well as an important presence in the USA.

The increase in the Group's paper production capacity in 2010 of almost 500 thousand tons per year, induced by the new paper mill in Setúbal industrial complex, as well as potential investments the Group might start in this area, may influence the distribution capacity as well as selling prices, as a consequence of entering in new markets.

Concentration of the customer portfolio

At 31 December 2011, the Group's 10 main BEKP group of customers accounted for 14% of the period's production of BEKP and 74% of external sales of BEKP. This ratio is a result of the strategy pursued by the Group, consisting of a growing integration of the BEKP produced into the UWF paper produced and commercialized.

As such, the Group considers that there is little exposure to the risks of customer concentration regarding the sale of BEKP.

At 31 December 2011, the Group's 10 main groups of customers for UWF paper represented 58% of this product's sales during the period. Also regarding UWF paper, the Group follows a strategy of mitigating the risk of customer concentration. The Group sells UWF paper to more than 100 countries, thereby allowing a dispersion of the risk of sales concentration amongst a reduced number of markets and/or customers.

Risks associated with the production of energy

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

Considering the increasing integration of the Group's mills dedicated to the production of BEKP and UWF paper and as a means of increasing the use of the biomass gathered in the woodlands, the Group built new natural-gas and biomass power-generating units. These units serve to complement those already in use, thus creating a number of redundant units which allow the Group to mitigate the risk of an interruption in the power supply to its industrial sites.

In this sector, the main risk is linked to the supply of raw material, namely, biomass. The group has played a pioneering role and has been developing a market for the sale of biomass for supplying the power plants it owns. 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 utilize in the future. As previously mentioned, the Group has been making the Government and public opinion aware of the need to guarantee that biomass is viewed in a sustainable manner, avoiding the use of eucalyptus wood for biomass, as an alternative of its use in the production of tradable goods.

In addition, and despite the legal provisions that allow the Group to predict the stability of tariffs in the near future, there is a risk that the change in the sale's tariff of the energy produced from renewable resources will penalize those products. The constant search for the optimization of production costs and efficiency of the generating units is the way the Group seeks to mitigate this risk.

Other risks associated with the segment of pulp and paper

Portucel Group exports over 94% of its production. As a consequence, transportation and logistic costs are materially relevant. A continuous rise in transport costs may have a significant impact in Group's earnings.

The Group's activity is exposed to risks related to forest fires, including:

i destruction of actual and future wood inventory, belonging to the Group as well as to third parties;

ii increasing forestry costs and subsequent land preparation for plantation.

2.2.2 Risks relating the segment of Cement and derivatives

Supply of raw materials

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.

Sale Price

Group Secil's turnover is dependent on the level of activity in the building sector in each one of the geographic markets in which it operates.

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

Demand for Group´s products

Secil's turnover is dependent on the level of activity in the building 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 building, as well as on the level of investments in infrastructures.

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

Despite the company considering that its geographical diversification is the best means 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 mature markets, the demand for cement and other building materials tends to be highly constant throughout the year, although situations where snow or heavy rain occurs have a negative impact on the business. The demand for Secil products is in general aligned with this behavioural pattern.

Competition

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.

2.2.3 Risks relating the Environment segment

Supply of raw materials

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 produce substitutes for these products such as industries related to 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.

Sale Price

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.

Demand for Group´s products

decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, pet food and biodiesel may have a significant impact on group ETSA's turnover.

Competition

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 produce substitutes for these products such as industries related to 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.

2.2.4. Risks relating to the Group in general

Environmental legislation

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

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

Currently, any known changes in law are related to the predictable end of the CO_2 emission rights' free attribution regime, after the conclusion of the current stage of the National Plan for the Allocation of CO_2 Emission Licences, PNALE II.

This change will increase the costs for the transformation industry in general and in particular for the paper and pulp and cement industries, without any compensation for the CO_2 that, annually, is absorbed by the forests.

In order to reduce the impact of this change, the Group has been following a strategy of carrying out a series of environmental related investments that, among other advantages, have resulted in a continued reduction of the CO_2 emissions, whilst the production volume has continuously increased within the last years.

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

Human Resources

The Group's ability to successfully implement outlined strategies depends on its capacity to recruit and retain key talents for each role. Although the Group's human resources policy seek to achieve these goals, there might be some limitations to achieve them in the future.

Other risks

The Group's manufacturing facilities are subject to risks inherent to any business industry, such as accidents, breakdowns or natural disasters that may cause losses in the Group's assets or temporary interruptions in the production process.

Likewise, these risks may also affect the Group's main customers and suppliers, which would have a significant impact on the levels of the Group's profitability, should it not be possible to find new customers to ensure sales levels and new suppliers enabling the Group to maintain its current cost structure.

2.2.5. Context risks

The lack of efficiency in the Portuguese economy may have a negative effect on the Group's ability to compete. This is more so, 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.

3. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires that 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 Group's management's judgments, 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 Group 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 year are presented below:

3.1 IMPAIRMENT OF GOODWILL

The Group tests annually whether has been any impairment in goodwill, in accordance with the accounting policy described in Note 1.10. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use. These calculations require the use of estimates.

On 31 December 2011, a potential worsening of 0.5% in the discount rate used in impairment tests of the various cash-generating units would mean an overall decrease of 4% in their assessed value, which would still be higher than its book value.

3.2 INCOME TAX

The Group recognizes additional tax assessments resulting from inspections undertaken by tax authorities.

When the final outcome of the above reviews is different from the amounts initially recorded, the differences will have an impact on corporate income tax and deferred taxes in the periods where 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 can have a material impact on the aforesaid liabilities.

On 31 December 2011, a potential decrease of 0.25% in the discount rate used in the actuarial assumptions would mean an overall increase of liabilities amounting Euro 10,418,023 in their assessed value.

3.4 FAIR VALUE OF BIOLOGICAL ASSETS

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

As of 31 December 2011, an increase of 0.5% in the discount rate (6.6%) used to value those assets, would decrease their value by Euro 4,045,028.

3.5 RECOGNITION OF PROVISIONS AND ADJUSTMENTS

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

Impairment in accounts receivable are calculated essentially based on accounts receivable's ageing, customers' risk profile and customers' financial situation.

4. SEGMENT REPORTING

Segmental information is presented in relation to the business segments identified, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. The earnings, assets and liabilities for each segment correspond to those which are directly attributed to them, as well as those which can be imputed to them on a reasonable basis.

Segmental report

Financial information by business segment for the year ended 31 December 2011 is shown as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	1,487,884,293	258,520,769	33,238,017	101,452	1,779,744,531
Operational results	250,884,913	27,117,013	4,618,693	(19,482,638)	263,137,981
Net financial results	(16,346,454)	(3,012,032)	(1,020,536)	(18,069,268)	(38,448,290)
Group share of (loss)/gains of associated	593,751	494,605	-	-	1,088,356
Income tax	(49,629,154)	(7,464,807)	(678,634)	1,139,894	(56,632,701)
Ordinary activities resullts	**185,503,056**	**17,134,779**	**2,919,523**	**(36,412,012)**	**169,145,346**
Non-controlling interest	(41,515,245)	(3,361,217)	(107,084)	-	(44,983,546)
Net profit for the year	**143,987,811**	**13,773,562**	**2,812,439**	**(36,412,012)**	**124,161,800**
OTHER INFORMATIONS					
Segments assets	2,799,117,934	539,496,924	92,154,046	354,787,668	3,785,556,572
Investments in associates	1,778,657	2,145,762	-	-	3,924,419
Total segments liabilities	1,445,936,948	250,184,383	39,589,432	667,825,922	2,403,536,685
depreciation, amortization and impairment	139,798,954	22,945,070	2,379,642	330,793	165,454,459
Provisions	(5,610,786)	2,059,682	1,133,208	1,100,000	(1,317,896)
Capital expenditures	53,796,552	31,727,273	7,815,136	749,696	94,088,657

Financial information by business segment for the year ended 31 December 2010 is shown as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	1,385,455,688	273,267,641	29,370,874	142,117	1,688,236,320
Operational results	257,742,023	43,061,891	4,823,752	(22,812,460)	282,815,206
Net financial results	(20,079,417)	(2,441,815)	(565,542)	(21,754,732)	(44,841,506)
Group share of (loss)/gains of associated	-	291,941	-	-	291,941
Income tax	(51,084,638)	(10,918,814)	(1,828,547)	(86,088)	(63,918,087)
Ordinary activities resullts	**186,577,968**	**29,993,203**	**2,429,663**	**(44,653,280)**	**174,347,554**
Non-controlling interest	(42,976,548)	(4,683,988)	33,212	-	(47,627,324)
Net profit for the year	**143,601,420**	**25,309,215**	**2,462,875**	**(44,653,280)**	**126,720,230**
OTHER INFORMATIONS					
Segments assets	2,660,006,407	498,637,280	70,522,903	340,483,044	3,569,649,634
Investments in associates	516,173	1,523,340	-	-	2,039,513
Total segments liabilities	1,470,635,160	210,076,042	20,877,901	624,118,936	2,325,708,039
depreciation, amortization and impairment	141,259,490	21,990,712	2,862,826	267,117	166,380,145
Provisions	1,165,032	685,923	-	1,605,001	3,455,956
Capital expenditures	95,809,579	23,944,177	1,158,435	688,822	121,601,013

Additionally, revenues from the Holdings segment were entirely made in Portugal.

Geographical segment

2011	Pulp and paper	Cement	Environment	Total	%
Sales and services rendered:					
Portugal	237,138,473	139,842,644	26,455,689	403,436,806	23%
Rest of Europe	789,882,533	1,204,184	6,488,820	797,575,537	45%
America	128,102,141	-	-	128,102,141	7%
Africa	-	50,130,576	293,508	50,424,084	3%
Asia	-	41,136,208	-	41,136,208	2%
Overseas	332,761,146	26,207,156	-	358,968,302	20%
	1,487,884,293	**258,520,768**	**33,238,017**	**1,779,643,078**	**100%**

2010	Pulp and paper	Cement	Environment	Total	%
Sales and services rendered:					
Portugal	227,373,130	155,503,579	21,046,249	403,922,958	24%
Rest of Europe	835,679,610	1,243,214	8,112,852	845,035,676	50%
America	129,941,848	-	-	129,941,848	8%
Africa	-	50,323,675	211,773	50,535,448	3%
Asia	-	39,325,805	-	39,325,805	2%
Overseas	192,461,100	26,871,368	-	219,332,468	13%
	1,385,455,688	**273,267,641**	**29,370,874**	**1,688,094,203**	**100%**

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

5. OTHER INCOME

As of 31 December 2011 and 2010, the caption "Other income" comprises:

Amounts in Euro	2011	2010
Grants - CO_2 Emission allowances	28,633,212	27,887,589
Reversion of impairment (Note 22)	1,276,312	1,014,340
Gains on disposals of CO_2 emission allowances	7,281,457	864,283
Suplementary income	604,754	844,844
Gains on disposals of non-current assets	2,899,293	4,087,228
Gains on inventories	732,069	74,932
Gains on current assets	101,124	1,765,481
Operating government grants	1,266,467	1,871,029
Own work capitalized	672,092	79,247
Revenues from waste management	831,425	711,412
Other operating income	8,972,816	5,083,919
	53,271,021	**44,284,304**

The amount presented in section "Grants – CO_2 emissions allowances" is the recognition of the grant, originated in the allocation of free allowances (Note 1.6.1).

The amount shown as "Gains on disposals of CO_2 emission allowances" relates to 51% of the gain obtained on the disposal of the 937,800 tons of CO_2 emission allowances by Secil.

6. COSTS, EXPENSES AND LOSSES

As of 31 December 2011 and 2010, Costs, expenses and losses were detailed as follows:

Amounts in Euro	2011	2010
Cost of sales and service rendered		
Cost of inventories sold and consumed	(669,537,514)	(595,904,289)
Cost of materials and services consumed	(465,136,602)	(444,672,391)
Variation in production	**(37,258,418)**	**(6,535,646)**
Payroll costs		
Statutory bodies	(17,380,209)	(15,323,360)
Other remunerations	(124,559,211)	(121,783,446)
Pension costs	(10,696,585)	(12,631,173)
Other payroll costs	(42,451,868)	(39,398,415)
	(195,087,873)	**(189,136,394)**
Other costs and losses		
Membership fees	(828,144)	(714,808)
Donations	(718,249)	(703,574)
Cost with emission allowance	(20,042,853)	(21,486,675)
Inventories and other receivables impairment (Nota 22)	(3,893,660)	(3,465,127)
Losses on inventories	(533,709)	(395,174)
Indirect taxes	(6,939,446)	(5,793,775)
Losses on disposals of non-current assets	(1,771,876)	(278,405)
Other operating costs	(4,259,353)	(2,995,706)
	(38,987,290)	**(35,833,244)**
Provisions	1,317,896	(3,455,956)
Total of Costs, Expenses and Losses	**(1,404,689,801)**	**(1,275,537,920)**

7. REMUNERATION OF STATUTORY BODIES

As of 31 December 2011 and 2010, the caption "Board of directors", including performance bonuses, comprises:

Amounts in Euro	2011	2010
Board of directors		
Semapa SGPS, S.A.	6,397,754	4,455,754
Members of Semapa board in other companies	4,584,717	4,138,779
Corporate bodies from other group companies	6,397,738	6,728,827
	17,380,209	**15,323,360**

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

In 2010, the amount relating to the remuneration of statutory bodies of Semapa SGPS, SA, included the partial reversal of the accrual for variable remuneration, as the actual pay was below the amount accrued in the previous year.

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

As of 31 December 2011 and 2010, "Depreciation, amortization and impairment losses" were detailed as follows:

Amounts in Euro	2011	2010
Depreciation of property, plant and equipment		
Land	(1,577,932)	(1,556,408)
Buildings	(15,821,055)	(25,874,901)
Other tangible assets	(145,014,824)	(137,623,705)
	(162,413,811)	(165,055,014)
Amortization of intangible assets		
Industrial property and other rights	(2,947,356)	(465,729)
Other capitalized costs	(5,444)	-
	(2,952,800)	(465,729)
Impairment losses in tangible assets		
Buildings	(9,445)	-
Work in progress (Note 22)	-	(102,292)
	(9,445)	(102,292)
Impairment losses in tangible assets		
Goodwill (Note15 and 22)	(78,403)	(757,110)
	(78,403)	**(757,110)**
	(165,454,459)	**(166,380,145)**

9. APROPRIAÇÃO DE RESULTADOS EM EMPRESAS ASSOCIADAS

In the years ended 31 December 2011 and 2010, the Group recorded its share of the net income/ (loss) of associated companies as follows:

Amounts in Euro	2011	2010
Sub-group Portucel		
Soporgen, S.A.	593,751	-
Sub-group Secil		
Chryso - Aditivos de Portugal, S.A.	(4,829)	2,730
Setefrete, SGPS, S.A.	489,860	295,399
J.M. Henriques, Lda.	3,161	(6,188)
Ave-Gestão Ambiental e Valorização Energética, S.A.	6,413	
	1,088,356	**291,941**

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

10. NET FINANCIAL RESULTS

As of 31 December 2011 and 2010, "Net financial results" comprise:

Amounts in Euro	2011	2010
Interest paid on loans from shareholders	(705,958)	(136,234)
Interest paid on borrowings	(43,129,538)	(35,131,732)
Interest paid on loans from associates companies	78,373	71,352
Other interest earned	13,638,825	3,642,581
Compensatory interest	880,343	-
Fair value in available-for-sale financial assets	(189,304)	(247,061)
Gain/(losses) on fair value financial assets valuation	(1,614,823)	(3,601,878)
Gain/(losses) on financial instruments - hedging	(7,034,076)	(7,847,658)
Gain/(losses) on financial instruments - trading	(2,947,895)	(27,971)
Foreign exchange gains/(losses)	6,424,717	258,495
Other financial expenses	(2,865,549)	(2,506,610)
Other financial income	(983,405)	685,210
	(38,448,290)	**(44,841,506)**

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.

Gains / (losses) on trading and hedging financial instruments comprise the results from the instruments detailed in note 33.

11. INCOME TAX

The Groups Semapa, Portucel and Secil are 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.

Companies included within the consolidation scope of the group of companies subject to this regime calculate and recognize income tax (IRC) as though they were taxed on an individual basis.

Where there are gains on the use 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, to the net income of the year for the purpose of calculating taxable income.

Dividends are considered when determining the taxable income in the year in which they are received, if the assets are held for less than one year or if investments represent less than 10% of the share capital.

As of 31 December 2011 and 2010, income tax comprises:

Amounts in Euro	2011	2010
Current tax	50,382,752	41,541,627
Provision for current tax	5,693,009	(4,443,051)
Deferred tax	556,940	26,819,511
	56,632,701	**63,918,087**

The reconciliation of the effective tax rate in the years ended 31 December 2011 and 2010 is as follows:

Amounts in Euro	2011	2010
Profit before tax	225,778,047	238,265,640
Expected income tax	59,831,182	63,140,395
State surcharge	4,506,548	16,847,780
Differences(a)	(18,368,171)	(11,853,725)
Prior year tax adjustments	(341,314)	(2,393,005)
Recoverable tax losses carried forward	-	(114,804)
Non recoverable tax losses	5,608,333	8,088,301
Impact of the change in the income tax rate	12,667,952	11,320,256
Provision for current tax	5,693,009	(4,443,052)
Tax benefits	(13,468,525)	(15,937,709)
Adjustments to taxable income	503,687	(736,350)
	56,632,701	**63,918,087**
Effective tax rate	25.08%	26.83%
(a) This amount is made up essentially of :		
Impairment of Goodwill	78,403	556,576
Effects arising from the application of the equity method	(494,605)	(291,941)
Capital gains / (losses) for tax purposes	(37,986,284)	(20,985,706)
Capital gains / (losses) for accounting purposes	(21,516,363)	(11,325,450)
Provisions not allowed for tax purposes	15,075,909	14,073,256
Tax benefits	(2,680,568)	(3,021,661)
Dividends received from non EU companies	4,289,063	4,234,801
Decrease in taxed provisions	(2,098,168)	(23,270,795)
Taxed provisions in previous years	(333,250)	(1,380,812)
Others	(23,647,990)	(3,319,305)
	(69,313,853)	(44,731,037)
Tax effect (26.5%)	(18,368,171)	(11,853,725)

The increase in the provision for current tax is detailed as follows:

Amounts in Euro	2011	2010
(Excess) / Insufficiency on tax estimate	(3,240,529)	(3,591,099)
Net variation on additional estimate liquidations	13,427,237	(1,611,955)
Payment/(Reimbursement) of additional liquidations	(3,976,970)	757,099
Withholding Tax	(516,729)	-
Others	-	2,904
	5,693,009	**(4,443,051)**

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 longer period.

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 has 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 31 December 2011. Additionally, the periods until 2009 have already been reviewed.

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 Euro	2011	2010
Profit attributable to Semapa's shareholders	124,161,800	126,720,230
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	1.100	1.123
Diluted earnings per share	1.100	1.123

The weighted average number of shares is shown after deducting 5,447,975 treasury shares owned by Semapa, SGPS, S.A.

13. NON-CONTROLLING INTEREST

As of 31 December 2011 and 2010, non-controlling interests shown in the Income statement comprise:

	Net Profit	
Amounts in Euro	2011	2010
Portucel - Empresa de Pasta e Papel, SA	41,500,778	42,984,403
Raiz - Instituto de Investigação da Floresta e Papel	14,467	(7,855)
Grupo Secil Betões e Inertes	10,842	15,401
Société des Ciments de Gabés	9,670	49,053
Secil Martingança	(2,438)	530
Secil - Companhia de Cimento do Lobito, S.A.	(302,861)	(572,717)
Ciments de Sibline, S.A.L.	3,938,076	4,865,664
Grupo Cimentos Madeira	(129,642)	317,097
ETSA - Investimentos, SGPS, SA	107,085	(33,212)
Other	(162,431)	8,960
	44,983,546	**47,627,324**

As of 31 December 2011 and 2010, non-controlling interests in the Consolidated Balance sheet comprise:

	Equity	
Amounts in Euro	31-12-2011	31-12-2010
Portucel - Empresa de Pasta e Papel, SA	296,300,209	273,913,139
Raiz - Instituto de Investigação da Floresta e Papel	220,660	216,754
Grupo Secil Betões e Inertes	72,603	134,992
Société des Ciments de Gabés	662,521	685,077
Secil Martingança	164,823	167,269
Secil - Companhia de Cimento do Lobito, S.A.	4,177,661	4,367,609
Ciments de Sibline, S.A.L.	26,579,296	25,481,508
Grupo Cimentos Madeira	2,817,209	3,085,408
ETSA - Investimentos, SGPS, SA	2,039,569	1,932,481
Other	182,338	536,609
	333,216,889	**310,520,846**

The movement in the non-controlling interests' account in the years ended 31 December 2011 and 2010 is as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Total
Balance as of 1 January 2010	**272,315,087**	**31,700,265**	**1,359,908**	**305,375,260**
Acquisitions /(disposals) non controlling interest	(232,029)	(64,397)	-	(296,426)
Dividends	(41,418,806)	(3,798,871)	(800,000)	(46,017,677)
Currency translation reserve	147,669	1,920,597	-	2,068,266
Financial instruments	353,565	-	-	353,565
Actuarial gains and losses	(12,141)	16,890	-	4,749
Other movements in equity	-	-	1,405,785	1,405,785
Net profit for the year	42,976,548	4,683,988	(33,212)	47,627,324
Balance as of 31 December 2010	**274,129,893**	**34,458,472**	**1,932,481**	**310,520,846**
Acquisitions /(disposals) non controlling interest	(17,724,400)	(156,912)	-	(17,881,312)
Dividends	-	(4,184,064)	-	(4,184,064)
Currency translation reserve	(322,649)	1,149,764	-	827,115
Financial instruments	(105,994)	-	-	(105,994)
Actuarial gains and losses	(959,793)	27,976	-	(931,817)
Other movements in equity	(11,433)	-	3	(11,430)
Net profit for the year	41,515,245	3,361,216	107,085	44,983,546
Balance as of 31 December 2011	**296,520,869**	**34,656,452**	**2,039,569**	**333,216,890**

14. APPROPRIATION OF PREVIOUS YEAR´S PROFIT

Amounts in Euro	Application of year´s net profit: 2010	2009
Dividends distribution	29,481,174	29,481,174
Other reserves	97,239,056	49,368,150
Net profit for the year	**126,720,230**	**78,849,324**
Dividends per share	**0.255**	**0.255**

As of 31 December 2011 and 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 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Net amount at the beginning of the year	**320,204,947**	**321,274,798**
Transfers	-	(441,842)
Impairment losses (Note 8)	(78,403)	(757,110)
Acquisitions	12,643,506	-
Foreign exchange differences	79,890	129,101
Ending Balance	**332,849,940**	**320,204,947**

Note: net of impairment losses (Note 22)

The increase in Goodwill relates to the acquisition of Lafarge Betões, SA by the subsidiary Secil, as detailed in note 36.

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

As of 31 December 2011 and 2010 Goodwill is made up as follows:

Entity	Aquisition date	31-12-2011	31-12-2010
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 - Investimentos, SGPS, SA	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 Gabés	2000	16,247,421	16,382,556
Grupo Secil Betões e Inertes	2000	7,584,326	6,796,621
Sud-Béton-Société de Fabrication de Béton du Sud	2001	965,795	973,828
Secil Angola, S.A.	2005	937,289	907,617
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	61,418
Cimentos Madeira, S.A.	2007	924,103	924,103
Ciments de Sibline, S.A.L.	2007	6,189,062	5,995,677
Teporset, S.A.	2008	-	78,403
Colegra	2008	43,706	43,706
Quimipedra	2009	262,709	262,709
Lafarge Betões	2011	12,643,506	-
		72,798,486	**60,153,493**
Acquisitions made by Sub-group ETSA			
Abapor – Comércio e Industria de Carnes, SA	2008	556,576	556,576
		556,576	**556,576**
		332,849,940	**320,204,947**

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:

	31-12-2011			
Amounts in Euro	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	136,460,962	135,565,059	36,422,934	308,448,955
Tunisia	17,213,216	-	-	17,213,216
Lebanon	6,189,062	-	-	6,189,062
Angola	937,289	-	-	937,289
Cape Verde	61,418	-	-	61,418
	160,861,947	**135,565,059**	**36,422,934**	**332,849,940**

	31-12-2010			
Amounts in Euro	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	123,895,858	135,565,059	36,422,934	295,883,851
Tunisia	17,356,384	-	-	17,356,384
Lebanon	5,995,677	-	-	5,995,677
Angola	907,617	-	-	907,617
Cape Verde	61,418	-	-	61,418
	148,216,954	**135,565,059**	**36,422,934**	**320,204,947**

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.

As a result of the calculations made to the different CGU's, no impairment losses relating to Goodwill have been identified, beyond those recognized and detailed in note 8.

Impairment testing was based on the following assumptions:

Amounts in Euro	WACC* Projec.	WACC* Perpet.	Growth rate
Cements and derivatives			
Portugal (mainland)	9,65%	6,44%	2,25%
Madeira	10,04%	6,64%	2,25%
Tunísia	7,50%	7,50%	2,25%
Lebanon	9,79%	9,79%	2,25%
Angola	8,90%	8,90%	2,25%
Cape Verde	7,48%	7,48%	2,25%
Pulp and Paper			
Paper	11,53%	7,84%	2,25%
Environment	10,87%	6,89%	2,25%

*After tax

16. OTHER INTANGIBLE ASSETS

During 2011 and 2010, changes under the "Other intangible assets" heading were as follows:

Amounts in Euro	Brands	Industrial property and other rights	CO_2 emissions	Assets under construction	Total
Acquisition cost					
Amount as of 1 January 2010	**151,488,000**	**1,898,102**	**19,482,938**	**-**	**172,869,040**
Acquisitions	-	-	30,354,950	-	30,354,950
Disposals	-	-	(15,421,623)	-	(15,421,623)
Adjustments, tranfers and write-off´s	-	-	(14,749,546)	-	(14,749,546)
Amount as of 31December 2010	**151,488,000**	**1,898,102**	**19,666,719**	**-**	**173,052,821**
Change in consolidation perimeter	-	139,119	-	4,016	143,135
Acquisitions	-	-	33,017,062	9,220	33,026,282
Disposals	-	-	(6,931,025)	-	(6,931,025)
Adjustments, tranfers and write-off´s	-	(36,439)	(30,664,123)	-	(30,700,562)
Amount as of 31December 2011	**151,488,000**	**2,000,782**	**15,088,633**	**13,236**	**168,590,651**
Accumulated amortization and impairment losses					
Amount as of 1 January 2010	**-**	**(1,413,202)**	**(1,543,516)**	**-**	**(2,956,718)**
Amortization and impairment losses	-	(465,729)	-	-	(465,729)
Amount as of 31December 2010	**-**	**(1,878,931)**	**(1,543,516)**	**-**	**(3,422,447)**
Change in consolidation perimeter	-	(63,168)	-	-	(63,168)
Amortization and impairment losses	-	(35,146)	(2,917,654)	-	(2,952,800)
Disposals	-	-	-	-	-
Adjustments, tranfers and write-off´s	-	6,755	-	-	6,755
Amount as of 31December 2011	**-**	**(1,970,490)**	**(4,461,170)**	**-**	**(6,431,660)**
Net book value as of 1 January 2010	**151,488,000**	**484,900**	**17,939,422**	**-**	**169,912,322**
Net book value as of 31 December 2010	**151,488,000**	**19,171**	**18,123,203**	**4,016**	**169,630,374**
Net book value as of 31 December 2011	**151,488,000**	**30,292**	**10,627,463**	**9,220**	**162,158,991**

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	Tax rate
Navigator	Europe	3.4%	7.2%	2.0%	29.0%
	USA	2.4%	10.8%	2.5%	-
Soporset	Europe	3.4%	7.0%	2.0%	29.0%
	USA	2.4%	11.4%	2.5%	-

** The discount rates presented include the level of robustness of each brand*

17. PROPERTY, PLANT AND EQUIPMENT

The following movements were registered in the years ended 31 December 2011 and 2010 under the caption "Property, plant and equipment", as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and others tangibles	Assets under construction	Total
Acquisition Cost					
Amount as of 1 January 2010	**187,724,197**	**741,362,474**	**3,983,083,162**	**188,537,448**	**5,100,707,281**
Acquisitions	2,422,151	23,054,775	63,844,273	32,279,814	121,601,013
Disposals	(1,003,798)	(1,873,539)	(3,497,769)	-	(6,375,106)
Adjustments, transfers and write-off´s	4,851,903	11,142,048	156,793,069	(176,599,440)	(3,812,420)
Exchange differences	(89,251)	1,239,139	3,128,871	337,762	4,616,521
Amount as of 31 December 2010	**193,905,202**	**774,924,897**	**4,203,351,606**	**44,555,584**	**5,216,737,289**
Change of perimeter	6,845,798	1,637,084	6,043,446	(12,209)	14,514,119
Acquisitions	5,314,668	903,300	34,722,110	53,148,579	94,088,657
Disposals	(63,983)	(1,360,535)	(102,916,397)	(35,000)	(104,375,915)
Adjustments, transfers and write-off´s	479,982	6,826,838	42,097,371	(49,802,450)	(398,259)
Exchange differences	87,934	621,739	1,742,847	244,734	2,697,254
Amount as of 31 December 2011	**206,569,601**	**783,553,323**	**4,185,040,983**	**48,099,238**	**5,223,263,145**
Accumulated depreciations and impairment losses					
Amount as of 1 January 2010	**(15,318,776)**	**(417,539,212)**	**(2,515,843,863)**	**-**	**(2,948,701,851)**
Depreciations and impairment losses	(1,963,041)	(7,453,352)	(154,152,297)	(102,292)	(163,670,982)
Disposals	(6,097)	556,912	3,260,016	-	3,810,831
Adjustments, transfers and write-off´s	873	1,233,449	5,590,202	-	6,824,524
Exchange differences	72,556	(519,253)	(1,346,579)	-	(1,793,276)
Amount as of 31 December 2010	**(17,214,485)**	**(423,721,456)**	**(2,662,492,521)**	**(102,292)**	**(3,103,530,754)**
Change of perimeter	(981,021)	(737,301)	(4,438,710)	-	(6,157,032)
Depreciations and impairment losses	(1,501,650)	(15,798,541)	(145,113,621)	-	(162,413,811)
Disposals	18,361	844,387	95,275,120	-	96,137,868
Adjustments, transfers and write-off´s	-	4,151	(131,720)	-	(127,569)
Exchange differences	15,779	(332,688)	(1,109,664)	-	(1,426,573)
Amount as of 31 December 2011	**(19,663,016)**	**(439,741,448)**	**(2,718,011,115)**	**(102,292)**	**(3,177,517,871)**
Net book value as of 1 January 2010	172,405,421	323,823,262	1,467,239,299	188,537,448	2,152,005,430
Net book value as of 31 December 2010	176,690,717	351,203,441	1,540,859,085	44,453,292	2,113,206,535
Net book value as of 31 December 2011	186,906,585	343,811,875	1,467,029,868	47,996,946	2,045,745,274

The group holds a stake of 18% in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen), a company whose main activity is the production of electricity and steam sold mainly to the subsidiary Soporcel.

In 2009, with the start of operations in the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new factory. This contract foresees the transfer of the ownership of the assets upon the end of the contract.

Following the above-mentioned agreements, 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 37,999,683 (31 December 2010: Euro 34,161,456), was deducted as of 31 December 2011. As of 31 December 2011, the net book value of these equipments was Euro 20,004,267 (31 December 2010: Euro 23,842,494).

As of 31 December 2011 "Assets under construction" included Euro 4,539,789 (31 December 2010: Euro 3,919,787), related to advance payments and supplies of Property Plant and Equipment, under the scope of the investment projects being developed by the Group. These amounts are fully guaranteed by first demand bank guarantees, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policies for the mitigation of credit risk.

As of 31 December 2011, Land included Euro 77,679,484 regarding forest land where the Group has installed part of its forestry assets, the remainder being installed on leased land.

18. BIOLOGICAL ASSETS

Over the years ended 31 December 2011 and 2010, changes in biological assets were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Amount as of 1 January	**110,502,616**	**118,289,970**
Changes in fair value		
Logging in the period	(20,328,041)	(21,058,399)
Growth	9,217,207	6,950,100
New plantations	3,839,591	3,210,386
Other changes in fair value	7,537,933	3,110,559
Total changes in fair value	**266,690**	**(7,787,354)**
	110,769,306	**110,502,616**

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.

The decomposition of biological assets at 31 December, 2011 and 2010 is as follows:

Amounts in Euro	31-12-2011	31-12-2010
Eucalyptus	102,948,128	97,048,020
Pine	6,016,998	8,780,199
Cork	1,542,042	4,012,777
Other Species	262,138	661,620
	110,769,306	**110,502,616**

19. INVESTMENT IN ASSOCIATES

The following movements were registered in this caption during the years ended 31 December 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	2,039,513	1,855,433
Acquisitions	755,378	-
Appropriated	1,088,356	291,941
Dividends received	-	(655,839)
Other	41,172	547,978
	3,924,419	**2,039,513**

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

As of 31 December 2011 and 2010 "Investments in associates", including goodwill, comprises:

		Book Value	
Associated Companies	% Held	31-12-2011	31-12-2010
Chryso - Aditivos de Portugal, S.A.	40.00%	11,431	16,259
Setefrete, SGPS, S.A.	25.00%	1,815,259	1,310,387
MC - Materiaux de Construction	49.36%	1,315	1,276
J.M. Henriques, Lda.	100.00%	198,578	195,417
Ave-Gestão Ambiental, S.A.	35.00%	119,179	-
Soporgen, S.A.	18.00%	1,778,657	516,174
		3,924,419	**2,039,513**

This caption includes the 18% stake in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A.. This company holds a gas power plant at the Figueira da Foz site that the Group, as mentioned in note 17, considers to be a finance lease and recognizes as such in the consolidated financial statements.

Although the share represents only 18% of the company's equity and respective voting rights, the Group recognizes this as an associated company as it can influence Soporgen's management decisions:

- Two of the five directors of the company are nominated in the representation of the Group;

- A significant part of Soporgen's sales is made to the Group (at least 18% of the associate's revenues), and the rest, corresponding to electric energy, is sold to the EDP Group.

- The Group, as well as the remaining shareholders, is responsible for Soporgen's contracted bank loan (paid on 2011), in the same proportion as its share – Note 40.

At 31 December 2011, the financial information relating to associated companies was as follows:

		31-12-2011				
Amounts in Euro		Total Assets	Total Liabilities	Equity (a)	Net Income	Revenue
Soporgen	a)	31,454,823	21,573,396	9,881,426	3,298,615	55,094,412
Chryso - Aditivos de Portugal, S.A.	b)	1,009,269	980,692	28,576	(12,072)	1,992,356
MC- Materiaux de Construction	a)	222,071	189,908	32,163	21,102	5,124,765
Inertogrande Central de Betão, Lda.	a)	980,171	1,010,101	(29,930)	10,983	-
Viroc Portugal - Indústrias de Madeira e Cimento, S.A.	a)	4,117,935	11,042,187	(7,976,579)	(965,326)	3,080,192
J.M.J. - Henriques, Lda.	a)	546,232	149,076	397,157	6,322	-
Setefrete, SGPS, S.A.	c)	2,688,057	6,996	2,716,429	1,959,440	92,130
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	1,053,048	712,532	340,515	18,324	238,281

a) Amounts related to 31.12.2011

b) Amounts related to 30.11.2011

c) Amounts related to 31.10.2011

The participation held in Viroc Portugal, SA share capital, is provisioned under the caption "Other Provisions", as detailed in note 30.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following movements were registered in this caption during the years ended 31 December 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Fair value at the beginning of the year	13,128,488	14,871,574
Acquisitions	575,985	1,858,792
Disposals	(2,431,955)	-
Changes in fair value	(1,614,823)	(3,601,878)
	9,657,695	**13,128,488**

As of 31 December 2011 and 2010, "Financial assets at fair value through profit or loss" comprised:

	Fair Value	
Amounts in Euro	31-12-2011	31-12-2010
Banco Comercial Português, SA	253,012	3,570,570
EDP - Energias de Portugal, SA	9,375,718	9,555,168
Other	28,965	2,750
	9,657,695	**13,128,488**

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The following movements were registered in this caption during the years ended 31 December 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Fair value at the beginning of the year	677,180	798,167
Acquisitions	275,000	-
Disposals	(209,070)	-
Transfers	-	126,074
Changes in fair value	(189,346)	(247,061)
	553,764	**677,180**

As of 31 December 2011 and 2010 the fair value of available-for-sale financial assets comprises:

	Fair value	
Amounts in Euro	31-12-2011	31-12-2010
Banco Espírito Santo, SA	152,179	324,648
Liaision Technologie	126,032	126,074
Ynvisible, SA	275,000	-
Others	553	226,458
	553,764	**677,180**

22. IMPAIRMENT IN NON-CURRENT AND CURRENT ASSETS

The following movements were registered in the caption "Impairment in non-current assets" during 2011 and 2010:

Amounts in Euro	Goodwill*	Intangible Assets	Tangible Assets	Investments Assoc.Comp.	Total
As of 1 January 2010	**10,033,225**	**946,547**	**4,838,615**	**8,301**	**15,826,688**
Foreign exchange difference	(147,730)	-	-	-	(147,730)
Increases	757,110	-	102,292	-	859,402
As of 31 December 2010	**10,642,605**	**946,547**	**4,940,907**	**8,301**	**16,538,360**
Foreign exchange difference	(57,978)	-	-	-	(57,978)
Increases (Note 8)	78,403	-	-	-	78,403
Reversals (Note 8)	-	-	-	(51)	(51)
Direct utilisations	(757,110)	-	(4,747,338)	(7,191)	(5,511,639)
Transferências	-	-	(5,945)	-	(5,945)
As of 31 December 2011	**9,905,920**	**946,547**	**187,624**	**1,059**	**11,041,150**

** Goodwill impairment due to affiliates and associated companies*

The following movements were registered in the caption "Impairment in current assets" during 2011 and 2010:

Amounts in Euro	Inventories	Accounts receivable	Receivables Assoc.Comp.	Other Receivables	Total
As of 1 January 2010	**3,252,288**	**12,283,777**	**1,322,124**	**4,678,034**	**21,536,223**
Foreign exchange difference	43,002	37,776	-	29,702	110,480
Increases	500,564	1,977,390	565,142	422,031	3,465,127
Reversals	(315,442)	(416,823)	(31,931)	(250,144)	(1,014,340)
Direct utilisations	(6,516)	(300,187)	-	(51,885)	(358,588)
Transfers	-	107,606	-	981	108,587
As of 31 December 2010	**3,473,896**	**13,689,539**	**1,855,335**	**4,828,719**	**23,847,489**
Change of perimeter	21,580	104,249	-	-	125,829
Foreign exchange difference	37,459	20,528	-	(6,078)	51,909
Increases (Note 6)	1,559,697	1,963,030	250,140	120,793	3,893,660
Reversals (Note 5)	(27,177)	(464,488)	(12,588)	(766,063)	(1,270,316)
Direct utilisations	-	(546,381)	-	(204,837)	(751,218)
As of 31 December 2011	**5,065,455**	**14,766,477**	**2,092,887**	**3,972,534**	**25,897,353**

23. INVENTORIES

As of 31 December 2011 and 2010 the caption "Inventories" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Raw materials	143,818,825	119,426,026
Work in progress	7,342,109	22,684,829
By products and waste	1,330,460	1,240,632
Finished and intermediate products	86,227,295	73,862,716
Goods for resale	2,576,051	6,069,230
Advances to inventories ´ suppliers	1,519,559	3,556,915
	242,814,299	**226,840,348**

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

24. RECEIVABLES AND OTHER CURRENT ASSETS

As of 31 December 2011 and 2010 the caption "Receivables and other current assets" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Accounts receivable	250,887,700	208,353,482
Accounts receivable - related parties	355,435	587,347
Derivative financial instruments	802,997	1,207,189
Other receivables	47,967,340	57,165,572
Accrued income	2,160,514	2,458,149
Deferred costs	14,451,468	2,470,905
	316,625,454	**272,242,644**

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

At 31 December 2011 and 2010, "Other receivables" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Other debtors		
Advance payments to suppliers	619,009	856,686
AICEP - Financial incentives to receive	32,877,046	38,199,792
IMT	78,626	143,270
Other	14,392,659	17,965,824
	47,967,340	**57,165,572**

At 31 December 2011, the caption "Others debtors" includes notes receivable related to financial incentives to be received from AICEP regarding the group's investment on a new paper machine in Setubal.

The movements in the AICEP balance are detailed below:

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	38,199,792	6,891,182
Amounts received	(5,322,746)	-
Increase/(Rectification)	-	31,308,610
	32,877,046	**38,199,792**

As of 31 December 2011 and 2010, captions "Accrued income" and "Deferred costs" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Accrued Income		
Interest receivable	1,201,756	1,287,853
Discounts in acquisitions	223	118,550
Grants	-	86,700
Other	958,535	965,046
	2,160,514	**2,458,149**
Deferred costs		
Insurance	825,115	150,794
Rents and leases	171,029	197,463
Other	13,455,324	2,122,648
	14,451,468	**2,470,905**
	16,611,982	**4,929,054**

25. STATE AND OTHER PUBLIC ENTITIES

At 31 December 2011 and 2010, there were no arrear debts to the State and other public bodies.

The balances relating to these entities were as follows:

Current assets

Amounts in Euro	31-12-2011	31-12-2010
State and other public entities		
Corporate Income Tax - IRC	5,569,100	2,242,503
Individual Income Tax - IRS	56,683	35,799
Value added tax	7,422,270	4,296,112
Value added tax - refunds requested	52,136,813	30,118,674
Other	179,670	106,317
	65,364,536	**36,799,405**

Current liabilities

Amounts in Euro	31-12-2011	31-12-2010
State and other public entities		
Corporate Income Tax - IRC	19,715,984	13,437,268
Individual Income Tax - IRS	2,449,546	7,081,908
Value added tax	27,641,204	9,462,098
Social Security	2,923,737	2,894,674
Aditional tax payment	47,030,250	31,279,497
Other	263,834	2,332,434
	100,024,555	**66,487,879**

The increase in the year is due both to the inclusion of additional tax assessments for 2007, 2008 and 2010, as well as to the inclusion of interest on the amounts assessed, for which a bank guarantee as been presented, in light of the change in the calculation of interest introduced by the State Budget for 2012.

As of 31 December 2011 and 2010, the caption "Corporate Income tax - IRC" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Year income tax	57,947,182	45,210,795
Foreign Exchange differences	92,762	(56,015)
Payments on account	(31,835,667)	(25,975,655)
Witholding tax	(4,417,505)	(3,466,809)
Prior years income tax	(2,070,788)	(2,275,048)
	19,715,984	**13,437,268**

26. SHARE CAPITAL AND TREASURY SHARES

At 31 December 2011, 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.

At 31 December 2011 and 2010 the following entities had substantial holdings in the company's capital:

Name	Nº of shares	% 31-12-2011	31-12-2010
Longapar, SGPS, S.A.	21,505,400	18.17	17.64
Sodim, SGPS, S.A.	18,842,424	15.92	15.92
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69	11.92
Banco BPI, SA	12,009,004	10.15	10.15
Bestinver Gestión, SGIIC, S.A.	11,865,210	10.03	7.46
Norges Bank (the Central Bank of Norway)	5,933,463	5.01	2.09
Banco Espírito Santo, SA	3,871,957	3.27	3.27
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53	0.53
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45	0.45
Cimigest, SGPS, SA	100	0.00	0.93
Seminv - Investimentos, SGPS, S.A	-	-	2.31
ESAF - Espírito Santo Fundos de Invest. Mobiliário, SA	-	-	2.17
Sonaca - SGPS, S.A,	-	-	1.38
Treasury shares	5,447,975	4.61	2.30
Other shareholders with less then 2% participation	21,497,682	18.16	21.49
	118,332,445	**100.00**	**100.00**

On 4 July 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., acquired in the stock market, 2,720,000 treasury shares.

During the year ended 31 December 2011, Semapa acquired to its subsidiary Seminv Investimentos, SGPS, S.A., 2,727,975 of its own shares, shown as treasury shares.

27. RESERVES AND RETAINED EARNINGS

At 31 December 2011 and 2010 the captions "Fair value reserves", "Translation reserves" and "Other reserves" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Fair value of avaliable-for-sale financial assets	(10,127,931)	(4,339,853)
Control acquisition revaluation	(1,281,742)	(1,281,742)
Total of fair value reserves	**(11,409,673)**	**(5,621,595)**
Translation reserve	**(15,071,293)**	**(15,078,437)**
Legal reserve	23,666,489	23,666,489
Others reserves	834,557,229	737,318,173
Total of other reserves	**858,223,718**	**760,984,662**
Total reserves	**831,742,752**	**740,284,630**

Fair value of financial instruments

The negative amount of Euro 10,127,931, net of deferred tax, shown under the caption "Fair value of available--for-sale financial assets", relates to the appropriation of financial instruments classified as hedging, which, on 31 December 2011, were negatively valuated at Euro 17,632,640 (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 figure of Euro 15,071,293 refers to the exchange differences appropriated by the Group, resulting from the financial statements translation of the 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, which is verified as of 31 December 2011.

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 reserve

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 during 2007 and the acquisition on 2011 of 2,727,975 shares of the subsidiary Seminv Investimentos, SGPS, S.A., a reserve with the same amount has been made unavailable, in accordance with the applicable trade law. This reserve should be kept 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 31 December 2011, the accumulated differences amounted to Euro 67,248,359.

Actuarial gains or losses

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption (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 2011, the group recorded actuarial losses amounting to Euro 1,060,676 (Note 29).

28. DEFERRED TAXES

The following movement took place in the caption Deferred tax assets and liabilities during the year ended 31 December 2011:

Amounts in Euro	As of 1 January 2011	Exchange adjustment	Income Statement Increases	Income Statement Decreases	Retained earnings	Transfers	Changes in perimeter	31 December 2011
Temporary differences originating deferred tax assets								
Tax losses carried forward	24,548,901	-	1,123,741	-	-	-	-	25,672,642
Taxed provisions	18,894,079	57,687	2,226,629	-	-	868,619	-	22,047,014
Fixed assets adjustments	52,279,176	-	50,807,934	-	-	-	-	103,087,110
Retirement benefits	3,545,766	(974)	78,941	(8,219)	(31,103)	(294,265)	-	3,290,146
Derivative Financial Instruments	1,229,620	-	37,300	-	1,602,151	-	-	2,869,071
Deferred accounting gains on inter-group transactions	10,150,996	-	9,652,389	-	(62,809)	-	-	19,740,576
Valuation of biological assets	1,017,572	-	-	(7,774,924)	-	-	-	(6,757,352)
Depreciation of assets recognised under IFRIC 4	3,771,050	-	-	(3,631,551)	-	-	-	139,499
Liabilities with retirement benefits	608,837	5,782	-	(353,620)	(22,261)	-	-	238,738
Liabilities with long service award	709,385	-	-	(236,847)	-	-	-	472,538
Retirement benefits not coverded by an autonomus fund	4,928,036	-	-	(387,060)	(263,306)	(184,401)	-	4,093,269
Derecognition of goverment grants	2,677,172	-	-	(192,854)	-	-	-	2,484,318
Liabilities for healthcare benefits	6,370,842	-	-	(73,930)	(74,264)	-	-	6,222,648
Other temporary differences	3,083,210,	(14,049)	1,337,811	(73,277)	10,938	(868,619)	868,476	4,344,490
	133,814,642	**48,446**	**81,867,134**	**(12,732,282)**	**1,159,345**	**(478,666)**	**868,476**	**204,547,095**
Temporary differences originating deferred tax liabilities								
Revaluation of fixed assets	(12,193,318)	-	-	1,903,607	1,738,456	-	(4,930)	(8,556,185)
Retirement benefits	(993,803)	-	(71,070)	-	159,358	-	-	(905,515)
Derivative Financial Instruments	(1,076,338)	-	-	-	273,342	-	-	(802,996)
Fair Value of fixed assets - Soporcel	(419,469,009)	-	(3,179,438)	15,271,550	-	-	-	(407,376,897)
Tax Benefits	(82,938,221)	-	(13,859,014)	-	(305,739)	-	-	(97,102,975)
Extension of the useful life of the tangible fixed assets	(121,524,198)	13,843	(153,667)	75,013,205	-	-	-	(46,650,817)
Deferred accounting losses on inter-group transactions	(110,051,533)	(171,233)	(110,967,445)	-	-	-	-	(221,190,211)
Deferred tax gains	(541,150)	-	-	205,465	-	-	(166,941)	(502,626)
Harmonisation of depreciation criteria	(85,191,788)	51,983	(4,234,305)	-	-	-	-	(89,374,110)
Fair Value of intangible assets - Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Subsidiaries fair value	(71,061,523)	(108,241)	-	1,783,666	55,391	-	(5,208,102)	(74,538,809)
Other temporary differences	(33,462,200)	-	-	10,891,122	-	-	(10,359)	(22,581,437)
	(1,089,991,081)	**(213,648)**	**(132,464,939)**	**105,068,615**	**1,920,807**	**-**	**(5,390,332)**	**(1,121,070,578)**
Deferred tax assets	**37,157,841**	**4,708**	**27,517,580**	**(3,325,280)**	**326,448**	**(175,774)**	**137,517**	**61,643,040**
Deferred tax liabilities	**(313,340,341)**	**3,346**	**(55,278,482)**	**30,529,242**	**(62,545)**	**175,774**	**(1,454,142)**	**(339,427,148)**

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended 31 December 2010:

Amounts in Euro	As of 1 January 2010	Exchange adjustment	Income Statement Increases	Income Statement Decreases	Retained earnings	Transfers	Changes in perimeter	As of 31 December 2010
Temporary differences originating deferred tax assets								
Tax losses carried forward	24,471,815	-	189,273	(112,187)	-	218,900	-	24,767,801
Taxed provisions	14,879,967	(39,889)	10,199,030	(6,145,028)	-	-	-	18,894,080
Fixed assets adjustments	36,991,010	-	15,288,166	-	-	-	-	52,279,176
Retirement benefits	2,864,220	(1,703)	451,688	(70,107)	7,403	294,265	-	3,545,766
Derivative Financial Instruments	2,317,069	-	1,203,855	-	(2,291,304)	-	-	1,229,620
Deferred accounting gains on inter-group transactions	5,507,032	-	4,740,447	(96,483)	-	-	-	10,150,996
Valuation of biological assets	10,127,672	-	(121,157)	(8,988,943)	-	-	-	1,017,572
Depreciation of assets recognised under IFRIC 4	3,983,424	-	295,904	(508,278)	-	-	-	3,771,050
Liabilities with retirement benefits	597,992	5,476	17,423	-	(12,054)	-	-	608,837
Liabilities with long service award	687,966	-	21,419	-	-	-	-	709,385
Retirement benefits not coverded by an autonomus fund	5,233,861	-	-	(325,643)	19,818	-	-	4,928,036
Derecognition of goverment grants	2,895,940	-	-	(218,769)	-	-	-	2,677,171
Liabilities for healthcare benefits	5,754,960	-	72,427	-	543,455	-	-	6,370,842
Other temporary differences	2,662,263	121,339	933,604	(647,118)	13,123	-	-	3,083,211
	118,975,191	**85,223**	**33,292,079**	**(17,112,556)**	**(1,719,559)**	**513,165**	**-**	**134,033,543**
Temporary differences originating deferred tax liabilities								
Revaluation of fixed assets	(16,874,592)	-	-	4,679,595	1,679	-	-	(12,193,318)
Retirement benefits	(999,965)	-	(63,747)	-	69,909	-	-	(993,803)
Derivative Financial Instruments	(1,514,536)	-	-	-	438,198	-	-	(1,076,338)
Fair Value of fixed assets - Soporcel	(232,991,369)	-	-	17,348,416	-	-	-	(215,642,953)
Tax Benefits	(89,442,118)	-	-	6,503,897	-	-	-	(82,938,221)
Extension of the useful life of the tangible fixed assets	(148,757,332)	37,505	(158,556)	27,354,185	-	-	-	(121,524,198)
Deferred accounting losses on inter-group transactions	(33,462,192)	(379,582)	(76,209,759)	-	-	-	-	(110,051,533)
Deferred tax gains	(601,752)	-	-	60,602	-	-	-	(541,150)
Harmonisation of depreciation criteria	(81,182,313)	152,683	(4,162,158)	-	-	-	-	(85,191,788)
Fair Value of intangible assets - Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Fair Value of tangible - Portucel	(223,900,762)	-	-	20,074,706	-	-	-	(203,826,056)
Justo valor de subsidiárias	(70,988,607)	269,246	-	245,787	-	-	(587,949)	(71,061,523)
Excesso do fundo de pensões	(2,174,097)	-	-	836,355	1,632,007	(294,265)	-	-
Outras diferenças temporárias	(14,225)	-	(30,185,673)	-	-	(1,243,198)	-	(31,443,096)
	(1,054,391,860)	**79,852**	**(110,779,893)**	**77,103,543**	**2,141,793**	**(1,537,463)**	**(587,949)**	**(1,087,971,977)**
Deferred tax assets	**30,904,802,**	**5,365**	**11,070,667**	**(4,513,931)**	**(467,427)**	**158,365,**	**-**	**37,157,841**
Deferred tax liabilities	**(280,120,078)**	**109,790**	**(45,137,524)**	**11,761,278**	**642,471**	**(440,471)**	**(155,807)**	**(313,340,341)**

Deferred tax assets on tax losses carried

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

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

Amounts in Euro	31-12-2011	31-12-2010	Expiry Date
Interholding Investment BV	24,332,428	24,332,428	2015
Raiz - Instituto de Investigação da Floresta e Papel	510,584	408,173	2015
Teporset - Terminal Portuário de Setúbal, S.A.	-	27,200	2015
LUSOINERTES, Unipessoal, Lda.	829,630	-	2015
	25,672,642	**24,767,801**	

Tax losses 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 Euro	31-12-2011	31-12-2010	Expiry Date
Semapa and Holdings			
Semapa SGPS S.A.	99,241,405	96,839,182	2016
Seminv SGPS S.A.	-	7,743,074	2010
Seinpart SGPS S.A.	8,423,900	12,279,536	2014
ETSA - Invest. SGPS S.A.	-	1,566	2014
Sub-Group Secil			
Betomadeira, S.A.	869,135	652,890	2015
Cimentos Costa Verde	166,034	182,722	2014
Valcem, Lda.	249,247	278,453	2012
Florimar, SGPS, Lda	43,725	43,149	2015
I3 Participações e Serviços, Lda.	36,303	24,756	Not defined
Madebritas, Lda.	50,747	55,109	2015
Parcim, B.V.	52,535	45,026	2019
Pedra Regional. S.A.	344,546	304,085	2015
Promadeira, Lda.	416,009	-	2015
Probicom, S.A.	885	-	2015
Reficomb, S.A.	1,579	-	2015
Secil Pré-betão, S.A.	2,520,608	1,809,121	2015
Secil Unicon - S.G.P.S., Lda.	13,804	11,024	2015
Serife, Lda.	118,949	135,983	2015
Silonor, S.A.	5,271,352	4,432,543	Not defined
Soime, S.A.L.	112,452	-	2014
Solenreco, Lda.	76,671	-	2015
Secil Angola, SARL	164,244	-	2014
Zarzis Béton	53,551	23,975	2019
	118,227,681	**124,862,194**	

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 Balance sheet at 31 December 2011 and 2010:

2011	Pulp and Paper	Cement and Derivatives	Holdings	Total
Group liability for past services	118,152,978	18,109,711	100,101,270	236,363,959
Market value of the pension funds	(104,716,904)	(14,380,563)	-	(119,097,467)
Covered capital	-	820,423	-	820,423
Insurance Policies	-	(1,179,025)		(1,179,025)
Reserve account(overfunding due to the change to a defined contribution plan	-	(266,165)	-	(266,165)
Under/(overfunding) of pension funds liabilities	**13,436,074**	**3,104,381**	**100,101,270**	**116,641,725**
Other unfunded liabilities				
Healthcare assistance	-	6,402,692	-	6,402,692
Retirement and death liabilities	3,246,711	238,738	-	3,485,449
Long-service award liabilities	-	472,539	-	472,539
Total unfunded liabilities	**16,682,785**	**10,218,350**	**100,101,270**	**127,002,405**

** 51% of Secil*

2010	Pulp and Paper	Cement and Derivatives	Holdings	Total
Group liability for past services	113,455,153	21,828,808	99,931,260	235,215,221
Market value of the pension funds	(102,854,501)	(15,431,975)	-	(118,286,476)
Covered capital	-	(1,094,663)	-	(1,094,663)
Reserve account(overfunding due to the change to a defined contribution plan	-	(434,234)	-	(434,234)
Under/(overfunding) of pension funds liabilities	10,600,652	4,867,936	99,931,260	115,399,848
Other unfunded liabilities				
Healthcare assistance	-	6,550,885	-	6,550,885
Retirement and death liabilities	3,113,104	608,838	-	3,721,942
Long-service award liabilities	-	709,385	-	709,385
Total unfunded liabilities	**13,713,756**	**12,737,044**	**99,931,260**	**126,382,060**

** 51% of Secil*

During the year ended 31 December 2010 subsidiaries Portucel, Portucel Florestal and Secil ceased their share of the defined-benefit pension plans. The mentioned share was then used to create a new defined contribution plan for those workers who agreed.

Semapa

The Shareholders' General Meeting, held in 30 March 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's 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 have worked at least 20 years for the company (8 of which 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 31 December 2011 the liabilities of the plan amount to Euro 100,101,270 (2010: Euro 99,931,260). No pension fund was established for the financing of this Group's obligation.

Sub-Group Portucel

There are currently several retirement and survival pension supplement plans, and retirement bonus, in place in the companies included in the consolidation. For some categories of employees there are plans in addition to the ones described below, for which independent funds were also created to cover these additional liabilities.

Under the prevailing Social Benefits Regulation, permanent employees of Portucel and its main subsidiaries with more than five years' service (ten years for Soporcel, Aliança Florestal and Raiz) are entitled to a monthly retirement pension or disability supplement after retirement or disability.

This is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Soporcel, Aliança Florestal and Raíz), including a survivor pensions to the spouse and 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 liability of a retirement bonus, which is equal to 6 months of salary, if the employee retires on the regular retirement age (65 years).

As of 31 December 2011, the liability related with post employment benefit plans for five members of Portucel's Board was Euro 4,469,594 (2010: Euro 4,571,507).

Sub-Group Secil

In September 2010, the constitutive contract of Secil's Pension Fund was amended, which is now designated by Pension Fund Group Secil, fully replacing the previous contract and in force as at 1 January 2010.

The Pension Fund Group Secil comprises Secil and the subsidiaries:

(i) CMP – Cimentos Maceira e Pataias, S.A. and Unibetão – Industrias de Betão Preparado, S.A. whose funds were incorporated (and simultaneously extinguished) into Secil Pension Fund;

(ii) Minerbetão – Fabricação de Betão Pronto, Lda., Britobetão – Central de Betão, Lda., Secil Britas, S.A. and Quimipedra – Secil Britas, Calcários e Derivados, Lda..

The Secil Pension Fund is the financial support for the payment of the benefits predicted in each associate Pension Fund (now jointly managed).

Defined contribution plan

As mentioned in note 1.22.2, defined contribution plans existing in the Group are detailed as follows:

Portucel Sub-Group

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

Secil Sub-Group

The defined contribution plan, managed by the Pension Fund Group Secil and financed by the associates and beneficiaries are detailed as follows:

(i) Secil and CMP plans;

(ii) Unibetão, Britobetão and Minerbetão plans;

(iii) Secil Britas and Quimipedra plans

Defined-benefit plans

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

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

Secil and its subsidiaries CMP - Cimentos Maceira e Pataias, S.A., Unibetão- Industrias de Betão Preparado, S.A., Cimentos Madeira, Lda. and Societé 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.

These plans are valued every six months, at the dates of 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 SURVIVOR'S 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., provided 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 subsidised:

(i) at Secil through the Health Insurance scheme contracted by the company;

(ii) at CMP, during the 1st semester 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 after 1 July through the insurance scheme contracted by the company;

(iii) at the subsidiaries Cimentos Madeira e Brimade through the approval of expenses for medical services and medicines.

During the year ended 31 December 2011, the impact of a variation of 1% on healthcare expenses is as follows:

Amounts in Euro	Decrease 1%	Increase1%
Impact on long services liabilities:		
- Active	(1,358,020)	784,551
- Retired	(1,601,325)	1,091,031
	(2,959,345)	1,875,582
Impact on interest costs and current services	(53,455)	72,165

LIABILITES FOR RETIREMENT AND DEATH BENEFITS

Secil and its subsidiaries, hereafter identified, assumed the commitment to its employees to pay an old-age retirement and disability subsidy and a death subsidy, with the following attribution criteria:

(i) at Secil, a subsidy on death of current employee, equal to one month's last salary earned;

(ii) at CMP – Cimentos Maceira e Pataias, S.A., an old-age retirement and disability subsidy, representing 3 months of the last salary earned and a subsidy on death of current employee, equal to one month's last salary earned;

(iii) at Secil Angola, S.A.R.L. and Secil Lobito, S.A., (Angola) 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 within the company;

(iv) at Societé des Ciments de Gabes (Tunisia), on retirement date and in terms of the General Labour Agreement, article no. 52, a retirement subsidy representing: (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 of service at the aforesaid companies, which are paid in the year the employee reaches that number of years of service within the company.

These liabilities are guaranteed directly by the company.

ASSUMPTIONS USED IN THE VALUATION OF LIABILITIES

The actuarial studies conducted by independent entities with reference to 31 December 2011 and 2010 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	31-12-2011	31-12-2010
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	2.50%	3.30%
Wage growth rate - other companies	2.00%	2.00%
Technical interest rate	5.00%	5.00%
Pensions growth rate - Group Secil	1.575%	2.25%
Pensions growth rate - other companies	1.75%	1.50%
Semapa pensions reversability rate	50.00%	50.00%
Number of Semapa complement annual payments	12	12
Healthcare costs growth rate	4.60%	4.60%
Cost to the health insurance	531.76	518.79

Healthcare costs growth rate of 4.60% was calculated based on the following assumptions:
- Inflation rate: 2%
- Historical difference between general consumers' price index (initials in portuguese IPC) and the index for health: 0.10%
- Cost to health insurance (related to actual cost to health insurance increase, showing insurance companies' margin): 2.50%

The rate of the expected return on assets was determined based on the historical monthly returns over the last 20 years for the different types of assets integrating the strategic allocation of the pension's fund.

The following table presents five-year historical information on the present value of liabilities, funds' market value, non-financed liabilities and net actuarial gains/(losses).

Information related to the last five years is as follows:

Amounts in Euro	2007	2008	2009	2010	2011
Present value of liabilities	269,285,974	265,662,626	272,313,818	246,197,433	247,476,341
Fair value of plan assets´	146,677,690	140,519,777	151,828,873	119,815,373	120,473,935
Surplus/ (deficit)	**(122,608,284)**	**(125,142,849)**	**(120,484,945)**	**(126,382,060)**	**(127,002,406)**
Net actuarial gains/ (losses)	**12,406,135**	**(312,926)**	**10,244,403**	**(4,990,550)**	**1,060,676**

FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During 2011 and 2010, fund's assets/insurance policies registered the following movements:

Amounts in Euro	31-12-2011 Autono-mous Fund	31-12-2011 Covered capital	31-12-2010 Autono-mous Fund	31-12-2010 Covered capital
Opening balance	118,286,476	1,094,663	150,801,536	1,027,336
Curtailment and/or Settlement	-	-	(37,485,066)	-
Exchange differences	-	(486)	-	(1,669)
Endowments made in the year	5,948,000	42,026	8,390,500	22,797
Real vs Expected Income	(5,594,846)	-	1,369,034	59,761
Expected Income	5,456,139	48,893	-	-
Pensions paid	(4,998,301)	-	(4,789,527)	-
Retirement charged	-	(6,072)	-	(13,561)
	119,097,468	**1,179,024**	**118,286,477**	**1,094,664**

As at 31 December 2011 and 2010, fund's assets were made up as follows:

Amounts in Euro	31-12-2011	%	31-12-2010	%
Bonds	56,087,065	47.1%	58,818,345	49.7%
Liquidity	31,877,294	26.8%	27,735,754	23.4%
Shares	20,988,862	17.6%	24,186,870	20.4%
Public debt	9,533,727	8.0%	6,675,477	5.6%
Index Linked Bonds	-	0.0%	655,389	0.6%
Property	91,625	0.1%	214,612	0.2%
Other aplications	518,895	0.4%	30	0.0%
	119,097,468	**100.0%**	**118,286,477**	**100.0%**

Obligations for pensions and other post-employment

As of 31 December 2011, Company's liabilities with pensions recognized on the consolidated balance sheet were as follows:

Amounts in Euro	Opening Balance	Exchange differences	Costs and Income in FS	Actuarial gains and losses	Pensions Paid	Retirement Ended	Closing Balance	Final Balance
Post-employment benefits								
Assumed by the Group	104,859,296	-	5,940,160	(4,195,685)	(2,224,833)	-	(184,401)	104,194,537
Autonomous Fund	129,674,551	-	8,238,489	(1,513,331)	(4,998,301)	-	768,014	132,169,422
Insurance Policy	681,374	(1,461)	48,018	(115,453)	-	(6,072)	214,017	820,423
Retirement and Death	3,721,941	5,782	196,556	36,267	(96,121)	-	(378,975)	3,485,450
Healthcare assistance	6,550,886	-	456,286	(74,264)	(415,032)	-	(115,184)	6,402,692
Long-service award	709,385	-	96,939	-	(140,657)	-	(193,129)	472,538
	246,197,433	**4,321**	**14,976,448**	**(5,862,466)**	**(7,874,944)**	**(6,072)**	**110,342**	**247,545,062**

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 Euro	Current services	Interest cost	Expected return on the plan assets	Cuts and Settlements	Others	Defined Contri-bution Plans	Impact in the profit for the year
Post-employment benefits							
Assumed by the Group	840,185	5,128,946	-	(28,970)	-	-	5,940,161
Autonomous Fund	2,707,016	6,377,121	(5,887,114)	-	198,683	1,428,147	4,823,853
Retirement and Death	27,858	38,776	-	-	(378,975)	-	(312,341)
Healthcare assistance	131,118	325,168	-	-	(115,184)	-	341,102
Long-service award	44,926	52,013	-	-	(193,129)	-	(96,190)
	3,751,103	**11,922,024**	**(5,887,114)**	**(28,970)**	**(488,605)**	**1,428,147**	**10,696,585**

Actuarial gains or losses recognized on Equity

Actuarial gains and losses directly recognized in shareholders´ equity during 2011, as described in Note 1.22, were as follows:

	Actuarial gains & (losses)				
Amounts in Euro	Other	Return of assets expected vs real	Gross value	Deferred tax	Impact in equity
Post-employment benefits					
Group liability for pensions	4,195,685	-	4,195,685	(82,410)	4,113,275
Autonomous Fund	2,745,393	(5,976,928)	(3,231,535)	(143,749)	(3,375,284)
Death and retirement	22,261	-	22,261	(10,796)	11,465
Healthcare	74,264	-	74,264	(25,222)	49,042
	7,037,603	**(5,976,928)**	**1,060,675**	**(262,177)**	**798,498**

Evolution of net liabilities with pension plans and other post-employment benefits

Movements occurred in net liabilities assumed by the Group, shown in the balance sheet as of 31 December 2011, are as follows:

Amounts in Euro	Opening Balance	Increase / (Decrease) Liabilities	Increase / (Decrease) Funds value	Processed Payments and Retirements	Closing Balance
Post-employment benefits					
Assumed by the Group	104,859,296	1,560,075	-	(2,224,833)	104,194,538
Autonomous Fund	10,540,553	7,661,238	(810,990)	(4,998,302)	12,392,499
Insurance Policy	-	145,121	(84,361)	(6,071)	54,689
Retirement and Death	3,721,941	(140,370)	-	(96,121)	3,485,450
Assistance in Health	6,550,885	266,839	-	(415,032)	6,402,692
Long Service Award	709,385	(96,190)	-	(140,657)	472,538
	126,382,060	**9,396,713**	**(895,351)**	**(7,881,016)**	**127,002,406**

30. PROVISIONS

During the course of the years ended 31 December 2011 and 2010, the following movements took place in the caption "Provisions":

Amounts in Euro	Legal Claims	Environ-mental restauration	Others	Total
As of 1 January 2010	2,096,956	686,760	29,842,108	32,625,824
Increases	2,361	-	25,462,332	25,464,693
Reversals	(667,610)	(77,706)	(21,263,421)	(22,008,737)
Direct utilizations	-	(17,420)	(2,271,370)	(2,288,790)
Exchange differences	-	-	49,058	49,058
Transfers	-	2,421,815	-	2,421,815
As of 31 December 2010	**1,431,707**	**3,013,449**	**31,818,707**	**36,263,863**
Changes in perimeter	-	319,789	646,952	966,741
Increases	383,361	-	20,826,465	21,209,826
Reversals	(460,842)	(74,983)	(21,991,897)	(22,527,722)
Direct utilizations	-	(21,002)	(210,586)	(231,588)
Exchange differences	-	-	22,512	22,512
Financial Discounts	-	201,648	-	201,648
As of 31 December 2011	**1,354,226**	**3,438,901**	**31,112,153**	**35,905,280**

The amount shown as "Others" relates to a provision for risks with other public entities which may originate a cash outflow in the future.

31. INTEREST-BEARING LIABILITIES

As of 31 December 2011 and 2010, Group's net debt was as follows:

Amounts in Euro	31-12-2011	31-12-2010
Interest-bearing liabilities		
Non-current	1,156,533,619	1,257,882,924
Current	251,991,062	150,478,637
	1,408,524,681	**1,408,361,561**
Cash and cash equivalents		
Cash	162,429	221,441
Short term bank deposits	13,178,828	13,324,273
Other	402,356,318	251,545,597
	415,697,575	**265,091,311**
Market Value	79,678,863	93,036,770
Interest-bearing net debt	**913,148,243**	**1,050,233,480**

Non-current interest-bearing liabilities

As of 31 December 2011 and 2010, non-current interest--bearing liabilities were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Non-current		
Bond loans	645,400,000	795,400,000
Commercial paper	130,850,000	80,600,000
Bank loans	377,135,697	383,318,013
Expenses with bond loans issuing	(4,263,641)	(5,797,553)
Interest-bearing debts	**1,149,122,056**	**1,253,520,460**
Financial leases	2,254,664	1,641,588
Other loans - POE's	-	28,669
Other loans - QREN	5,156,899	2,692,207
Other interest-bearing debts	**7,411,563**	**4,362,464**
Non-current interest-bearing liabilities	**1,156,533,619**	**1,257,882,924**

Bond loans

As of 31 December 2011 and 2010, non-current interest--bearing liabilities were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Bond loans		
Portucel 2005 / 2012	150,000,000	150,000,000
Portucel 2005 / 2013	200,000,000	200,000,000
Portucel 2010 / 2015	100,000,000	100,000,000
Portucel 2010 / 2015 - 2nd emission	100,000,000	100,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
SBI 2007 / 2017	20,400,000	20,400,000
	795,400,000	**795,400,000**

Amounts in Euro	Amount	Maturity	Reference rate
Bond loans			
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 / 2017	20,400,000	December 2017	Euribor 6m
	795,400,000		

Portucel's loan designated "Obrigações Portucel 2005/2012" of Euro 150,000,000 is listed in Euronext Lisboa. Its unit value is, as of 31 December 2011, Euro 99.78 (31 December 2010: Euro 99.40).

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 31 December 2011, Euro 95,25 (31 December 2010: Euro 95).

Comercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 88,100,000 as at 31 December 2011.

During the year ended 31 December 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 42,750,000 as of 31 December 2011.

Maturity of bond loans and other loans

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

Amounts in Euro	31-12-2011	31-12-2010
1 to 2 years	424,199,727	336,229,165
2 to 3 years	83,308,218	228,687,811
3 to 4 years	193,331,836	71,735,507
4 to 5 years	432,770,904	187,278,452
More than 5 years	24,931,911	438,107,954
	1,158,542,596	**1,262,038,889**

Current interest-bearing liabilities

As of 31 December 2011 and 2010, current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Current		
Bond loans	150,000,000	-
Loans from financial institutions	91,124,219	130,312,353
Interest-bearing bank debt	**241,124,219**	**130,312,353**
Shareholders short term loans	10,065,242	19,298,227
Financial leases	772,932	839,388
Other loans - POE	28,669	28,669
Other interest-bearing debts	**10,866,843**	**20,166,284**
Current interest-bearing liabilities	**251,991,062**	**150,478,637**

As of 31 December 2011 and 2010, bank loans were as follows:

Amounts in Euro	31-12-2011	31-12-2010	Reference rate
Non-current			
Holdings			
Caixa Galícia	12,000,000	16,000,000	Euribor 3m
Caixa Geral de Depósitos	133,079,000	133,079,000	Euribor 6m
Cement and Derivatives segment			
Amen Bank	2,789,896	2,311,340	TMM
Banco Espírito Santo	6,630,000	1,232,449	Euribor 1m
Banco Santader Totta	6,120,000	-	Euribor 1m
Banque Mediterranee	983,868	799,927	Libor 3m
UBCI Credit	3,510,079	3,366,949	TMM
Other	35,132,482	31,104,034	Vários
Paper and pulp segment			
BEI	169,047,619	180,000,000	Euribor 6m
Caja Duero	-	3,125,000	Euribor 6m
Environment segment			
Banco BBVA	148,335	440,229	Euribor 3m
Banco BPI	5,250,000	7,000,000	Euribor 3m
Banco Espírito Santo	-	2,000,000	Euribor 3m
Banco Santader Totta	1,750,000	2,750,000	Euribor 3m
Montepio	625,000	-	Euribor 6m
Other	69,418	109,085	Euribor 6m
	377,135,697	**383,318,013**	
Current			
Holdings			
Banco BPI	2,500,000	-	Euribor 1m
Caixa Galícia	4,000,000	4,003,907	Euribor 12m
Caixa Geral de Depósitos	516,634	81,799	Euribor 3m
Montepio	5,000,000	-	Euribor 3m
Fortis bank	25,000,000	25,000,000	Euribor 3m
Cement and Derivatives segment			
Banco Espírito Santo	323,506	304,153	Euribor 3m
Banque Mediterranee	-	4,217,830	TMM
Outros empréstimos	23,909,958	3,802,675	Vários
Paper and pulp segment			
Caja Duero	14,085,292	91,250,000	Euribor 6m
Environment segment			
Banco BBVA	289,760	287,260	Euribor 3m
Banco BPI	3,500,000	-	Euribor 3m
Banco Espírito Santo	8,250,000	-	Euribor 3m
Banco Santader Totta	2,000,000	1,000,000	Euribor 3m
Caixa Geral de Depósitos	959,402	325,062	Euribor 3m
Montepio	750,000	-	Euribor 3m
Other	39,667	39,667	Euribor 3m
	91,124,219	**130,312,353**	
	468,259,916	**513,630,366**	

Market values of shares held by the Group

As of 31 December 2011 and 2010, the market value of shares held by the Group used in the above calculation of interest bearing net debt, was detailed as follows:

Amounts in Euro	31-12-2011	31-12-2010
Treasury shares held by Semapa SGPS	29,255,626	45,109,233
Treasury shares held by Portucel SA	40,641,775	34,263,719
EDP shares	9,375,718	9,767,844
BCP shares	253,012	3,570,570
BES shares	152,179	324,648
Other shares	553	756
Market value of shares held by the Group	**79,678,863**	**93,036,770**

Liabilities related to financial leasing

As of 31 December 2011 and 2010, the Group's debt-repayment terms relating to finance leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), are shown as follows:

Amounts in Euro	31-12-2011	31-12-2010
Less than 1 year	778,161	843,781
1 to 2 years	566,537	416,734
2 to 3 years	447,567	283,380
3 to 4 years	289,995	154,394
4 to 5 years	300,209	-
More than 5 years	657,236	790,622
	3,039,705	**2,488,911**
Future interests	(12,109)	(7,935)
Liabilities´present value	**3,027,596**	**2,480,976**

As at 31 December 2011, Group's debt under financial lease plans, was as follows:

	31-12-2011		
Amounts in Euro	Acquisition value	Acumulated depreciation	Net book value
Machinery and equipment	3,873,928	(1,062,988)	2,810,940
Machinery and equipment - (IFRIC 4)	58,003,950	(34,161,456)	23,842,494
Transport equipment	1,703,896	(930,397)	773,499
Administrative Equipment	-	-	-
	63,581,774	**(36,154,841)**	**27,426,933**

The group holds a 18% stake on 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 a purchase option for the capital that does not hold in Soporgen, until the contract of steam electricity supply between Soporgen and Soporcel expires. This option is exercisable for pre-assigned values during 2010 at 2015, on the 1st of January of each year.

In 2010, with the launch of the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About The Future, S.A., upon its termination.

Bank credit facilities granted and not drawn

At 31 December 2011 and 2010, bank credit facilities granted and not drawn amounted to Euro 332,924,686 and Euro 338,178,006 respectively

Financial *Covenants*

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

The Board of Directors believes the company is not exposed to risk of default regarding its covenants and believes probability of default is extremely low.

The existing covenants are clauses of Cross default, *Pari Passu*, Negative pledge, Ownership-clause, clauses related to group's activities maintenance, financial ratios and fulfilment of regular financial contracts' obligations (operational, legal and tax obligations).

As of 31 December 2011 the Group presents a rate over 200% on the fulfilment of its covenants.

32. PAYABLES AND OTHER CURRENT LIABILITIES

As of 31 December 2011 and 2010, the caption "Payables and other current liabilities" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Accounts payable to suppliers	172,515,118	139,855,488
Accounts payable to associated companies	2,351,402	1,144,380
Accounts payable to suppliers of fixed assets	39,001,432	42,002,605
Accounts payable to suppliers of fixed assets - leases	4,584,418	2,115,500
Instituto do Ambiente - CO_2 Emission allowances	11,848,325	21,383,272
Derivative financial instruments (Note 33)	17,632,640	6,834,160
Other creditors	11,182,005	15,479,272
Accrued costs	57,037,064	54,513,605
Deferred income	55,413,699	65,141,477
	371,566,103	**348,469,759**

The amount presented in the caption "Instituto do Ambiente – CO_2 emission allowances", as of 31 December 2011, related to the fair value of gases emission licences to be delivered by the emissions carried through that year, which were allocated free of charge to the Group under the National Plan for the Allocation of CO_2 Emission Licences (PNALE).

At 31 December 2011 and 2010, the captions "Accrued costs" and "Deferred income" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Accrued costs		
Insurance costs	132,122	42,115
Payroll expenses	41,897,400	29,563,088
Interests payable	7,567,001	6,439,532
Energy costs	2,248,689	8,043,267
Forest aquisitions	-	221,812
Commitments to settle the sale of paper	67,844	403,551
Others	5,124,008	9,800,240
	57,037,064	**54,513,605**
Deferred income		
Government grants	54,170,529	60,826,740
Grants - CO_2 Emission allowances	433,746	2,980,929
Others	809,424	1,333,808
	55,413,699	**65,141,477**

33. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale are related with the acquisition of Uniconcreto – Betão Pronto, S.A.. The decision to dispose these assets and liabilities follows the imposition placed by the competition authority as well as the subsequent internal assessment carried out by the Group.

34. FINANCIAL ASSETS AND LIABILITIES

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

In order to minimize the effects of exchange rate variations on Group's sales of pulp and paper's exports to non-European countries, financial instruments were contracted to hedge almost all items denominated in foreign currency in the consolidated balance sheet, as well as for 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 bond loans have been contracted.

At 31 December of 2011 and 2010, the reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities included therein is detailed as follows:

31 December 2011 Amounts in Euro	Financial instruments trading Note 33	Financial instruments hedging Note 33	Loans and other accounts receivable Note 24	Financial assets at fair value through profit or loss Note 20	Financial assets held-for-sale Note 21	Other interest-bearing liabilities Note 32	Non financial/ assets liabilities
Assets							
Financial assets at fair value through profit or loss	-	-	-	9,657,695	-	-	-
Financial assets held-for-sale	-	-	-	-	553,764	-	-
Other non - current assets	-	-	1,606,107	-	-	-	-
Current assets	-	802,997	300,412,231	-	-	-	15,410,226
Cash and cash equivalents	-	-	415,697,575	-	-	-	-
Total assets	**-**	**802,997**	**717,715,913**	**9,657,695**	**553,764**	**-**	**15,410,226**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,156,533,619	-
Other liabilities	-	-	-	-	-	-	19,111,746
Current interest-bearing liabilities	-	-	-	-	-	251,991,062	-
Current liabilities	2,549,919	15,082,721	-	-	-	240,057,499	112,939,842
Total liabilities	**2,549,919**	**15,082,721**	**-**	**-**	**-**	**1,648,582,180**	**132,051,588**

IF - Financial Instruments / FA - Financial Assets

31 December 2010 Amounts in Euro	Financial instruments trading Note 33	Financial instruments hedging Note 33	Loans and other accounts receivable Note 24	Financial assets at fair value through profit or loss Note 20	Financial assets held-for-sale Note 21	Other interest-bearing liabilities Note 32	Non financial/ assets liabilities
Assets							
Financial assets at fair value through profit or loss	-	-	-	13,128,488	-	-	-
Financial assets held-for-sale	-	-	-	-	677,180	-	-
Other non - current assets	-	-	1,282,641	-	-	-	-
Current assets	130,850	1,076,339	267,394,253	-	-	-	3,641,202
Cash and cash equivalents	-	-	265,091,311	-	-	-	-
Total assets	**130,850**	**1,076,339**	**533,768,205**	**13,128,488**	**677,180**	**-**	**3,641,202**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,259,882,924	-
Other liabilities	-	-	-	-	-	-	26,402,576
Current interest-bearing liabilities	-	-	-	-	-	148,478,637	-
Current liabilities	208,892	6,625,268	-	-	-	223,390,147	118,245,452
Total liabilities	**208,892**	**6,625,268**	**-**	**-**	**-**	**1,631,751,708**	**144,648,028**

IF - Financial Instruments / FA - Financial Assets

As of 31 December 2011 and 2010 the fair value of these assets and liabilities is nearly the same as presented in the Consolidated Balance sheet.

On the following table are presented the assets and liabilities at fair value as of 31 December 2011 in accordance with hierarchic levels on IFRS 7:

Level 1: Fair value of financial instruments is based on prices ruling on active, liquid markets at the date of the balance sheet;
Level 2: financial instruments' fair value based on evaluation models where 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 Euro	31-12-2011	Level 1	Level 2
Financial assets at fair value recognized in earnings			
Hedging	**802,997**	-	802,997
Financial assets at fair value through profit or loss			
Trading	-	-	-
Financial assets at fair value through profit or loss			
Shares	**9,657,695**	9,657,695	-
Financial assets held-for-sale			
Shares	**553,764**	553,764	-

Liabilities measured at fair value

Amounts in Euro	31-12-2011	Level 1	Level 2
Financial assets at fair value recognized in earnings			
Hedging	**(15,082,721)**	-	(15,082,721)
Financial assets at fair value through profit or loss			
Trading	**(2,549,919)**	-	(2,549,919)

Derivatives Financial Instruments

Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). 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 same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the balance sheet items denominated in foreign currencies against the respective currency fluctuations.

The hedging instruments 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 31 December 2011, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Fair value variation (Trading)	Fair value variation (Hedging)	Total
As of 1 January 2011	**(78,042)**	**(5,548,929)**	**(5,626,971)**
Maturity	493,577	4,705,874	5,199,451
Variation in fair value at earnings	(2,947,895)	(7,034,076)	(9,981,971)
Variation in fair value at equity	-	(6,420,152)	(6,420,152)
As of 31 December 2011	**(2,532,360)**	**(14,297,283)**	**(16,829,643)**

Movement occurred in Derivative Financial Instruments caption

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

The movement in the balances presented in the years ended 31 December 2011 and 2010, relating to financial instruments was as follows:

Amounts in Euro	Amount	Maturity	31-12-2011 Positive	31-12-2011 Negative	31-12-2011 Net	31-12-2010 Net
Hedge						
Collar interest rate (SWAPs)	225,000,000	2015	-	(10,933,729)	(10,933,729)	(5,395,648)
Coverage of Net Investment	19,360,074	2012	-	(614,563)	(614,563)	-
Currency Forwards (future sales)	80,493,083	2012	-	(1,365,667)	(1,365,667)	109,529
Swaps de taxa de juro (SWAP's)	20,400,000	2017	-	(2,168,762)	(2,168,762)	(262,810)
Operations on CO_2 Licenses	2,168,520	2012	802,997	-	802,997	-
			802,997	**(15,082,721)**	**(14,279,724)**	**(5,548,929)**
Trade						
Currency Forwards (EUR)	78,737,718	2012	-	(2,502,663)	(2,502,663)	(78,042)
Currency Forwards (USD)	1,820,700	2012	-	(47,256)	(47,256)	-
			-	(2,549,919)	(2,549,919)	(78,042)
			802,997	**(17,632,640)**	**(16,829,643)**	**(5,626,971)**

On 5 September and 19 November 2008, the Group entered into swap agreements of "Emission EU Allowances (EUA) and Certified Emission Reductions "(CER) with a financial institution.

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).

Available-for-sale financial assets

These amounts are recognized at fair value which corresponds to their market 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 2.1.3, 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).

35. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of 31 December 2011 and 2010, related parties receivables and payables comprised:

	Interest-bearing liabilities	
Amounts in Euro	31-12-2011	31-12-2010
Shareholders		
Cimo SGPS, SA	3,815,891	4,600,244
Longapar, SGPS, SA	6,249,351	14,123,140
Sonaca SGPS, SA	-	574,843
	10,065,242	**19,298,227**

	31-12-2011		31-12-2010	
Amounts in Euro	Other receivables	Other Payables	Other receivables	Other Payables
Other				
Cotif Sicar	-	11,538	-	11,634
Seribo, S.A.	-	116,930	-	94,737
J.M. Henriques, Lda.	55,254	-	54,189	-
Cimentaçor	-	-	35	-
Secil Unicon - S.G.P.S., Lda	108,819	-	102,805	-
Setefrete	-	337,208	245,310	283,576
Chryso Portugal, S.A.	38,683	204,362	35,646	146,601
Secil Prebetão - Pré-Fabricados de Betão, S.A.	25,246	6,881	15,961	18,148
Viroc Portugal - Industria de Madeira e Cimento, S.A.	-	-	20,511	67
Inertogrande	102,146	-	104,141	-
Ave-Gestão Ambiental, S.A.	17,434	261,466	-	-
Pedro Soveral	-	32,061	-	-
Ricardo Soveral	-	32,061	-	-
Other related parties	7,853	-	8,749	589,617
Shareholders (Dividends allocated to INC)	-	1,348,895	-	-
Total	**355,435**	**2,351,402**	**587,347**	**1,144,380**

As of 31 December 2011 and 2010, transactions between related parties comprised:

	31-12-2011		31-12-2010	
Amounts in Euro	Service purchase	Financial Losses	Service Purchase	Financial Losses
Shareholders				
Cimigest SGPS, SA	107,740	-	107,740	-
Cimo SGPS, SA	-	226,524	-	11,011
Longapar, SGPS, SA	-	456,910	-	120,008
Sonaca SGPS, SA	-	22,524	-	5,215
	107,740	**705,958**	**107,740**	**136,234**

	31-12-2011			
Amounts in Euro	Service purchase	Services rendered	Operating Income	Losses/ (Gains) financial
Subsidiaries shareholders and Joint ventures				
Viroc Portugal, S.A.	(63)	526,764	54,917	72,026
Chryso Portugal, S.A.	(752,919)	-	31,449	-
Setefrete, S.A.	(1,322,857)	-	5,346,	-
Secil Prebetão, S.A.	(27,225)	346,051	1,745	-
J.M.J. Henriques, Lda.	-,	-	918	-
Inertogrande	-,	-	918	-
Secil Unicon - SGPS, Lda.	-,	-	765	4,149
Ave - Gestão Ambiental, SA	(94,663)	765	14,778	-
	(2,197,727)	**873,580**	**110,836**	**76,175**

Amounts in Euro	31-12-2010			
	Service Purchase	Services rendered	Operating Income	Losses/ (gains) financial
Subsidiaries shareholders and Joint ventures				
Viroc Portugal, S.A.	(55)	422,996	68,067	53,518
Chryso Portugal, S.A.	(559,607)	-	29,460	-
Setefrete, S.A.	(1,902,603)	-	13,542	-
Secil Prebetão, S.A.	(27,928)	328,139	26,687	-
Other	(1,372,309)	358,852	12,892	17,809
	(3,862,502)	**1,109,987**	**150,648**	**71,327**

36. INTEREST IN JOINT VENTURES

Semapa Group holds a 51% stake of Secil (joint venture) having included Secil's assets, liabilities, revenues and costs under the proportional consolidation method in the Consolidated Financial Statements.

Thus, total non-current and current assets, non-current and current liabilities, revenues, costs and net income corresponding to 51% of Secil are presented in the following table:

Amounts in Euro	2011	2010
Assets		
Non-current assets	388,410,038	367,417,488
Current assets	151,086,886	131,219,792
	539,496,924	**498,637,280**
Liabilities		
Non-current liabilities	146,354,425	126,043,902
Current liabilities	103,829,958	84,032,140
	250,184,383	**210,076,042**
Net	**289,312,541**	**288,561,238**

Amounts in Euro	2011	2010
Revenue	258,520,769	273,267,641
Operating profit	27,117,013	43,061,891
Profit before tax	24,599,585	40,912,014
Net profit of the year*	13,773,562	25,309,215

** Attributable to Secil shareholders*

37. CHANGES IN THE CONSOLIDATION PERIMETER

During the year ended 31 December 2011, changes in the consolidation perimeter were as follows:

Amounts in Euro	Total variation
Non current assets	
Cash and cash equivalents	1,139,712
Other intangible assets	79,968
Property, plant and equipment	13,802,672
Investments in associates	112,767
Deferred tax assets	694,834
Other non current assets	103,167
Current assets	
Inventories	531,949
State and other public entities	237,060
Assets held for sale	-
Other current receivables	9,284,329
Minority interests	164,961
Non current liabilities	
Provisions	(966,741)
Current liabilities	
Interest bearing liabilities	348,605
State and other public entities	(546,014)
Other current liabilities	(7,889,493)
Total acquired / integrated	**15,159,710**
Positive acquisition difference (Note 15)	17,098,513
Intercompany gain recognized	(2,394,140)
Fair value in Equity	18,060
Net acquisition cost	**29,882,143**
Cash and cash equivalents	1,139,712
Net Equity acquired / integrated	**28,742,431**

On 27 December 2010, Secil – Companhia Geral de Cal e Cimento, S.A. entered into an agreement pursuing the acquisition of Lafarge Betões, S.A. share capital, company that operates in the concrete and aggregate market (holding thirty concrete plants and four aggregate exploitations). The operation remained pending, awaiting for the decision of the competition authority.

During the year 2011, a favorable decision was issued by the above mentioned authority, and the acquisition was achieved on 30 June 2011.

Adittionally, in 2011, Secil disposed 35% of the 70% stake held in AVE - Gestão Ambiental e Valorização Energética, S.A.. Thus, this company is no longer part of the consolidation perimeter of Semapa, being the remaining 35% still held by Semapa shown as an investment in associates (Note 19).

38. ENVIRONMENTAL RELATED EXPENDITURES

As part of its business operations, the Group incurs in several environmental expenditure which, depending on their nature, are capitalized or recognized as costs in the operating results for the year.

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

Expenditures capitalized and recognized as costs in the year ended 31 December 2011 comprise:

Areas	Expenses of the period	Capitalisation in the period	Total
Atmospheric emissions	796,083	3,110,710	3,906,793
Management of residual waters	18,069	49,065	67,134
Residual managements	1,158,380	2,988,932	4,147,312
Protection of soils and underground waters	2,018,511	23,379	2,041,890
Protection of Nature	389,968	47,498	437,466
Generator oil boiler	-	57,884	57,884
Liquid effluent treatment	8,173,029	109,182	8,282,211
Recuperation Boiler	-	80,187	80,187
Materials recycling	1,457,788	-	1,457,788
Expenses with electrofilters	558,917	-	558,917
Sewage network	41,515	-	41,515
Solid waste landfill	360,903	-	360,903
Other environmental protection activities	316,508	124,543	441,051
	15,289,671	**6,591,380**	**21,881,051**

Expenditures capitalized and recognized as costs in the year ended 31 December 2011 comprise:

Areas	Expenses of the period	Capitalisation in the period	Total
Atmospheric emissions	691,982	841,860	1,533,842
Management of residual waters	9,567	24,770	34,337
Residual managements	1,093,525	1,190,790	2,284,315
Waste/residual management	1,025	165,364	166,389
Protection of soils and underground waters	273,845	4,121	277,966
Generator oil boiler	-	576,931	576,931
Liquid effluent treatment	7,543,581	18,731	7,562,312
Materials recycling	1,699,098	-	1,699,098
Sewage network	548,023		548,023
Solid waste embankment	103,150	-	103,150
Solid waste landfill	286,241	-	286,241
Other environmental protection activities	647,856	161,861	809,717
	12,897,893	**2,984,428**	**15,882,321**

CO_2 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 CO_2 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 CO_2 emission licences (PNALE), for the period 2008-2012, licences were granted to the Group in sufficient amount to satisfy its needs.

39. AUDIT FEES

In the years ended 31 December 2011 and 2010, expenses pertaining to statutory audit and audit services, comprised:

Amounts in Euro	31-12-2011	%	31-12-2010	%
Statutory auditors services	828,366	66%	653,468	64%
Other reliability assurance services	158,878	13%	141,497	14%
Total audit Fees	**987,244**	**79%**	**794,965**	**78%**
Tax consultancy services and others	266,236	21%	227,116	22%
Total of other services	**266,236**	**21%**	**227,116**	**22%**
Total	**1,253,480**	**100%**	**1,022,081**	**100%**

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

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through the audit committee process analysis of the work proposed and careful definition of the work to be performed by the auditors.

40. NUMBER OF EMPLOYEES

At 31 December 2011 and 2010, the number of employees in service of the Group's various companies, was as follows:

Segment	31-12-2010	31-12-2010	Var. 10/11
Pulp and Paper	2,290	2,331	(41)
Cimento e Derivados*	2,589	2,630	(41)
Ambiente	235	190	45
Holdings e outros	19	21	(2)
	5,133	**5,172**	**(39)**

** Data referring to100%*

41. COMMITMENTS

At 31 December 2011 and 2010, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Warranties		
IAPMEI (in the perimeter of POE)	15,060	15,060
IAPMEI (âmbito do QREN)	2,561,920	1,923,818
IVA - Pedidos de reembolso	3,593,131	3,531,019
DGCI - Direcção Geral dos Impostos	38,177,530	37,100,231
Financiamento Soporgen	-	333,333
Câmara Municipal de Setúbal	492,102	492,101
APSS - Admi. dos Portos de Setúbal e Sesimbra	1,197,421	1,246,355
Direcção Geral de Alfândegas	435,751	435,751
APDL - Administração do Porto de Leixões	324,404	322,505
Lafarge	-	5,100,000
Simria	327,775	340,005
Instituto de Conservação da Natureza - Arrábida	202,450	508,188
IFAP	1,225,036	1,520,820
BankMed for SOIME (Lebanon)	-	1,034,362
IAPMEI (in the perimeter of PEDIP)	50,878	50,878
Comissão de Coord. e Desenv. Reg. Centro	792,059	421,858
Comissão de Coordenação e Desenv. Regional LVT	124,646	446,950
Other	3,427,840	5,173,002
	52,948,002	**59,996,236**
Other commitments		
Purchase commitments with suppliers	53,844,052	73,195,329
Operating lease - rent due less than 12 months	2,088,495	2,626,794
Mortage loan guarantee	2,022,209	3,656,811
	57,954,756	**79,478,934**
	110,902,758	**139,475,170**

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

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

This credit line was used up, on 31 December 2011 by the amount of Euro 133,079,000, having been given as security 80,417,005 Portucel shares.

Aditionally, in the year ended 31 December 2011, Secil contracted a loan for the acquisition of Uniconcreto, S.A. whose amount outstanding as at 31 December 2011 amounts to Euro 69,305,627, having the company's shares been pledged as collateral to the contracted loan.

Liabilities assumed due to operating leases

As of 31 December 2011 and 2010 debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	31-12-2011	31-12-2010
No more than one year	2,088,495	1,533,114
More than one and less than five years	2,469,602	2,301,654
	4,558,097	**3,834,768**
Expenses of the period	2,117,395	1,301,536

42. OTHER COMMITMENTS OF THE GROUP

Promissory liens

The associated company 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.

In 2010, this company contracted an additional bank loan amounting to Euro 2,500,000 for the construction of the new plant located in Montijo having mortgaged, as of the same date, the plant land. As of 31 December 2011, the bank loan outstanding amounted to Euro 1,543,001.

In January 2011, the subsidiary Ciments de Sibline, S.A.L. paid up the entire medium and long term bank loan negotiated with a Lebanese bank that amounted to USD 15,000,000, of which USD 11,050,596 (Euro 8,540,533) had been used, and renegotiated an increase in the contracted overdraft from USD 10,000,000 (Euro 7,728,573) to USD 20,000,000 (Euros 15,457,145). Following this renegotiation, Ciments de Sibline, S.A.L. kept the two mortgages over property, plant and equipment owned by it in favor of the bank in the amounts of USD 57,500,000 (Euro 44,439,292) e USD 12,270,000 (Euros 9,482,958). As of 31 December 2011, the overdraft used and recognized in the balance sheet amounted to USD 9,762,873 (Euros 7,545,307).

Comfort letters

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. in the amount of Euro 2,574,082.

Investment in a new plant in Angola

In terms of the Memorandum of Understanding signed between the Angolan Government and the subsidiary Secil in April 2004, Secil – Companhia de Cimentos do Lobito, S.A. – approximately 51% held by the SECIL Group and, indirectly, 49% by the Angolan State - was incorporated on 29 November 2005 and commenced operations on 1 January 2006. Accordingly, the contract for the operation of the Encime do Lobito plant, between the Angolan State and Tecnosecil (now called Secil Angola) and which has been in force since September 2000, has now terminated.

Secil Lobito's share capital of USD 21,274,286 was paid up through the transfer of the tangible and intangible assets of Secil Angola and Encime U.E.E. respectively by the SECIL Group and by the Angolan Government at the amount resulting from the valuation carried out in October 2003 by an independent international audit firm.

In this Memorandum of Agreement, it was estimated that within a time horizon of 36 months commencing from the date the respective share capital was paid up, Secil Lobito would erect cement and clinker factory in Lobito.

On 26 October 2007, the Angolan Cabinet approved the Private Investment Project called the "Lobito New Cement Factory" involving an amount of USD 91,539,000, contracted on 14 December 2007, by Secil Lobito and by "ANIP – Agência Nacional para o Investimento Privado", the latter representing the Angolan state.

Furthermore, in 2008, an electric-power generating plant costing USD 18,000,000 was added to the investment.

However, at this time it has not yet been possible to commence the construction of the new plant by Secil Lobito.

43. CONTINGENT ASSETS

Non-tax matters

CMP Pension Plan

The Group recorded in its financial statements for the year ended 31 December 1995, EUR 5,598,358 (which is fully adjusted) due by the Portuguese Government as a result of an actuarial valuation of retirement obligations as at 31 December 1993, valued by a specialised and independent entity in the reprivatisation of the subsidiary CMP.

As a result of the aforesaid valuation, errors were detected, with the Portuguese Government being requested in 1996 to settle the abovementioned amount. Secil filed a legal action against the Portuguese State, claiming settlement of the aforesaid amount and respective interest. The Supreme Administrative Court judged the lawsuit as having no legal grounds, ruling in the Government's favour.

Secil is studying the recourse to alternative means at its disposal, namely through the Public debt settlement fund, in order to obtain a settlement of the amount in question.

Infrastructure enhancement and maintenance rate

Under the licensing process nº 408/04 related to the new paper mill project, the Setubal city Council issued a settlement note to Portucel regarding an infrastructure increase and maintenance fee ("TMUE ") amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this concept in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setubal. Portucel disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal in Court against the rejection of the claim on 28 October 2008.

In the appeal, Portucel claims the cancelation of the settlement act, on the following grounds: (i) disproportionally of the fee applied; (ii) it as the nature of a tax, that cannot be imposed by the City Council and (iii) the absence of any consideration paid on their behalf by the Setubal City Council since it was Portucel that supported all costs regarding the urban infrastructure and maintenance, thus proving that the TMUE configures a true tax.

The decision of the Court is still pending.

Insurance compensation

On 31 December 2011, there were pending compensations by damages in equipment belonging to the Portucel Group amounting to Euro 4,276,764, validated by the respective insurance companies but not recognized. The recognition of this amount is contingent to repair works to be carried out in 2012.

Public debt Settlement Fund

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

In addition to the tax matters described below, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totaling Euro 136,243,939. These amounts related to adjustments in the financial statements of the group after its privatization, that had not been considered in formulating the price of such privatization as they were not included in the documentation made available for consultation by the bidders.

Tax matters

Public Debt Settlement Fund

Portucel submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date.

In this context, the aforementioned Fund is liable for Euro 33,861,034, detailed as follows:

Amounts in Euro	Period	Amounts Requesteed	1st refund	Outstanding
Portucel				
Value added tax - Alemanha	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	197,395	(157,915)	39,480
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	2006	11,890,071	-	11,890,071
Expenses	2006	190,984	-	190,984
		33,169,820	**(8,210,546)**	**24,959,274**
Soporcel				
Corporate Income Tax	2002	169,219	-	169,219
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
		8,901,760	**-**	**8,901,760**
		42,071,580	**(8,210,546)**	**33,861,034**

Municipal surcharge (RETGS) 2008 / 2010 – Euro 3,891,421

In 2008 and 2010 Portucel presented the Income Tax form with a Municipal surcharge corresponding to the sum of the individual municipal surcharge of the companies included in the special tax regime applicable to groups of companies (RETGS) in accordance with the tax authorities' understanding, (Circular Letter No. 20132 as of 14 April 2008).

Nevertheless, Portucel believes this municipal surcharge shoud correspond to 1.5% of the Group's taxable income, as stated by the Law nº2/2007 (Local Finance Law).

Due to this, Portucel presented a tax claim in order to collect the refund of the excess amounts paid amounting to Euro 173,868 and Euro 888,200.

Following the initial rejection of the claim, on 14 May 2010 and 6 January 2011, Portucel presented the corresponding hierarchical appeals, which, once denied, were followed by a request for the constitution of the Arbitration Court to rule on the cases, whose decision is pending.

On 2 February 2011 the Supreme Administrative Court decided in favour of Portucel's views, in a similar case. Therefore, a successful outcome is expected for this claim.

Regarding 2010, the Group decided not to pay the excess amount of Euro 2,829,353, and presented the the corresponding administrative appeal on the amount resulting from the excess of the liquidation and requested the establishment of bank guarantee for the amount not settled. Following the rejection of the claim, the Group requested the constitution of an Arbitration Court on 2 January 2012.

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

On 7 April 2008, SPCG and PortucelSoporcel Cogeração de Eneragia, S.A. presented a Judicial Appeal to the Administrative Court of Almada, regarding stamp duty settlements on the capital increase of these companies amounting to Euro 50,000 and Euro 27,000, respectively, as the charge is contrary to the European Council Directive No. 69/335/EEC, of 17 July 1969, as amended by the Council Directive 85/303/EEC of 10 June 1985.

Regarding PortucelSoporcel Cogeração de Eneragia, S.A., a favourable decision was issued on 27 October 2011.

As for SPCG, the constitution of an Arbitration Court was requested on 9 August 2011, and produced a favourable decision on 11 November 2011.

The tax authorities appealed from the decision of the arbitration court.

Value Added Tax (VAT) 2003 – Euro 2.509.101

On 19 September 2006, Soporcel was subjected to an additional VAT settlement amounting Euro 2,509,101 including compensatory interest of Euro 227,759. According to the Company's understanding, the additional tax is undue as it regards deducted VAT in forestry plantations, to which the article 24 of the VAT does not apply as it does not qualify as a tangible asset. Based on these arguments, a Judicial Appeal was presented on 26 December 2007. On 12 January 2012, a favourable decision was issued, to which the tax authorities presented an appeal on 24 January 2012.

State surcharge – Euro 1,147,617

In the 2010 income tax form presented by Portucel, a state surcharge of Euro 1,147,617 was determined regarding About The Future – Empresa Produtora de Papel, S.A., which is considered undue by the Group as it should have been deducted to tax benefits granted by AICEP to the company. AICEP seconds the company's views on this matter.

Due to this, Portucel presented a tax claim in order to collect the refund of this excess income tax amount paid in 2010. Following the rejection of that claim, Portucel presented the corresponding hierachical appeal, on 14 November 2011, whose decision is still pending.

Investment contract - AICEP

Regarding the contracts signed with AICEP and up to 31 December 2011, a total amount of Euro 25,730,549 of tax incentives is yet to be recognized, which may be deductable until 31 December 2016.

44. EXCHANGE RATES

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 31 December 2011.

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

The rates used in 2011 and 2010 against the euro, were as follows:

Currency	31-12-2011	31-12-2010	Valuation/(depreciation)
TND (tunisian dinar)			
Average exchange rate for the year	1.9553	1.8950	(3.18%)
Exchange rate at the end of the year	1.9397	1.9237	(0.83%)
LBN (libanese pound)			
Average exchange rate for the year	2,098.40	1,998.50	(5.00%)
Exchange rate at the end of the year	1,950.60	2,014.30	3.16%
USD (american dollar)			
Average exchange rate for the year	1.3920	1.3257	(5.00%)
Exchange rate at the end of the year	1.2939	1.3362	3.17%
GBP (sterling pound)			
Average exchange rate for the year	0.8679	0.8579	(1.17%)
Exchange rate at the end of the year	0.8353	0.8572	2.55%
PLN (polish zloty)			
Average exchange rate for the year	4.1205	3.9896	(3.28%)
Exchange rate at the end of the year	4.4580	3.9580	(12.63%)
SEK (swedish krona)			
Average exchange rate for the year	9.0308	9.5365	5.30%
Exchange rate at the end of the year	8.9120	8.9809	0.77%
CZK (czech koruna)			
Average exchange rate for the year	24.5906	25.2550	2.63%
Exchange rate at the end of the year	25.7870	25.0000	(3.15%)
CHF (swiss franc)			
Average exchange rate for the year	1.2324	1.3807	10.74%
Exchange rate at the end of the year	1.2156	1.2488	2.66%
DKK (danish krone)			
Average exchange rate for the year	7.4507	7.4470	(0.05%)
Exchange rate at the end of the year	7.4342	7.4532	0.25%
HUF (hungarian florim)			
Average exchange rate for the year	279.3789	275.0925	(1.56%)
Exchange rate at the end of the year	314.5800	277.9800	(13.17%)
AUD (australian dollar)			
Average exchange rate for the year	1.3485	1.4424	6.51%
Exchange rate at the end of the year	1.2723	1.3074	2.68%
MZM (mozambique metical)			
Average exchange rate for the year	40.9907	47.7740	14.20%
Exchange rate at the end of the year	35.9200	46.5900	22.90%
BRL (brazilian real)			
Average exchange rate for the year	2.3265	2.3314	0.21%
Exchange rate at the end of the year	2.4159	2.2177	(8.94%)
CVE (cape verde escudo)			
Average exchange rate for the year	110.265	110.265	0.00%
Exchange rate at the end of the year	110.265	110.265	0.00%

45. COMPANIES INCLUDED AND EXCLUDED FROM THE CONSOLIDATION

Companies included in the consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary Semapa		
		Direct	Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisboa	-	-	-
Subsidiaries:				
Seminv, SGPS, S.A.	Lisboa	100.00	-	100.00
Cimentospar - Participações Sociais, SGPS, Lda.	Lisboa	100.00	-	100.00
Seinpart, SGPS, S.A.	Lisboa	49.00	51.00	100.00
ETSA - Investimentos, SGPS, SA	Stº Antão do Tojal	96.00	-	96.00
Seinpar Investments, B.V.	Amesterdão	100.00	-	100.00
Interholding Investments B.V.	Amesterdão	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Celcimo Inversiones S.L.	Madrid	-	100.00	100.00
Great Earth, SA	Lisboa	100.00	-	100.00
NSOSPE - Empreendimentos e Participações, SA	Rio de Janeiro	100.00	-	100.00

Empresas subsidiárias do subgrupo ETSA incluídas no consolidado pelo método integral

Name	Head Office	Direct and indirect % of equity held by subsidiary ETSA			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
ETSA - Investimentos, SGPS, SA	Stº Antão do Tojal	96.00	-	96.00	96.00
Subsidiaries:					
ETSA, SGPS, SA	Loures	100.00	-	100.00	96.00
ABAPOR - Comércio e Indústria de Carnes, S.A.	Stº Antão do Tojal	100.00	-	100.00	96.00
SEBOL - Comércio e Indústria de Sebo, S.A.	Stº Antão do Tojal	100.00	-	100.00	96.00
ITS - Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100.00	-	100.00	96.00
BIOLOGICAL - Gestão de Resíduos Industriais, L.da,	Stº Antão do Tojal	95.00	5.00	100.00	96.00
AISIB - Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100.00	-	100.00	96.00
Transportes Carvajal, S.L.	Huelva	-	80.00	80.00	76.80

Empresas subsidiárias do sub Grupo Portucel – Incluídas no consolidado pelo método integral

Name	Head Office	Direct and Indirect % of equity held by subsidirary Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Portucel - Empresa Produtora de Pasta e Papel, SA	Setúbal	45.69	32.41	78.10	78.10
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	78.10
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	78.10
Soporcel Pulp - Sociedade Portuguesa de Celulose, SA	Figueira da Foz	100.00	-	100.00	78.10
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	
CountryTarget SGPS SA*	Setúbal	100.00	-	100.00	78.10
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	78.10
PortucelSoporcel Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	78.10
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios ACE	Portugal	-	64.80	64.80	50.61
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	78.10
Atlantic Forests, SA	Setúbal	-	100.00	100.00	78.10
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	78.10
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	78.10
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	78.10
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00	73.41
Bosques do Atlantico, SL	Espanha	-	100.00	100.00	78.10
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100.00	-	100.00	78.10
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100.00	100.00	78.10
CELCACIA - Celulose de Cacia, S.A.	Aveiro	-	100.00	100.00	78.10
Portucel International GmbH	Alemanha	-	100.00	100.00	78.10
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	78.10
Portucel Soporcel North America Inc.	EUA	-	100.00	100.00	78.10
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100.00	100.00	78.10
Portucel Papel Setúbal, S.A.	Setúbal	-	100.00	100.00	78.10
PortucelSoporcel Sales & Marketing NV	Bélgica	25.00	75.00	100.00	78.10
PortucelSoporcel Fine Paper , S.A.	Setúbal	-	100.00	100.00	78.10
PortucelSoporcel España, SA	Espanha	-	100.00	100.00	78.10
PortucelSoporcel International, BV	Holanda	-	100.00	100.00	78.10
PortucelSoporcel France, EURL	França	-	100.00	100.00	78.10
PortucelSoporcel United Kingdom, Ltd	Reino Unido	-	100.00	100.00	78.10
PortucelSoporcel Italia, SRL	Itália	-	100.00	100.00	78.10
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	78.10
PortucelSoporcel Deutschland, GmbH	Alemanha	-	100.00	100.00	78.10
PortucelSoporcel Handels, GmbH	Austria	-	100.00	100.00	78.10
PortucelSoporcel Afrique du Nord	Marrocos	-	100.00	100.00	78.10
PortucelSoporcel Poland SP Z O	Polónia	-	100.00	100.00	78.10
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	78.10
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100.00	100.00	78.10
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	78.10
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	78.10
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	78.10
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	78.10
Empremédia - Corretores de Seguros, Lda	Lisboa	-	100.00	100.00	78.10
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	78.10
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	39.05
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	78.10
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	78.10
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15	71.19
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	72.29
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	71.44
EucaliptusLand, SA		-	100.00	100.00	78.10
PortucelSoporcel Serviços Partilhados, SA	Figueira da Foz	-	100.00	100.00	78.10
PortucelSoporcel Internacional SGPS SA	Setúbal	100.00	-	100.00	78.10
Portucel Moçambique - Sociedade de Desenvolvimento Florestal, Lda	Moçambique	25.00	75.00	100.00	78.10
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brasil	25.00	75.00	100.00	78.10
PortucelSoporcel Abastecimento de Madeira, ACE	Setúbal	60.00	40.00	100.00	78.10
PortucelSoporcel Logistica de Papel, ACE	Figueira da Foz	33.33	66.67	100.00	78.10

Subsidiary companies of sub-group Secil – Under proportional consolidation

Name	Head Office	Direct and Indirect % of equity held by subsidiary Secil			Equity % acctually held by Semapa
		Direct	Indirect	Total	
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	10.86	40.14	51.00	51.00
Subsidiaries:					
Parcim Investments, B.V.	Amesterdão	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
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	51.00
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	31.88
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100.00		100.00	51.00
Seciment Investments, B.V.	Amesterdão	100.00	-	100.00	51.00
I3 Participações e Serviços Ltda.	Rio de Janeiro	-	99.97	99.97	50.98
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	Lisboa	100.00	-	100.00	51.00
Silonor, S.A.	Dunkerque - França	100.00	-	100.00	51.00
Société des Ciments de Gabés	Tunis	98.72	-	98.72	50.35
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	50.35
Zarzis Béton	Tunis	-	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
Unibetão - Indústrias de Betão Preparado, S.A.	Lisboa	-	100.00	100.00	51.00
Britobetão - Central de Betão, Lda.	Lisboa	-	91.00	91.00	46.41
Eurobetão - Betão Pronto, S.A.	Lisboa	-	100.00	100.00	51.00
Sicobetão - Fabricação de Betão, S.A.	Lisboa	-	100.00	100.00	51.00
Secil Britas, S.A.	Lisboa	-	100.00	100.00	51.00
Quimipedra - Secil Britas, Calcários e Deriados, Lda.	Lisboa	-	100.00	100.00	51.00
Colegra - Exploração de Pedreiras, S.A.	Lisboa	-	100.00	100.00	51.00
Lusoinertes, S.A.	Lisboa	-	100.00	100.00	51.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Lisboa	51.19	45.81	97.00	49.47
IRP - Industria de Rebocos de Portugal, S.A.	Santarém	-	97.00	97.00	49.47
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisboa	100.00	0.00	100.00	51.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisboa	-	90.87	90.87	46.34
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisboa	-	100.00	100.00	51.00
Solenreco-Produção e Comercialização de Combustíveis, Lda.	Porto	-	98.00	98.00	49.98
Valcem - Produtos Cimentícios, Lda	Setúbal	50.00	50.00	100.00	51.00
Prescor Produção de Escórias Moídas, Lda.	Lisboa	-	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
Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos, S.A.	Setúbal	100.00	-	100.00	51.00
Probicom - Produção de Compostos e Biomassa, S.A.	Setúbal	100.00	-	100.00	51.00
Uniconcreto - Betão Pronto, S.A.	Lisboa	100.00	-	100.00	51.00
Secil Unicon - S.G.P.S. , Lda	Lisboa	50.00	-	50.00	25.50
Secil Prébetão, S.A.	Montijo	-	39.80	39.80	20.30

Companies excluded from consolidation

Name	Head Office	Equity % held by Semapa		
		Direct	Indirect	Total
Secil Algérie, S.P.A.	Algéria	-	51.00	51.00
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda*	Setúbal	-	78.10	78.10
PortucelSoporcel Papel - Sales e Marketing, ACE*	Figueira da Foz	-	78.10	78.10
Naturfungi, ACE *	Setúbal	-	39.05	39.05

** Closed companies in 2011*

46. SUBSEQUENT EVENTS

Acquisition of 50% of Supremo

On 17 February 2012, following the communication disclosed to the market on 2 December 2011, the conditions under which the acquisition of the 50% stake on the Brazilian law company Supremo Cimentos SA was contingent, were fulfilled, and thus, the acquisition was accomplished as at that date. Following this operation, Semapa now holds shares representing 50% of Supremo Cimentos SA share capital.

Treasury shares - Portucel

Through a number of stock market operations in January 2012, Portucel acquired several lots of treasury shares, totaling 11,450 titles, amounting to Euro 20,503.

Following these acquisitions, Portucel now holds directly and indirectly through its subsidiaries, 22,111,382 shares representing 2.881% of its share capital.

47. NOTE ADDED FOR TRANSLATION

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

BOARD OF DIRECTORS

CHAIRMAN:
Pedro Mendonça de Queiroz Pereira

MEMBERS:
Maria Maude Mendonça de Queiroz Pereira Lagos

José Alfredo de Almeida Honório

Francisco José de Melo e Castro Guedes

Carlos Maria Cunha Horta e Costa

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

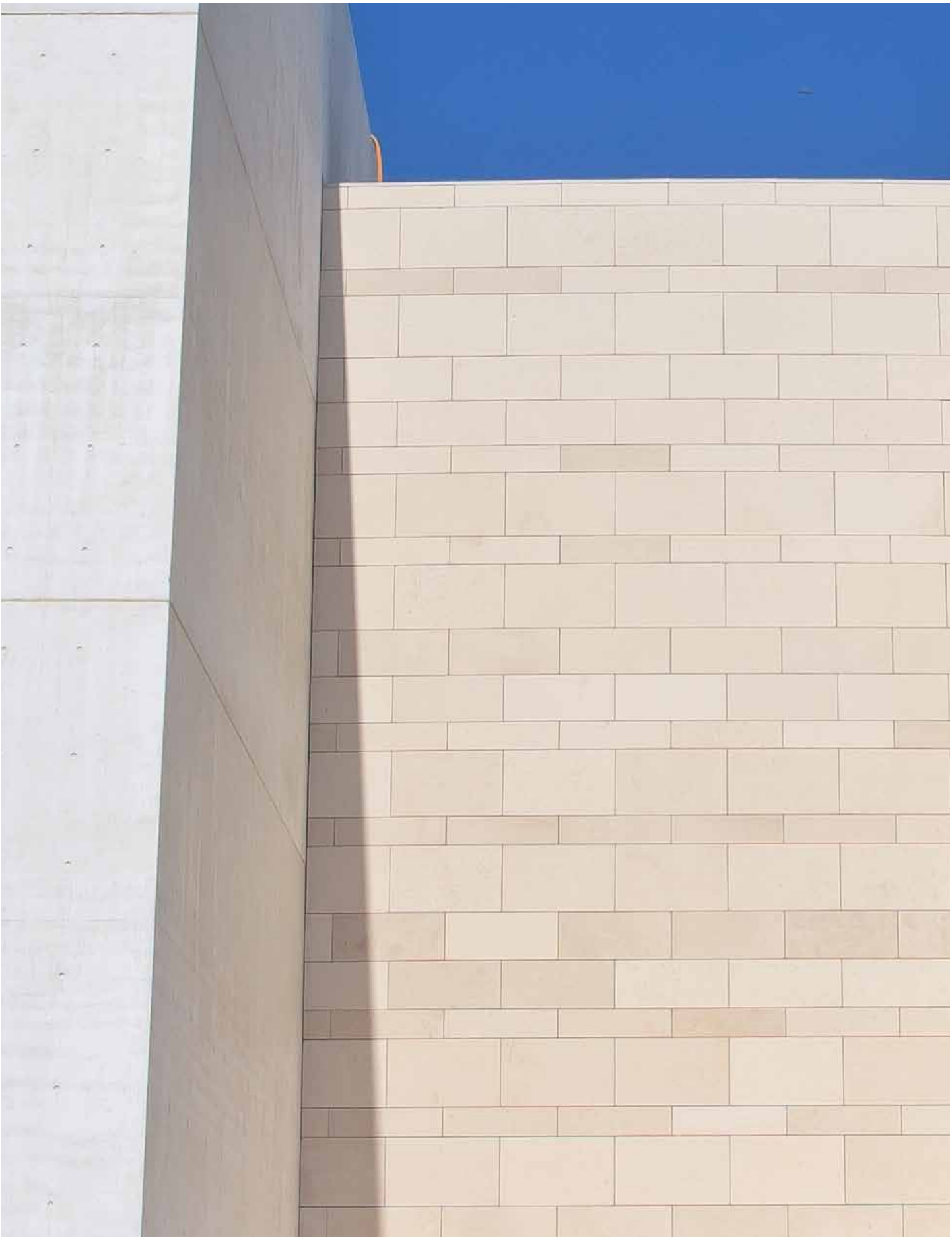
Rita Maria Lagos do Amaral Cabral

António da Nóbrega de Sousa da Câmara

Joaquim Martins Ferreira do Amaral

António Pedro de Carvalho Viana-Baptista

Vitor Manuel Galvão Rocha Novais Gonçalves



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STATUTORY AUDIT REPORT

STATUTORY AUDITORS REPORT IN RESPECT OF THE CONSOLIDATED FINANCIAL INFORMATION

(Free translation from the original version in Portuguese)

INTRODUCTION

1 As required by law, we present the Statutory Auditors Report in respect of the Consolidated Financial Information included in the consolidated Board of Directors' Report and the consolidated financial statements of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.,** comprising the consolidated statement of financial position as at December 31, 2011, (which shows total assets of Euro 3,785,556,572 and a total shareholder's equity of Euro 1,382,019,887 including non-controlling interest of Euro 333,216,889 and a net profit of Euro 124,161,800), the consolidated separate income statement, the statement of comprehensive consolidated income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the corresponding notes to the accounts.

RESPONSIBILITIES

2 It is the responsibility of the Company's Board of Directors (i) to prepare the consolidated Directors' Report and consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated changes in equity, the consolidated result of their operations and their consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the EU and which is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any relevant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the consolidated financial information included in the documents referred to above, namely if it is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue an independent and professional report based on our audit.

SCOPE

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our audit included: (i) verification that the subsidiary's financial statements have been properly examined and for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations, and, when applicable, the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing whether the consolidated financial information is complete, true, timely, clear, objective and licit.

5 Our audit also covered the verification that the information included in the consolidated Directors' Report is in agreement with the other documents as well as the verification set forth in paragraphs 4 and 5 of Article 451 of the Companies Code.

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

OPINION

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** as at December 31, 2011, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the information included is complete, true, timely, clear, objective and licit.

REPORT ON OTHER LEGAL REQUIREMENTS

8 It is also our opinion that the information included in the Directors' Report is in agreement with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245-A of the Portuguese Securities Code.

Lisbon, February 28, 2012

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

António Alberto Henriques Assis, R.O.C.

REPORT AND OPINION OF THE AUDIT BOARD
CONSOLIDATED ACCOUNTS

FINANCIAL YEAR OF 2011

Shareholders,

1. As required by law, the articles of association and our mandate from the shareholders, we are pleased to present our report on our supervisory activities in 2011 and to issue our opinion on the Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA for the financial year ended 31 December 2011.

2. Over the course of the year we regularly monitored the company's affairs and those of its most significant subsidiaries and associates at the intervals and to the extent we deemed appropriate, in particular through periodic meetings with the company's directors and senior management. We confirmed that the accounts were properly kept and the respective documentation in order, as well as checking the effectiveness of the systems for risk management, internal control and internal auditing. We were watchful of compliance with the law and the articles of association. We encountered no constraints in the course of our work.

3. We held several meetings with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., thereby monitoring the audit work carried out and assuring the independence of such work. We have assessed the Legal Certificate of Accounts and the Audit Report, with which we are in agreement.

4. In the course of our duties we found that:

a) the Consolidated Balance Sheet, the Consolidated Statement of Financial Position, the Consolidated Statement of Recognized Income and Expense, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the corresponding Notes to the financial statements provide an appropriate picture of the state of the company's affairs and of its results;

b) the accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and are appropriate so as to assure that they lead to a correct assessment of the company's assets and its results; the analyses and recommendations issued by the external auditor have been duly followed up;

c) the Consolidated Management Report provides sufficient information on the progress of the company's activities and of its subsidiaries included in the consolidated accounts and the state of their affairs and offers a clear account of the most significant developments during the period;

d) the Corporate Governance Report includes the information required by Article 245-A of the Securities Code.

5. Accordingly, taking into consideration the information received from the Board of Directors and from the company departments, together with the conclusions set out in the Legal Certificate of Accounts and the Audit Report, we recommend that:

a) the Consolidated Management Report be approved;

b) the Consolidated Financial Statements be approved;

6. Finally, the members of the Audit Board wish to express their acknowledgment and thanks to the Board of Directors and to the company's senior management and other staff for their assistance and cooperation.

Lisbon, 29 February 2012

THE CHAIRMAN OF THE AUDIT BOARD

Miguel Camargo de Sousa Eiró

THE MEMBER

Duarte Nuno d'Orey da Cunha

THE MEMBER

Gonçalo Nuno Palha Gaio Picão Caldeira

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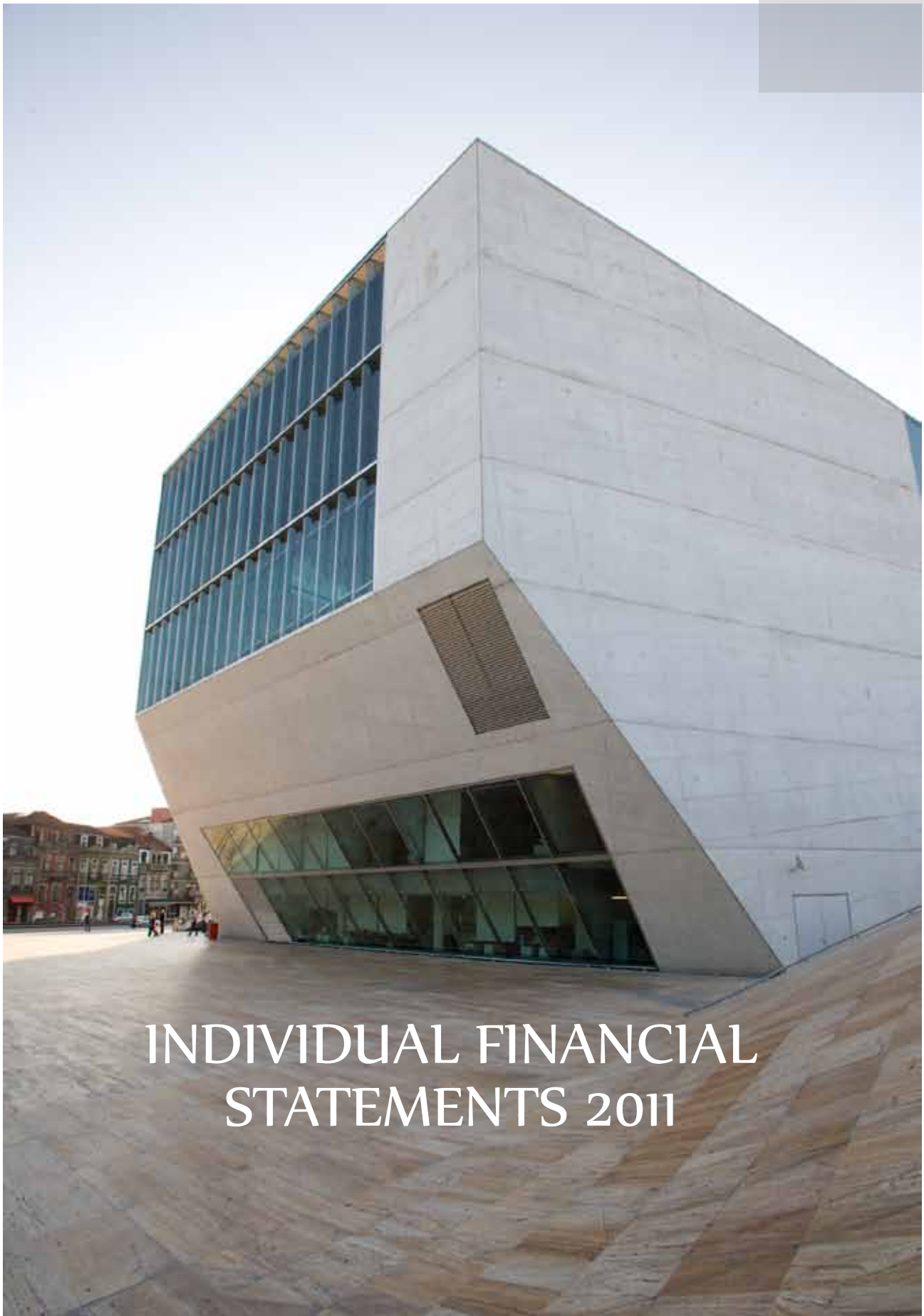

INDIVIDUAL FINANCIAL STATEMENTS 2011

INCOME STATEMENT BY NATURE

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	Note	2011	2010
REVENUES AND COSTS			
Sales and services rendered	4	2,784,168	2,825,760
Gains / (losses) of subsidiaries, associates and joint ventures	5	156,826,138	181,206,112
Consumed materials and services	6	(5,403,112)	(6,956,716)
Payroll costs	7	(13,737,578)	(14,975,908)
Provisions increase / (decrease)	8	(1,100,000)	(1,605,001)
Fair value increase / (decrease)	9	(1,382,615)	(2,354,722)
Other operating income	10	2,061,311	47,579
Other costs and losses	10	(995,586)	(1,047,833)
Operational results		**139,052,726**	**157,139,271**
(Expense) / reversals of depreciation and amortization	11	(330,792)	(164,825)
Impairment on depreciable/amortisable investments (expenses/reversals)	11	-	(102,292)
Profit before tax		**138,721,934**	**156,872,154**
Interest and similar income	12	6,826,885	670,001
Interest and similar expenses	12	(20,753,513)	(16,824,667)
Net Income		**124,795,306**	**140,717,488**
Income tax	13	(633,506)	(13,997,259)
Net profit for the year		**124,161,800**	**126,720,229**
Earnings per share			
Basic earnings per share, Eur	14	1,10	1,10

BALANCE SHEET

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	Note	31-12-2011	31-12-2010
ASSETS			
Non-current Assets			
Property, Plant and Equipment	15	1,487,506	1,068,602
Goodwill	16	137,906,572	3,451,111
Investments in associates	5	1,744,935,841	1,492,953,934
		1,884,329,919	**1,497,473,647**
Current Assets			
State and other public entities	17	397,083	419,919
Receivable and other current assets	18	5,094,135	1,246,007
Deferred assets	19	228,412	204,296
Financial assets held for trading	20	427,363	549,594
Other financial assets	21	4,134,928	2,264,710
Cash and cash equivalents	24	111,868,809	95,012,083
		122,150,730	**99,696,609**
Total Assets		**2,006,480,649**	**1,597,170,256**
EQUITY AND LIABILITIES			
Capital próprio			
Share capital	22	118,332,445	118,332,445
Treasury shares	22	(47,164,986)	(36,765,574)
Share premiums	23	3,923,459	3,923,459
Legal reserves	23	23,666,489	23,666,489
Other reserves	23	836,129,430	738,890,375
Retained earnings	23	28,993,596	25,061,217
Fair value reserves	23	5,535,173	6,317,024
Other changes in equity	23	(9,371,378)	(4,827,952)
		960,044,228	**874,597,483**
Net profit for the year		124,161,800	126,720,229
Dividends paid in advance	23	-	(29,481,173)
Shareholders' equity		1,084,206,028	971,836,539
Liabilities			
Non-current liabilities			
Provisions	8	3,640,000	2,540,000
Interest-bearing liabilities	24	498,899,947	454,224,308
Pensions and other post-employment benefits	25	100,101,271	99,931,261
		602,641,218	**556,695,569**
Current liabilities			
Suppliers		88,595	50,116
State and other public entities	17	1,043,208	247,535
Interest-bearing liabilities	24	293,429,928	46,434,133
Other current liabilities	26	25,065,716	21,900,481
Deferred liabilities	19	5,956	5,883
		319,633,403	**68,638,148**
Total liabilities		**922,274,621**	**625,333,717**
Total equity and liabilities		**2,006,480,649**	**1,597,170,256**

STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY 2010 TO 31 DECEMBER 2011

DESCRIPTION Amounts in Euro		Share Capital	Treasury shares	Share premiums	Legal reserves	Other reserves	Retained earnings	Financial adjustments assets	Other changes Equity	Net profit for the year	Dividends paid in advance	Total
Equity as of 1 January 2010	1	**118,332,445**	**(36,765,574)**	**3,923,459**	**23,666,489**	**689,522,224**	**27,759,648**	**(7,337,065)**	**(4,465,146)**	**78,880,906**	**-**	**893,517,386**
Changes in period												
Currency translation effects		-	-	-	-	-	-	-	(192)	-	-	(192)
Income and expenses recognized directly in equity												
Adjustments of investments on subsidiaries		-	-	-	-	-	-	3,072,808	-	-	-	3,072,808
Fair value od derivatives financial instruments		-	-	-	-	-	-	-	(362,614)	-	-	(362,614)
Actuarial gains / (losses)		-	-	-	-	-	(2,730,013)	-	-	-	-	(2,730,013)
Changes on investment grants in subsidiaries		-	-	-	-	-	-	10,581,281	-	-	-	10,581,281
Transfer to reserves and retained earnings		-	-	-	-	49,368,151	31,582	-	-	(49,399,733)	-	-
	2	**-**	**-**	**-**	**-**	**49,368,151**	**(2,698,431)**	**13,654,089**	**(362,806)**	**(49,399,733)**	**-**	**10,561,270**
Net profit for the year	3									126,720,229	-	126,720,229
Net profit	4=2+3									**77,320,496**	**-**	**137,281,499**
Operations with Shareholders in the period												
Distributions		-	-	-	-	-	-	-	-	(29,481,173)	(29,481,173)	(58,962,346)
	5	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29,481,173)**	**(29,481,173)**	**(58,962,346)**
Equity as of 31 December 2010	6=1+2+3+5	**118,332,445**	**(36,765,574)**	**3,923,459**	**23,666,489**	**738,890,375**	**25,061,217**	**6,317,024**	**(4,827,952)**	**126,720,229**	**(29,481,173)**	**971,836,539**

DESCRIPTION Amounts in Euro		Share Capital	Treasury shares	Share premiums	Legal reserves	Other reserves	Retained earnings	Financial adjustments assets	Other changes Equity	Net profit for the year	Dividends paid in advance	Total
Equity as of 1 January 2011	6	**118,332,445**	**(36,765,574)**	**3,923,459**	**23,666,489**	**738,890,375**	**25,061,217**	**6,317,024**	**(4,827,952)**	**126,720,229**	**(29,481,173)**	**971,836,539**
Changes in period												
Currency translation effects		-	-	-	-	-	-	-	(3,164)	-	-	(3,164)
Income and expenses recognized directly in equity												
Adjustments of investments on subsidiaries		-	-	-	-	(1)	-	(781,851)	-	-	-	(781,852)
Fair value od derivatives financial instruments		-	-	-	-	-	-	-	(4,540,262)	-	-	(4,540,262)
Actuarial gains / (losses)		-	-	-	-	-	3,932,379	-	-	-	-	3,932,379
Transfer to reserves and retained earnings		-	-	-	-	97,239,056	-	-	-	(126,720,229)	29,481,173	-
	7	**-**	**-**	**-**	**-**	**97,239,055**	**3,932,379**	**(781,851)**	**(4,543,426)**	**(126,720,229)**	**29,481,173**	**(1,392,899)**
Net profit for the year	8									124,161,800	-	124,161,800
Net profit	9=7+8									**(2,558,429)**	**29,481,173**	**122,768,901**
Operations with Shareholders in the period												
Acquisition of own shares		-	(10,399,412)	-	-	-	-	-	-	-	-	(10,399,412)
	10	**-**	**(10,399,412)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,399,412)**
Equity as of 31 December 2011	6+7+8+10	**118,332,445**	**(47,164,986)**	**3,923,459**	**23,666,489**	**836,129,430**	**28,993,596**	**5,535,173**	**(9,371,378)**	**124,161,800**	**-**	**1,084,206,028**

CASH FLOW STATEMENT

AS OF 31 DECEMBER 2011 AND 2010

Amounts in Euro	Note	2011	2010
OPERATING ACTIVITIES - Direct Method			
Payments to suppliers		(8,445,131)	(6,562,904)
Payments to personnel		(9,741,709)	(8,430,238)
Cash flow from operations		**(18,186,840)**	**(14,993,142)**
Income tax received / (paid)		(876,747)	(131,659)
Other receipts / (payments) relating to operating activities		1,518,965	2,448,800
Cash flow from operating activities (1)		**(17,544,622)**	**(12,676,001)**
INVESTING ACTIVITIES			
Outflows:			
Property, plant and equipment		(260,251)	(15,831)
Financial investments		(823,245,380)	(28,629,746)
Inflows:			
Financial investments		344,856,188	144,450,616
Interest and similar income		3,870,429	170,315
Dividends		261,806,096	25,508,006
Cash flow from investing activities (2)		**(212,972,918)**	**141,483,360**
FINANCING ACTIVITIES			
Inflows:			
Borrowings		1,111,133,935	750,694,806
Loans granted		2,280,875	16,447,906
Outflows:			
Borrowings		(818,734,116)	(726,262,172)
Loans granted		(2,644,900)	(6,420,131)
Interest and similar expenses		(20,412,558)	(15,923,931)
Dividends		-	(58,962,347)
Capital reductions and other equity instruments		(24,248,970)	-
Cash flow from financing activities (3)		**247,374,266**	**(40,425,869)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**16,856,726**	**88,381,490**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	24	95,012,083	6,630,593
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	**111,868,809**	**95,012,083**

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011

(Translation of a report originally issued in Portuguese)

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

1. COMPANY IDENTIFICATION

Entity: Semapa - Sociedade de Investimemento e Gestão, SGPS, SA
Head Office: Av. Fontes Pereira de Melo, 14, Lisbon
Share Capital: Euros 118.332.445
Corporate body no.: 502 593 130

A Semapa — Sociedade de Investimento e Gestão, SGPS, SA ("Ther Company") was incorporated on 21 June 1991 and its main activity being is investing in other companies, namely in the production of cement and derivatives, pulp and paper, through its subsidiaries, Secil – Companhia Geral de Cal e Cimento, S.A., Portucel – Empresa Produtora de Pasta e Papel, S.A. and ETSA Investimentos, SGPS, SA..

2. APPLICABLE ACCOUNTING STANDARDS IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The attached financial statements were prepared according to all standards present in the Accounting Normalization System (Portuguese initials – SNC). As part of those standards are included the Base for the Presentation of Financial Statements, the Financial Statements' Models, the Code of Accounts, the Accounting and Financial Reporting Standards (Portuguese initials – NCRF) and the Interpretational Standards (Portuguese initials – NI).

Whenever SNC does not address to particular transactions or situations, the International Accounting Standards are used, adopted under regulation (EU) n.1606/2002 from the European Parliament and Counsel at July 19, the International Accounting Standards (IAS) and the International Financing Reporting Standards (IFRS) issued by IASB and interpreted by SIC-IFRIC.

The accounting policies and measurement criteria adopted at 31 December 2011 are comparable to those used on the financial statements as of 31 December 2010.

These financial statements reflect only the Company's individual accounts. Nevertheless, the Company has also prepared a set of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

As at 31 December 2011 and 2010, the differences between these two sets of accounts were as follows:

Amounts in Euro	31-12-2011	31-12.2010
Total Assets	1,779,075,923	1,972,479,378
Total Liabilities	1,481,262,064	1,700,374,322
Equity Total (before minority interests)	-35,403,030	-38,415,790
Total Revenues	1,665,872,095	1,549,498,273

3. SUMMARY OF THE PRINCIPAL ACCOUNTING POLICIES

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

3.1 TANGIBLE ASSETS

Tangible assets are booked at acquisition cost less accumulated amortization and impairment losses (Note 15).

Depreciation is calculated on the acquisition cost, using the straight-line method, as from the date the asset is available for, using the rates that best reflect their estimated useful life as follows:

	Average Useful life
Buildings and other constructions	7 – 10
Equipment:	
Transportation equipment	4
Tools and utensils	4
Office equipment	3 - 8
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 3.5).

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 recognized in the income statement as other operating income or costs.

3.2 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 (Note 16).

Goodwill is not amortized 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.

3.3 FINANCIAL INVESTMENTS – EQUITY METHOD

The caption "Financial Investments – equity method" includes investments in an affiliated or associated company where the Company has control (this happens when the Company has direct or indirectly more than 50% of the voting rights on Board meetings or has the power to influence the operational and financial policies) or has significant influence (this would happen if the company participated on the financial or operational decisions, which generally happens in investments representing from 20 to 50% of the share capital of the acquired company).

Financial investments are measured at the equity method deduced from any accumulated impairment loss (Note 5).

3.3.1 Subsidiaries

Subsidiaries are all entities over which the Company has the power to determine their financial and operating policies, generally where Company's interest is represented by more than half of the voting rights. The existence and potential voting rights' effect, which are currently exercisable or convertible, are taken into account when the Company assesses whether it has control over another entity. Investments in subsidiaries are recorded under the equity accounting method.

In conformity with the equity accounting method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Company's share of changes in the subsidiaries' shareholders' equity (including net income/loss) and by dividends received.

The difference between the acquisition cost and the fair value of the assets, liabilities and contingent liabilities attributable to the subsidiary on the acquisition date is, if positive, recognized as Goodwill. If negative, goodwill is recorded as income for the period under the caption "Gains / (losses) of subsidiaries, associates and joint ventures".

An evaluation of investments in subsidiaries 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 recognized in previous periods cease to exist, they are reversed, with the exception of goodwill.

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

Subsidiaries' accounting policies were amended whenever necessary so as to ensure consistency with the policies adopted by the Company. Investments in subsidiaries are detailed in Note 5.

3.3.2 Joint Ventures

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

Jointly-controlled entities are included in the financial statements under the equity accounting method, previously detailed.

3.4 FOREIGN CURRENCY TRANSLATION

3.4.1 Functional and Reportung currency

The items included in the financial statements of each one of the Company'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 Company's functional and reporting currency.

3.4.2 Balances and transactions expressed in foreign currencies

All the Company'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 income statement for the year.

3.4.3 Subsidiaries

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

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

The resulting exchange rate differences are recognized as a separate component of Shareholders' Equity, under the caption "Other changes in Equity"; and

(ii) The income and costs of each income statement 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.

3.5 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 recognized 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 sales price and its value in use.

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 recognized in previous periods is recorded when it can be concluded that the recognized impairment losses no longer exist or have decreased (with the exception of impairment losses relating to Goodwill – see Note 3.2).

The reversal of impairment losses is recognized in the income statement as "Other operating income". However, the reversal of the impairment loss is effected up to the limit of the amount that would have been recognized (net of amortization or depreciation) had the impairment loss not been recorded in previous years.

3.6 FINANCIAL ASSETS

The Company classifies its financial assets according to the following categories: financial assets at amortized cost and at fair value through profit and loss. 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 recognized at the date of the relevant purchase and sale contracts, irrespective of the financial settlement date.

These 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:

Financial assets at amortized cost

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They are originated when the Company 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 held for trading

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 and fair value can be reliably measured. These investments are measured at fair value through the income statement.

At each balance sheet date the Company assesses whether there is objective evidence that a financial asset or Company of financial assets is impaired. If a prolonged decline in fair value of the financial assets held for trading takes place, then loss is measured as the difference between acquisition cost and current fair value recognized in profit or loss.

3.7 DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivatives to manage the financial risks to which it is exposed.

Notwithstanding the fact that the derivative financial instruments contracted by the Group represent effective economic hedging instruments, not all of them qualify as hedging instruments. Derivative financial instruments are stated at fair value and changes in fair value are recognized in equity or in the income statement (gains and losses in financial instruments), as the hedging is or is not effective.

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.

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.

3.8 CORPORATE 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 (Note 13).

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 recognized whenever there is a reasonable likelihood 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.

3.9 RECEIVABLES AND OTHER CURRENT ASSETS

Debtors' balances and other current assets are recorded at fair value and are subsequently recognized at their amortized cost, net of impairment losses, so as to state them at their expected net realisable value (Note 18).

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

3.10 CASH AND CASH EQUIVALENTS

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 (Note 24).

3.11 SHARE CAPITAL AND TREASURY SHARES

Ordinary shares are classified in shareholders' equity (Note 22).

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.

Costs directly attributable to the issue of new shares or options for the 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 subsidiary company acquires shares of the parent company (treasury shares), the payment, which includes directly-attributable incremental costs, 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.

3.12 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are initially recognized at fair value, net of the transaction costs incurred, and are subsequently stated at their amortized cost. Any difference between the amounts received (net of transaction costs) and the repayment amount is recognized 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 Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date (Note 24).

3.13 BORROWING COSTS

Borrowing costs relating to loans are generally recognized as financial costs, in accordance with the accrual accounting principle (Note 12).

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

Capitalization of these charges commences after the start of the asset's preparation or development activities and ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed or when the relevant project is suspended or substantially concluded.

Any financial income directly related to a specific investment is deducted from the borrowing costs of the referred asset.

3.14 PROVISIONS

Provisions are recognized when the Company 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 recognized. Provisions are reviewed on balance sheet date and are adjusted to reflect the best estimate at that date (Note 8).

3.15 PENSIONS AND OTHER EMPLOYEE BENEFITS

3.15.1 Pensions obligations - defined benefit plans

The Company has undertaken the commitment to pay to Board of directors' members a retirement benefit complement, in terms described in Note 25.

The responsibilities for the payment of retirement benefits are recorded in accordance with NCRF 28.

In accordance with NCRF 28, 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 Company'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 liability thus determined is recognized in the balance sheet and pension costs are recognized in the caption Payroll. 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 recognized when incurred directly in shareholders' equity, in the caption "Retained Earnings" (Note 23).

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

The liability thus calculated is presented in the Balance sheet under the caption "Pensions and post-employment benefits" 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 recognized when incurred directly in shareholders' equity (Note 25).

The gains and losses generated by a curtailment in or a settlement of a defined-benefit plan are recognized 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.

3.15.2 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 balance sheet is shown under the caption "Payables and other current liabilities".

3.16 PAYABLES AND OTHER CURRENT LIABILITIES

Payables and other current liabilities are registered at its nominal value, namely its cost.

3.17 LEASES

Leases, under which a significant part of the risks and benefits of the property is assumed by the lessor and where the Company is 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.

3.18 DIVIDENDS DISTRIBUTION

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

3.19 REVENUE RECOGNITION AND ACCRUAL BASIS

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

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

The Company record as their costs and income in accordance with the principle of accrual accounting, in terms of which costs and income are recognized 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 18 and 26, respectively).

3.20 CONTINGENT ASSETS AND LIABILITIES

Contingent assets are possible assets resulting from past events and which occurrence is dependent on future uncertain events not totally subject to the company's control.

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them.

Contingent liabilities are defined as: (i) possible liabilities resulting from past events and which occurrence is dependent on future uncertain events not totally subject to the company's control; or (ii) current liabilities from past events where the future outflow that influences future benefits is not likely to take place or the amount cannot be reliably calculated.

Contingent liabilities are not recognized in the financial statements but are disclosed, unless outflows from those liabilities are remote where disclosure does not take place.

3.21 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.

3.22 RISK MANAGEMENT

3.22.1 Financial Risk Factors

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries. Thus, the company depends on the eventual dividends distribution by subsidiaries, interests' payment, loans reimbursement and other cash-flows generated by those companies.

The ability of Semapa's subsidiaries 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.

Semapa has a risk-management programme which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the financial performance. Risk management is undertaken by Financial Management 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.

Currency Risk

Variations in the euro's exchange rate against other currencies can affect the Company's revenue, mainly through its subsidiaries.

Interest rate risk

Whenever the evolution in interest rates requires, the Company hedges adverse risks through derivative financial instruments, such as interest rate swaps (IRS), interest rate collars, forwards, etc. In selecting derivative financial instruments, the Company 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 Company, in its management of exposure to interest rate, only hedges for cash flows. These operations are recorded in the balance sheet 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 Company'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 Company 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.

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.

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 is based on the following assumptions:

1. Changes on market interest rates have impact on revenues or on variable financial instruments' interest costs;
2. Changes on market interest rates only have impact on revenues or on fixed financial instruments' interest costs when these are recognized at fair value;
3. Changes on market interest rates have 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 by discounting cash flows using year end's market rates.

Credit Risk

The deterioration in global economic conditions or adverse situations which only affect economies at the local level could give rise to situations in which customers are unable to meet their commitments stemming from the sales of products.

Credit insurance has been one of the instruments adopted by the Company to mitigate the negative impact of this type of risk.

Sales that are not covered by credit insurance are subject to rules which ensure that sales are made to customers with a satisfactory credit history and are within reasonable exposure limits and approved for each costumer.

Liquidity Risk

The Company manages liquidity risk in two ways: (i) 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 (ii) having access to credit facilities available at any moment.

3.22.2 Operational risk factors

Operational risk factors mainly exist at subsidiaries and jointly controlled entities' level and are as follows:

- Supply of raw materials
- Market price
- Demand for Company´s products
- Competition
- Environmental legislation
- Energy costs
- Context costs

3.23 IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

All estimates and assumptions made by management were based on the best information and knowledge as of the date of the financial statements' approval, of events and transactions in progress.

The most relevant accounting estimates used on the financial statements include: i) estimated useful life of tangible and intangible assets; ii) impairment analysis, namely Goodwill and receivables; and iii) provisions.

Estimates were determined on the best available information at the financial statements' date based on the best knowledge and experience of past and current events. However, events may take place in subsequent periods which are not predictable at this time and therefore not included in the current estimates. Changes to current estimates on subsequent periods to the financial statements will be corrected on the income statement.

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:

3.23.1 Impairment of Goodwill

The Company tests annually whether has been any impairment in goodwill, in accordance with the accounting policy described in Note 3.2. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use. These calculations require the use of estimates.

3.23.2 Actuarial assumptions

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

4. SALES AND SERVICES RENDERED

The amount of Euro 2,784,168 and Euro 2,825,760 recognized in Services rendered for periods ended 31 December 2011 and 2010 respectively, refer to management services provided by Semapa to its subsidiaries in financial, accounting, tax and IT areas, among others, that were provided in the domestic market (Note 28).

5. FINANCIAL INVESTMENTS – EQUITY METHOD

As of 31 December 2011 and 2010, investments in subsidiaries and joint ventures were as follows:

Amounts in Euro	% held	31-12-2011	31-12-2010
Subsidiaries			
Cimentospar - Participações Sociais, SGPS, Lda.	100.00 %	208,393,212	-
ETSA Investimentos, SGPS, S.A.	96.00 %	50,589,506	47,802,503
Great Earth - Projectos, S.A.	100.00 %	6,949	157,316
Interholding Investments, B.V.	100.00 %	5,996,937	6,044,247
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	100.00 %	45,777	14,878
Portucel - Empresa Produtora de Pasta e Papel, S.A.	45.69 %	635,715,113	172,809,219
Seinpar Investments, B.V.	100.00 %	533,101,261	477,851,845
Seinpart - Participações, SGPS, S.A.	49.00 %	30,024	209,717,524
Semapa Inversiones, S.L.	100.00 %	84,943,316	216,106,487
Seminv - Investimentos, SGPS, S.A.	100.00 %	171,313,694	329,844,267
Joint Ventures			
Secil - Companhia Geral de Cal e Cimento, S.A.	10.86 %	54,800,052	32,605,648
		1,744,935,841	**1,492,953,934**

Changes on investments in subsidiaries for the periods ended 31 December 2011 and 2010 were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	**1,460,348,286**	**1,411,238,582**
Creation	40,000	74,000
Capital Reductions	(88,164,591)	-
Acquisitions	813,523,844	19,932,746
Goodwill (Note 16)	(133,781,128)	(3,451,111)
Currency translation differences	(3,164)	(192)
Net income	153,893,553	178,022,385
Dividends distribution	(258,654,309)	(23,164,562)
Additional paid in capital	-	7,629,000
Reimbursement of:		
Additional paid in capital	(139,217,510)	(45,786,240)
Share premium	-	(57,670,376)
Participating lender branch	(117,265,000)	(40,000,000)
Adjustments on investments	(584,190)	13,524,054
Closing balance	**1,690,135,791**	**1,460,348,286**

Changes in Investments in subsidiaries and joint ventures for the years ended 31 December 2011 and 2010 were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	**32,605,648**	**31,605,574**
Acquisitions	23,256,095	-
Goodwill (Note 16)	(674,333)	-
Net income	2,932,585	3,183,727
Dividends distribution	(3,122,284)	(2,313,688)
Adjustments on investments	(197,661)	130,035
Closing balance	**54,800,050**	**32,605,648**

Gains related to subsidiaries and joint ventures in the years ended 31 December 2011 and 2010 were as follows:

Amounts in Euro	2011	2010
Appropriate results in subsidiaries		
Cimentospar - Participações Sociais, SGPS, Lda.	10,238,039	-
ETSA Investimentos, SGPS, S.A.	2,812,439	2,462,875
Great Earth - Projectos, S.A.	(150,367)	(177)
Interholding Investments, B.V.	(47,309)	(41,628)
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	(5,937)	(58,930)
Portucel - Empresa Produtora de Pasta e Papel, S.A.	32,456,814	24,051,591
Seinpar Investments, B.V.	59,779,395	59,911,835
Seinpart - Participações, SGPS, S.A.	25,305,070	28,043,331
Semapa Inversiones, S.L.	24,692,342	30,878,881
Seminv - Investimentos, SGPS, S.A.	(1,186,933)	32,774,607
Appropriate results in Joint ventures		
Secil - Companhia Geral de Cal e Cimento, S.A.	2,932,585	3,183,727
	156,826,138	**181,206,112**

As of 31 December 2011, subsidiaries' financial information, after adjustments related to the harmonization of accounting principles, was as follows:

Amounts in Euro	31 December 2011				
	Total Assets	Total Liabilities	Equity	Net profit	Revenue
Subsidiaries					
Cimentospar - Participações Sociais, SGPS, Lda.	208,754,138	360,926	208,393,212	10,238,039	11,067,523
ETSA Investimentos, SGPS, S.A.	92,154,045	39,522,286	52,697,402	2,919,523	33,612,828
Great Earth - Projectos, S.A.	61,052	54,103	6,949	(150,367)	35,777
Interholding Investments, B.V.	6,088,724	91,787	5,996,937	(47,309)	-
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	45,777	-	45,777	(5,937)	433
Portucel - Empresa Produtora de Pasta e Papel, S.A.	2,799,117,935	1,407,523,543	1,391,373,731	185,488,589	1,515,838,202
Seinpar Investments,B.V.	533,175,464	74,202	533,101,262	59,779,395	59,841,996
Seinpart - Participações, SGPS, S.A.	61,964	690	61,274	51,643,000	51,650,011
Semapa Inversiones, S.L.	86,745,120	1,801,804	84,943,316	24,692,342	26,623,527
Seminv - Investimentos, SGPS, S.A.	171,314,209	515	171,313,694	(1,186,933)	835,851
Joint Ventures					
Secil - Companhia Geral de Cal e Cimento, S.A.	1,057,837,083	485,214,495	504,668,762	27,006,983	572,879,281

Em 31 de Dezembro de 2010 a informação financeira das empresas subsidiárias, após se efectuar os necessários ajustamentos de harmonização de políticas contabilísticas, era como segue:

Amounts in Euro	31 December 2010				
	Total Assets	Total Liabilities	Equity	Net profit	Revenue
Subsidiaries					
ETSA Investimentos, SGPS, S.A.	70,522,903	20,784,170	49,794,274	2,452,648	29,579,046
Great Earth - Projectos, S.A.	159,043	1,727	157,316	(177)	17
Interholding Investments, B.V.	6,103,647	59,400	6,044,247	(41,628)	-
N.S.O.S.P.E. - Empreendimentos e Participações, S.A.	14,878	-	14,878	(58,930)	-
Portucel - Empresa Produtora de Pasta e Papel, S.A.	2,660,202,250	1,427,737,748	1,232,247,748	186,585,824	1,407,517,290
Seinpar Investments,B.V.	477,864,309	12,463	477,851,846	59,911,835	59,973,652
Seinpart - Participações, SGPS, S.A.	427,996,219	1,273	427,994,946	57,231,287	57,241,824
Semapa Inversiones, S.L.	218,283,693	2,177,206	216,106,487	30,878,881	31,297,462
Seminv - Investimentos, SGPS, S.A.	329,845,605	1,338	329,844,267	32,774,607	35,697,330
Joint Ventures					
Secil - Companhia Geral de Cal e Cimento, S.A.	977,720,133	401,918,453	508,236,051	49,625,903	578,105,778

6. CONSUMED MATERIALS AND SERVICES

The caption "Consumed materials and services" is detailed as follows for the periods ended 31 December 2011 and 2010:

Amounts in Euro	2011	2010
Specialized services	4,447,409	5,751,105
Materials	62,114	41,752
Energy and fluids	46,590	39,368
Travel, lodging and transportation	116,115	106,802
Other services	1,037,632	1,128,577
External services re-charge	(306,748)	(110,888)
	5,403,112	**6,956,716**

7. PAYROLL EXPENSES

As of 31 December 2011 and 2010 payroll expenses, were made up as follows:

Amounts in Euro	2011	2010
Board of directors (Note 28)	6,397,754	4,455,754
Other remunerations	1,113,428	1,606,085
Post-employment benefits	5,748,206	8,246,199
Other payroll costs	478,190	667,870
	13,737,578	**14,975,908**

Additionally, Semapa's Board of Directors, benefit from a pension plan as described in Note 25.

The number of employees working for the Company on 31 December 2011 and 2010 was 19 and 21, respectively.

8. PROVISIONS

As of 31 December 2011 and 2010, provisions for other risks amounted to Euro 3,640,000 and Euro 2,540,000, respectively.

During the course of the year ended 31 December 2011 and 2010, the following movements took place in the caption "Provisions increase / (decrease)":

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	**2,540,000**	**2,087,596**
Increases	1,100,000	1,605,001
Direct utilisations	-	(1,152,597)
Closing balance	**3,640,000**	**2,540,000**

9. CHANGES IN FAIR VALUE

In the years ended 31 December 2011 and 2010, changes in fair value were as follows:

Amounts in Euro	2011	2010
Trading financial instruments		
- Gains/(losses)	(188 161)	(246 377)
Financial instruments derivatives		
- Gains/(losses)	(1 194 454)	(2 108 345)
Closing balance	**(1 382 615)**	**(2 354 722)**

Fair values' changes on financial instruments held for trade are gains and losses in the period due to changes in market prices of shares held by Semapa, as described in Note 20.

The caption "Derivative financial instruments – Gains / (losses)" incorporates fair value changes in the period on instruments described in Note 27.

10. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

"Other operating income" is detailed as follows for the years ended 31 December 2011 and 2010:

Amounts in Euro	2011	2010
Gains on disposals of tangible fixed assets	10 041	-
Foreign exchange gains	9	2 257
Excess estimated tax for subsidiaries	1 793 309	-
Recovery of VAT from previous years	158 063	45 162
Others	99 889	160
	2 061 311	**47 579**

"Other operating expenses" is detailed as follows for the years ended 31 December 2011 and 2010:

Amounts in Euro	2011	2010
Taxes	(849,543)	(815,134)
Others	(146,043)	(232,699)
	(995,586)	**(1,047,833)**

11. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

As of 31 December 2011 and 2010 changes in depreciation, amortization and impairment losses were as following:

Amounts in Euro	2011	2010
Depreciation of property, plant and equipment		
Buildings	(174,929)	(83,852)
Equipment and other tangible assets	(155,863)	(80,973)
	(330,792)	(164,825)
Impairment Losses on Tangible Assets		
Work in progress	-	(102,292)
	-	(102,292)
	(330,792)	**(267,117)**

12. NET FINANCIAL RESULTS

As of 31 December 2011 and 2010 Net financial results were detailed as follows:

Amounts in Euro	2011	2010
Interest and similar income:		
Interest income from bank deposits	4,871,364	212,117
Interest income on loans to associated companies (Note 28)	1,926,018	403,152
Interest income on bonds	-	12,959
Earned dividends	29,503	29,756
Other financial income	-	12,017
	6,826,885	**670,001**
Interest and similar expenses:		
Interest paid on loans from credit institutions	(8,672,873)	(5,300,103)
Interest paid on loans from shareholders (Note 28)	(705,958)	(136,234)
Interest paid on loans to associated companies (Note 28)	(85,873)	(77,382)
Gains / (losses) on financial instruments (Note 27)	(2,386,131)	(3,552,398)
Interest from other loans	(6,560,025)	(5,373,569)
Other financial expenses	(2,342,653)	(2,384,981)
	(20,753,513)	**(16,824,667)**

The amount stated in "Gains / (losses) on financial instruments" refers to the devaluation in the financial instruments described in note 27.

13. INCOME TAX

Since January 1, 2006, the Company is taxed under the special tax regime for Company Corporate Income Tax ("RETGS"), constituted by the Companies in which minimum investments of 90% are held and which fulfil the conditions set out in article 69º and following articles of the Corporate Income Tax Code (Código do IRC),as of 31 December 2011, owning tax losses carried forward previous to the referred regime amounting Euro 8,830,887 (2010: Euro 8,830,887) and after the referred regime of Euro 113,565,231, over which have not been recognized deferred tax assets due to the fact that there is no reasonable expectation that future profits will be generated.

In terms of the prevailing legislation, tax losses generated until 2009 and after 2010 can be carried forward a period of six and four years, respectively, after their occurrence and where they can be deducted to tax gains over that period.

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, to the net income of the year for the purpose of calculating taxable income.

As of 31 December 2011 and 2010, income tax comprises:

Amounts in Euro	2011	2010
Current Tax	633,506	85,914
Deferred tax	-	13,911,345
	633,506	**13,997,259**

The reconciliation of the effective tax rate in the years ended 31 December 2011 and 2010 is as follows:

Amounts in Euro	2011	2010
Profit before tax	124,795,306	140,717,488
Expected income tax	33,070,756	37,290,134
Differences(a)	(38,825,464)	(44,179,882)
Recoverable tax losses carried forward	-	-
Non recoverable tax losses	4,570,271	20,801,093
Autonomous taxation	1,817,943	85,914
	633,506	**13,997,259**
Effective Tax rate	0.51%	9.95%
Effective tax rate without the equity method	30.15%	29.29%

(a) This amount is made up essentially of :

Amounts in Euro	2011	2010
Effects arising from the application of the equity method (Note 5)	(156,826,138)	(181,206,112)
Not tax deductible impairment losses (Note 11)	-	102,292
Adjustments and provisions taxed (Note 8)	1,100,000	1,605,001
Derivative financial instruments' fair value decrease	-	2,108,345
Post-employment benefits (Note 25)	5,748,206	8,246,199
Paid Pensions (Note	(1,645,817)	(1,645,205)
Earned dividends	-	(29,756)
Tax gains/(losses)	5,021	-
Capital gains / (losses) for accounting purposes	(10,041)	-
Others	5,117,585	4,102,700
	(146,511,184)	(166,716,536)
Tax Effect (26.50%)	(38,825,464)	(44,179,882)

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 higher period.

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 31 December 2011. Additionally, the periods until 2009 have already been reviewed.

14. EARNINGS PER SHARE

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

Amounts in Euro	31-12-2011	31-12-2010
Profit attributable to Semapa's shareholders	124,161,800	126,720,229
Weighted average number of ordinary shares in issue	113,339,133	115,604,470
Basic earnings per share	1.10	1.10
Diluted earnings per share	1.10	1.10

The weighted average number of shares is shown after deducting 2,727,975 treasury shares acquired by Semapa, SGPS, S.A. during 2011, previously owned by Seminv,S.A, as well as 2,720,000 treasury shares acquired by Semapa in July 2007.

15. PROPERTY, PLANT AND EQUIPMENT

The following movements were registered in the years ended 31 December 2011 and 2010 under the caption "Property, plant and equipment", as well as on the respective amortization and impairment losses accounts:

Amounts in Euro	Buildings and other construc-tions	Equipments and others tangibles	Work in progress	Total
Acquisition Cost				
Amount as of 1 January 2010	**775,005**	**563,222**	**208,141**	**1,546,368**
Acquisitions	37,626	11,698	495,474	544,798
Amount as of 31 December 2010	**812,631**	**574,920**	**703,615**	**2,091,166**
Acquisitions	-	249,850	499,846	749,696
Disposals	-	(26,259)	-	(26,259)
Transfers	908,871	192,298	(1,101,169)	-
Amount as of 31 December 2011	**1,721,502**	**990,809**	**102,292**	**2,814,603**
Accumulated depreciation and impairment losses				
Amount as of 1 January 2010	**(370,252)**	**(385,195)**	**-**	**(755,447)**
Increase	(83,852)	(80,973)	(102,292)	(267,117)
Amount as of 31 December 2010	**(454,104)**	**(466,168)**	**(102,292)**	**(1,022,564)**
Increase	(174,929)	(155,863)	-	(330,792)
Disposals	-	26,259	-	26,259
Amount as of 31 December 2011	**(629,033)**	**(595,772)**	**(102,292)**	**(1,327,097)**
Net book value as of 1 January 2010	404,753	178,027	208,141	790,921
Net book value as of 31 December 2010	358,527	108,752	601,323	1,068,602
Net book value as of 31 December 2011	1,092,469	395,037	-	1,487,506

16. GOODWILL

As of 31 December 2011 and 2010 Goodwill is made up as follows:

Amounts in Euro	Acquisition Date	31-12-2011	31-12-2010
Cimentospar, SGPS, SA	2011	81,296,931	-
Portucel - Empresa Produtora de Pasta e Papel, SA	2010	55,935,308	3,451,111
Secil - Companhia Geral de Cal e Cimento, SA	2011	674,333	-
		137,906,572	**3,451,111**

The changes occurred in Goodwill during the years 2011 and 2010 were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Starting Net Value	**3,451,111**	**-**
Acquisitions	134,455,461	3,451,111
Final Balance	**137,906,572**	**3,451,111**

In accordance with NCRF 14, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described in note 3.2.

Goodwill is attributed to the Company's cash generating units (CGU's) based on value in use, according to the method of discounted cash flows.

Impairment testing was based on the following assumptions:

Amounts in Euro	WACC* Projection	WACC* Perpetuity	Growth rate
Cement and derivatives:			
Portugal (mainland)	9.65%	6.44%	2.25%
Madeira	10.04%	6.64%	2.25%
Tunisia	7.50%	7.50%	2.25%
Lebanon	9.79%	9.79%	2.25%
Angola	8.90%	8.90%	2.25%
Cape Verde	7.48%	7.48%	2.25%
Pulp and Paper			
Paper	11.53%	7.84%	2.25%

* Post tax

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

As a result of the calculations made, no impairment losses relating to Goodwill have been identified, related to the different CGU's.

17. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2011 and 2010, there were no arrear debts to the State and other public bodies.

The balances relating to these entities were as follows:

Current assets

Amounts in Euro	31-12-2011	31-12-2010
Corporate Income Tax - IRC	-	145,682
Value Added Tax	397,083	274,237
	397,083	**419,919**

Current liabilities

Amounts in Euro	31-12-2011	31-12-2010
Corporate Income Tax - IRC	850,753	-
Individual Income Tax - IRS	152,149	205,803
Social Security	40,306	41,732
	1,043,208	**247,535**

As of 31 December 2011 and 2010, the caption "Corporate Income tax - IRC" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Autonomous taxation	(1,817,943)	(85,914)
RETGS subsidiaries savings	(12,000)	-
Aditional tax payment	51,365	61,647
Withholding tax to recover	927,825	169,949
	(850,753)	**145,682**

18. RECEIVABLES AND OTHER CURRENT ASSETS

At 31 December 2011 and 2010, "Other receivables and other current assets" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Accrued Income		
Interest receivable	1,085,309	71,131
Others	1,345	1,196
	1,086,654	72,327
Other debtors		
Advances to suppliers	24	-
Derivative financial instruments (Note 27)	17,560	-
Other debtors - subsidiaries (Note 28)	3,963,127	1,161,918
Other debtors - joint ventures (Note 28)	14,753	681
Other debtors	12,017	11,081
	4,007,481	1,173,680
	5,094,135	**1,246,007**

19. DEFERRALS

As of 31 December 2011 and 2010, this caption comprised:

Amounts in Euro	31-12-2011	31-12-2010
Deferred costs		
Consumed materials and services	62,111	72,435
Prepaid interest	166,301	131,861
	228,412	204,296
Deferred revenues		
Others	(5,956)	(5,883)
	(5,956)	(5,883)

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The following movements were registered in this caption during the years ended 31 December 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Fair value at the beginning of the year	549,594	795,971
Acquisitions	275,000	-
Disposals	(209,070)	-
Changes in fair value (Note 9)	(188,161)	(246,377)
Fair value at end of period	**427,363**	**549,594**

As of 31 December 2011 and 2010 the fair value of available-for-sale financial assets comprises:

	Fair value	
Amounts in Euro	31-12-2011	31-12-2010
Banco Comercial Português, S.A.	184	756
Banco Espírito Santo, S.A.	152,179	324,648
EDP - Energias de Portugal, S.A.	-	224,190
Ynvisible, S.A.	275,000	-
	427,363	**549,594**

21. OTHER FINANCIAL ASSETS

As of 31 December 2011 and 2010, other financial assets were related to receivables from companies belonging to the Company in the amounts of Euro 4,134,928 and Euro 2,264,710 referring to short term cash operations plus interests at market rates which are collected every three months (Note 28).

22. SHARE CAPITAL AND TREASURY SHARES

At 31 December 2011 and 2010, 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 31 December 2011 and 2010 the following entities had substantial holdings in the company's capital:

Name	Nº of shares	% 31-12-2011	% 31-12-2010
Longapar, SGPS, S.A.	21 505 400	18,17	17,64
Sodim, SGPS, S.A.	18 842 424	15,92	15,92
Cimo - Gestão de Participações, SGPS, S.A.	16 199 031	13,69	11,92
Banco BPI, SA	12 009 004	10,15	10,15
Bestinver Gestión, SGIIC, S.A.	11 865 210	10,03	7,46
Norges Bank (the Central Bank of Norway)	5 933 463	5,01	2,09
Banco Espírito Santo, SA	3 871 957	3,27	3,27
Sociedade Agrícola da Quinta da Vialonga, S.A.	625 199	0,53	0,53
OEM - Organização de Empresas, SGPS, S.A.	535 000	0,45	0,45
Cimigest, SGPS, SA	100	0,00	0,93
Seminv - Investimentos, SGPS, S.A	-	-	2,31
ESAF - Espírito Santo Fundos de Invest. Mobiliário, SA	-	-	2,17
Sonaca - SGPS, S.A,	-	-	1,38
Treasury shares	5 447 975	4,61	2,30
Other shareholders with less then 2% participation	21 497 682	18,16	21,49
	118 332 445	**100,00**	**100,00**

On 4 July 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., acquired in the stock market, 2,720,000 treasury shares of its share capital.

During 2011, Semapa acquired 2,727,975 of its own shares, previously owned by Seminv, Investimentos – SGPS, S.A. shown as treasury shares.

23. RESERVES AND RETAINED EARNINGS

Emission´s Premium

This value 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.

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, which is verified as of 31 December 2011.

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

The amounts booked in this caption 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 on 2007 and of 2,727,975 shares on 2011, a reserve with the same amount has been made unavailable, in accordance with the applicable trade law. This reserve should be kept until the disposal of the shares.

Retained earnings

Actuarial gains or losses

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 are equally recorded under this caption as described in Note 3.15.1.

Previous year's net income was distributed as follows:

Amounts in Euro	*Application of year´s net profit:* 2010	2009
Dividends paid	29 481 173	29 481 174
Others reserves	97 239 056	49 368 150
Retained earnings	-	-
Net profit for the year (2010: SNC / 2009: POC)	**126 720 229**	**78 849 324**
Dividend per share	**0,255**	**0,255**

Adjustments on financial assets

This caption shows the adjustments made due to the equity method's application on subsidiaries.

Adjustments on financial assets were as follows in the years ended 31 December 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Subsidiaries		
Cimentospar - Participações Sociais, SGPS, Lda.	(762,215)	-
ETSA Investimentos, SGPS, S.A.	(683,129)	(657,692)
Great Earth - Projectos, S.A.	2	2
Portucel - Empresa Produtora de Pasta e Papel, S.A.	597,640	1,881,539
Seinpar Investments, B.V.	(1,487,476)	3,042,502
Seinpart - Participações, SGPS, S.A.	35,857,480	1,635,774
Semapa Inversiones, S.L.	(36,764,961)	1,825,552
Seminv - Investimentos, SGPS, S.A.	9,417,608	(968,539)
Joint Ventures		
Secil - Companhia Geral de Cal e Cimento, S.A.	(639,776)	(442,114)
	5,535,173	**6,317,024**

Changes in "Adjustments on Financial Assets", were as follows for the years ended 31 December 2011 and 2010:

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	**6,317,024**	**(7,337,065)**
Investment grants recognition on equity in subsidiaries	(5,077,136)	10,581,281
Actuarial gains / (losses)	1,730,316	(4,332,657)
Treasury shares acquired by subsidiary companies	8,348,980	-
Fair value of derivative financial instruments	(5,788,078)	599,223
Translation reserve	7,144	2,900,263
Intragroup differences in acquisition of share capital	-	3,154,011
Dividends distributed to subsidiary Seminv, SGPS, SA	-	1,391,268
Other movements	(3,077)	(639,300)
	5,535,173	**6,317,024**

Other changes in equity

As of 31 December 2011 and 2010 this caption comprised:

Amounts in Euro	31-12-2011	31-12-2010
Fair value of derivative financial instruments	(9,368,022)	(4,827,760)
Differences arising on translation of financial statements	(3,356)	(192)
	(9,371,378)	**(4,827,952)**

The negative amounts of Euro 9,368,022 and Euro 4,827,760 presented under "Fair value of derivative financial instruments" correspond to changes on hedging financial instruments' fair value, where Mark to Market as at 31 December 2011 and 2010 was negative totalizing Euro 10,933,729 and Euro 5,395,648 (Note 26) and intrinsic value of Euro 9,368,022 and Euro 4,827,750 respectively. All of these amounts are recorded according to the policy described on note 3.7.

On 31 December 2011, the negative amount of Euro 192 (2010: Euros 192) represents the company's appropriation of exchange differences due to the financial statements' conversion of companies acting outside the Euro zone, namely the conversion of the subsidiary N.S.O.S.PE. - Empreendimentos e Participações, S.A., with head office in Rio de Janeiro, Brazil.

24. INTEREST-BEARING LIABILITIES

As of 31 December 2011 and 2010, Company's net debt was as follows:

Amounts in Euro	31-12-2011	31-12-2010
Interest-bearing liabilities		
Non-current	498,899,947	454,224,308
Current	293,429,928	46,434,133
	792,329,875	**500,658,441**
Cash and cash equivalents		
Cash	5,263	3,263
Short term bank deposits	81,546	30,820
Others	111,782,000	94,978,000
	111,868,809	**95,012,083**
Held securities market value	29,255,626	22,521,600
Interest-bearing net debt	**651,205,440**	**383,124,758**

Non-current interest-bearing liabilities

As of 31 December 2011 and 2010, non-current interest--bearing liabilities were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Non currents		
Bonds loans	225,000,000	225,000,000
Commercial paper	130,850,000	80,600,000
Loans from financial institutions	145,079,000	151,079,000
Expenses with bond loans issuing	(2,029,053)	(2,454,692)
Non-current interest-bearing liabilities	**498,899,947**	**454,224,308**

Bond Loans

As of 31 December 2011 and 2010, non-current bond loans were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Bond loans		
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
	225,000,000	**225,000,000**

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 31 December 2011, Euro 95.25 (31 December 2010: Euro 96).

Commercial Paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 88,100,000 as at 31 December 2011.

During the year ended 31 December 2008, Semapa and ETSA – Investimentos SGPS SA (former designated by VerdeOculto) 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 42,750,000 as of 31 December 2011.

Maturity of bond loans and other loans

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

Amounts in Euro	31-12-2011	31-12-2010
1 to 2 years	137,079,000	137,079,000
2 to 3 years	8,000,000	4,000,000
3 to 4 years	-	4,000,000
4 to 5 years	225,000,000	6,000,000
More than 5 years	-	225,000,000
	370,079,000	**376,079,000**

Current interest-bearing liabilities

As of 31 December 2011 and 2010, current interest-bearing liabilities were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Currents		
Loans from financial instituitions	37,016,634	27,085,706
Interest-bearing bank debt	**37,016,634**	**27,085,706**
Shareholders short term loans	10,065,242	19,298,227
Subsidiaries short term loans	246,348,052	50,200
Other interest-bearing debts	**256,413,294**	**19,348,427**
Current interest-bearing liabilities	**293,429,928**	**46,434,133**

Liabilities assumed due to Operating Leases

As of 31 December 2011 and 2010 debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	31-12-2011	31-12-2010
Less than 1 year	90,675	103,713
1 to 2 years	65,636	86,169
2 to 3 years	40,414	60,980
3 to 4 years	12,870	35,435
4 to 5 years	-	10,725
Total liabilities	**209,595**	**297,022**
Costs for the year	**102,791**	**113,072**

Bank credit facilities granted and not drawn

On 31 December 2011 and 2010, bank credit facilities granted and not drawn against amounted to Euro 115,883,366 and Euro 171,564,294 respectively.

25. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Shareholders' General Meeting, held in 30 March 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's 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 have worked at least 20 years for the company (8 of which 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 of 31 December 2011 the liabilities of the plan amounted to Euro 100,101,271 (2010: Euro 99,931,261). No pension fund was established for the financing of this Company's' obligation.

During the periods ended 31 December 2011 and 2010, changes in Company's liabilities were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Opening balance	99,931,261	90,600,253
Movements in the year:		
Expenses recognised in income statement (Note 7)	5,748,206	8,246,199
Actuarial losses / (gains) (Note 23)	(3,932,379)	2,730,013
Pensions paid in the year	(1,645,817)	(1,645,204)
Liabilities at year end	**100,101,271**	**99,931,261**

The actuarial studies were based on the following assumptions:

Amounts in Euro	31-12-2011	31-12-2010
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Wage growth rate	2.25%	2.25%
Technical interest rate	5.00%	5.00%
Pensions growth rate	2.00%	2.00%
Pensions reversability rate	50%	50%
Number of annual payments of Semapa complement	12	12
Social Benefits formula	Decret-Law nº 187/2007 of May 10th	Decret-Law nº 187/2007 of May 10th

26. PAYABLES AND OTHER CURRENT LIABILITIES

As of 31 December 2011 and 2010 the caption "Payables and other current liabilities" comprises:

Amounts in Euro	31-12-2011	31-12-2010
Subsidiaries and joint ventures (Note 28)	275,135	951,638
Shareholders (Notae28)	-	898
Accounts payable - fixed assets suplliers	28,722	95,739
Consultants and advisers	75,913	891,866
Derivative financial instruments	10,933,729	5,395,648
Other payables	6,600,044	6,600,000
Accrued expenses	7,152,173	7,964,692
	25,065,716	**21,900,481**

At 31 December 2011 and 2010, the caption "Accrued expenses" comprised:

Amounts in Euro	31-12-2011	31-12-2010
Accrued expenses		
Payroll costs	4,571,647	4,738,942
Interest payable	2,276,111	2,022,619
Others	304,415	1,203,131
	7,152,173	**7,964,692**

27. DERIVATIVE FINANCIAL INSTRUMENTS

During the year ended 31 December 2009 and in order to cover the interest rate risk of its bond loans, Semapa contracted three interest rate collar structures: (i) Euro 175,000,000 with Caixa BI; (ii) Euro 25,000,000 with BPI and (iii) Euro 25,000,000 with BES. These instruments allow Semapa to establish a minimum and maximum rate to cash outflows related to the above mentioned loans. According to NCRF 27, these instruments are recorded in the financial statement as mentioned on note 3.7.

Fair value of derivative financial instruments is included under the caption "Payables and other current liabilities" (Note 26), if negative, and in the caption "Receivable and other current assets" (Note 18), if positive.

Detail and maturity of the Derivative Financial Instruments

As of 31 December 2011 details of the fair value of derivative financial instruments shown in the balance sheet were as follows:

				Fair value	
Amounts in Euro	Currency	Notional	Maturity	31-12-2011	31-12-2010
Financial instruments - trading					
Currency Forward	BRL	56,414,375	12-Jan-12	17,560	-
Closing balance				**17,560**	**-**
Financial instruments - hedging					
Interest rate collar	EUR	175,000,000	20-Abr-16	(8,668,033)	(4,239,961)
Interest rate collar	EUR	25,000,000	30-Nov-15	(1,137,775)	(583,529)
Interest rate collar	EUR	25,000,000	30-Nov-15	(1,127,921)	(572,158)
Closing balance				**(10,933,729)**	**(5,395,648)**
Total financial instruments				**(10,916,169)**	**(5,395,648)**

Changes in fair value of derivative financial instruments for the years 2011 and 2010 were as follows:

Amounts in Euro	Fair value Variation (Trading)	Fair value Variation (Hedging)	Total
As of 1 January 2010	**-**	**(3,006,490)**	**(3,006,490)**
Maturity/Liquidations	-	3,634,199	3,634,199
Change in fair value booked in the income statement (Note 9)	-	(2,108,345)	(2,108,345)
Reclassification to the income statement (Note 12)	-	(3,552,398)	(3,552,398)
Change in fair value booked in equity	-	(362,614)	(362,614)
As of 31 December 2010	**-**	**(5,395,648)**	**(5,395,648)**
Maturity/Liquidations	-	2,600,326	2,600,326
Change in fair value booked in the income statement (Note 9)	17.560	(1,212,014)	(1,194,454)
Reclassification to the income statement (Note 12)	-	(2,386,131)	(2,386,131)
Change in fair value booked in equity	-	(4,540,262)	(4,540,262)
As of 31 December 2011	**17.560**	**(10,933,729)**	**(10,916,169)**

28. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As at 31 December 2011, balances with related parties were as follows:

	31-12-2011			
Amounts in Euro	Other Receivables (Note18)	Other Finantial assets (Note 21)	Loans (Note 24)	Other Payables (Note 26)
Shareholders				
Cimo SGPS, SA	-	-	3,815,891	-
Longapar, SGPS, SA	-	-	6,249,351	-
	-	-	10,065,242	-
Subsidiaries				
Celcimo, S.L.	-	-	3,840,921	-
Cimentospar - Participações Sociais, Lda.	366,507	-	-	-
ETSA Investimentos, SGPS, S.A.	2,102,404	3,994,488	-	3,669
Great Earth - Projectos, S.A.	7,939	-	-	24,000
Interholding Investments, B.V.	644	78,962	-	-
Portucel - Emp. Prod. de Pasta e Papel, S.A.	1,484,341	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	15	-	-	-
Seinpar Investments, B.V.	394	-	-	-
Seinpart - Participações, SGPS, S.A.	-	61,478	56,712	-
Semapa Inversiones, S.L.	-	-	71,693,393	-
Seminv - Investimentos, SGPS, SA	283	-	170,757,026	244,901
Soporcel - Soc. Portuguesa de Papel, S.A.	600	-	-	-
	3,963,127	4,134,928	246,348,052	272,570
Joint Ventures				
Secil - Companhia Geral de Cal e Cimento, S.A.	14,750	-	-	2,565
Ciminpart - Investimentos e Participações, SGPS, S.A.	3	-	-	-
	14,753	-	-	2,565
Total	**3,977,880**	**4,134,928**	**256,413,294**	**275,135**

As at 31 December 2010, balances with related parties were as follows:

	31-12-2010			
Amounts in Euro	Other Receivables (Note18)	Other Finantial assets (Note 21)	Loans (Note 24)	Other Payables (Note 26)
Shareholders				
Cimo SGPS, SA	-	-	4,600,244	-
Longapar, SGPS, SA	-	-	14,123,140	-
Sonaca SGPS, SA	-	-	574,843	898
	-	-	19,298,227	898
Subsidiaries				
Cimentospar - Participações Sociais, Lda.	154,471	-	-	1
ETSA Investimentos, SGPS, S.A.	834,625	52,490	-	731,356
Great Earth - Projectos, S.A.	134	-	-	90,000
Interholding Investments, B.V.	-	42,180	-	-
Portucel - Emp. Prod. de Pasta e Papel, S.A.	164,318	-	-	-
Sebol - Comércio e Indústria de Sebo, S.A.	16	-	-	-
Seinpart - Participações, SGPS, S.A.	173	-	-	-
Semapa Inversiones, S.L.	-	2,170,040	-	-
Seminv - Investimentos, SGPS, SA	173	-	50,200	130,281
Soporcel - Soc. Portuguesa de Papel, S.A.	8,008	-	-	-
	1,161,918	2,264,710	50,200	951,638
Joint Ventures				
Secil - Companhia Geral de Cal e Cimento, S.A.	678	-	-	-
Ciminpart - Investimentos e Participações, SGPS, S.A.	3	-	-	-
	681	-	-	-
Total	**1,162,599**	**2,264,710**	**19,348,427**	**952,536**

During the year ended 31 December 2011, transactions with related parties were as follows:

Amounts in Euro	Sales and Services Rendered	Supplementary income	Interest and other income (Note 12)	Financial costs (Note12)	Services and Goods purchase	Investment goods purchase
Shareholders						
Cimigest, SGPS, S.A.	-	-	-	-	(107,740)	-
Cimo SGPS, SA	-	-	-	(226,524)	-	-
Longapar, SGPS, SA	-	-	-	(456,910)	-	-
Sonaca SGPS, SA	-	-	-	(22,524)	-	-
	-	**-**	**-**	**(705,958)**	**(107,740)**	**-**
Subsidiaries						
Celcimo, S.L.	-	-	-	(970)	-	-
Cimentospar - Participações, SGPS, Lda	806,304	-	-	-	-	-
ETSA Investimentos, SGPS, S.A.	261,744	882	57,173	-	-	-
Great Earth - Projectos, SA	-	-	-	-	-	-
Interholding Investments, BV	-	-	1,826	-	-	-
Portucel - Emp. Produtora de Pasta e Papel, SA	1,716,120	188,748	-	-	-	-
Seinpar Investments, BV	-	-	1,237	-	-	-
Seinpart - Participações, SGPS, SA	-	-	-	(14)	-	-
Semapa Inversiones, SL	-	19,767	1,865,782	(18,568)	-	(19,642,705)
Seminv - Investimentos, SGPS, SA	-	-	-	(66,321)	-	-
Soporcel - Soc. Portuguesa de Papel, SA	-	76,495	-	-	-	-
	2,784,168	**285,892**	**1,926,018**	**(85,873)**	**-**	**(19,642,705)**
Joint Ventures						
Secil - Companhia Geral de Cal e Cimento, SA	-	19,173	-	-	-	-
	-	19,173	-	-	-	-
Total	**2,784,168**	**305,065**	**1,926,018**	**(791,831)**	**(107,740)**	**(19,642,705)**

During the year ended 31 December 2010, transactions with related parties were as follows:

Amounts in Euro	Sales and Services Rendered	Supplementary income	Interest and other income (Note 12)	Financial costs (Note12)	Services and Goods purchase	Investment goods purchase
Shareholders						
Cimigest, SGPS, S.A.	-	-	-	-	(107,740)	-
Cimo SGPS, SA	-	-	-	(11,011)	-	-
Longapar, SGPS, SA	-	-	-	(120,008)	-	-
Sonaca SGPS, SA	-	-	-	(5,215)	-	-
	-	**-**	**-**	**(136,234)**	**(107,740)**	**-**
Subsidiaries						
Cimentospar - Participações, SGPS, Lda	816,960	-	5,810	-	-	-
ETSA Investimentos, SGPS, S.A.	485,100	-	2,485	(5,646)	-	-
Great Earth - Projectos, SA	-	-	-	-	-	-
Interholding Investments, BV	-	-	369	-	-	-
Portucel - Emp. Produtora de Pasta e Papel, SA	1,523,700	20,496	-	-	-	-
Seinpar Investments, BV	-	-	401	(67,907)	-	-
Seinpart - Participações, SGPS, SA	-	-	-	(236)	-	-
Semapa Inversiones, SL	-	-	393,773	(3,491)	-	(19,642,705)
Seminv - Investimentos, SGPS, SA	-	-	314	(102)	-	-
Soporcel - Soc. Portuguesa de Papel, SA	-	75,078	-	-	-	-
	2,825,760	**95,574**	**403,152**	**(77,382)**	**-**	**(19,642,705)**
Joint Ventures						
Secil - Companhia Geral de Cal e Cimento, SA	-	9,425	-	-	-	-
	-	9,425	-	-	-	-
Total	**2,825,760**	**104,999**	**403,152**	**(213,616)**	**(107,740)**	**(19,642,705)**

Remunerations to member of the corporate bodies, including management premium's estimate, for the years ended 31 December 2011 and 2010 were as follows:

Amounts in Euro	31-12-2011	31-12-2010
Board of directors - Remuneration	2,600,405	3,249,174
Board of directors - Bonus	3,840,056	3,319,182
Board of directos - Reversal of 2010's overstimate for participation results	(102,578)	(2,187,631)
Fiscal Board and other corporate bodies	59,871	75,029
Impact on Net profit (Note 7)	**6,397,754**	**4,455,754**

Additionally, Semapa's Board of Directors, benefit from a pension plan as described in Note 25.

29. AUDIT FEES

In the years ended 31 December 2011 and 2010, expenses with statutory audits and other audit services, were as follows:

Amounts in Euro	2011	%	2010	%
Statutory auditors services	58,148	60%	58,148	71%
Other reliability assurance services	32,000	33%	21,900	27%
Total audit services	**90,148**	**92%**	**80,048**	**98%**
Tax consultancy services and others	7,500	8%	1,450	2%
Total other services	**7,500**	**8%**	**1,450**	**2%**
Total	**97,648**	**100%**	**81,498**	**100%**

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

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through the audit committee process analysis of the work proposed and careful definition of the work to be performed by the auditors

30. COMMITMENTS

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

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

This credit line was used up, on 31 December 2011 by the amount of Euro 133,079,000, having been given as security 80,417,005 Portucel shares.

Additionally, during the year ended 31 December 2011, Semapa presented a guarantee in favour of the Tax Authorities (Autoridade Tributária e Aduaneira) amounting to Euro 222,979, intended to endorse the enforcement proceedings installed by the additional 2009 VAT settlement.

31. EXCHANGE RATES

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 31 December 2011.

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 shareholder's equity.

The rates used in 2011 against the euro, were as follows:

Amounts in Euro	2011	2010	Appreciation/ Depreciation
BRL (Brazilian real)			
Average exchange rate for the year	2.3265	2.2419	(3.77%)
Exchange rate at year end	2.4159	2.2077	(9.43%)

32. SUBSEQUENT EVENTS

Acquisition of 50% of Supremo

On 17 February 2012, following the communication disclosed to the market on 2 December 2011, the conditions under which the acquisition of the 50% stake on the Brazilian law company Supremo Cimentos SA was contingent were fulfilled, and thus, the acquisition was accomplished as at that date. Following this operation, Semapa now holds shares representing 50% of Supremo Cimentos S.A. share capital.

33. NOTE ADDED FOR TRANSLATION

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

Paulo Jorge Morais Costa
The Accountant

BOARD OF DIRECTORS

CHAIRMAN:
Pedro Mendonça de Queiroz Pereira

MEMBERS:
Maria Maude Mendonça de Queiroz Pereira Lagos

José Alfredo de Almeida Honório

Francisco José de 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

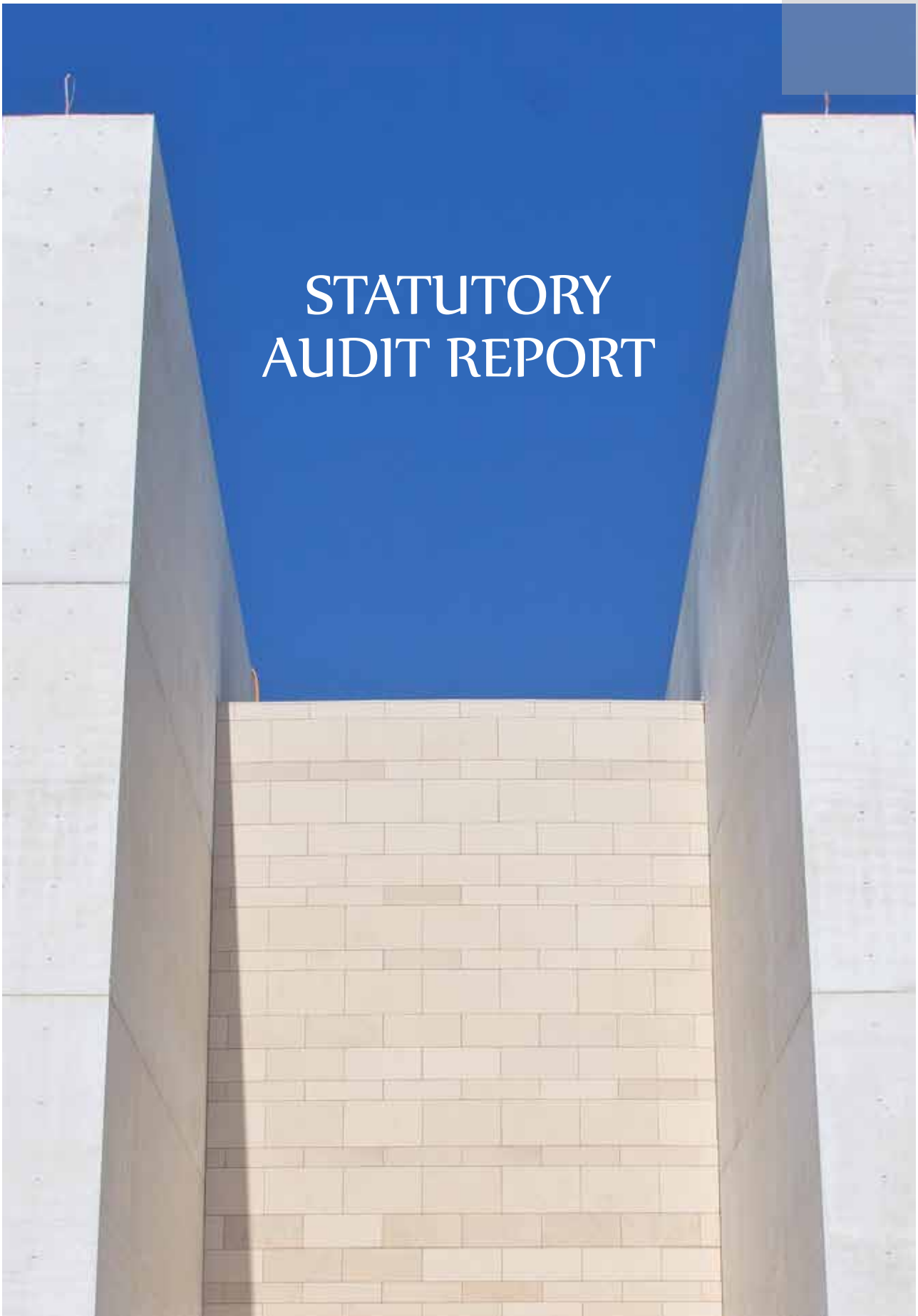
Joaquim Martins Ferreira do Amaral

António Pedro de Carvalho Viana-Baptista

Vitor Manuel Galvão Rocha Novais Gonçalves

07

STATUTORY AUDIT REPORT



STATUTORY AUDITORS REPORT IN RESPECT OF THE INDIVIDUAL FINANCIAL INFORMATION

(Free translation from the original version in Portuguese)

INTRODUCTION

1 As required by law, we present the Statutory Auditors Report in respect of the Financial Information included in the Directors' Report and the financial statements of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.,** comprising the balance sheet as at December 31, 2011, (which shows total assets of Euro 2,006,480,649 and a total of shareholder's equity of Euro 1,084,206,028 including a net profit of Euro 124,161,800), the income statement, the statement of changes in equity and the cash flow statement for the year then ended and the corresponding notes to the accounts.

RESPONSIBILITIES

2 It is the responsibility of the Company's Board of Directors (i) to prepare financial statements which present fairly, in all material respects, the financial position of the company, the results of its operations and cash flows; (ii) to prepare the historic financial information in accordance with International Financial Reporting Standards as adopted by the EU while also meeting the principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an adequate system of internal control; and (v) the disclosure of any relevant matters which have influenced the activity and the financial position or results of the company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, particularly as to whether it is complete, truthful, accurate, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of expressing an independent and professional opinion on that financial information, based on our audit.

SCOPE

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our audit included: (i) verification, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the financial statements; (ii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is in agreement with the other documents as well as the verification set forth in paragraphs 4 and 5 of Article 451 of the Companies Code.

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

OPINION

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of **Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.** as at December 31, 2011, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and duly comply with principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness.

REPORT ON OTHER LEGAL REQUIREMENTS

8 It is also our opinion that the information included in the Directors' Report is in agreement with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245-A of the Portuguese Securities Code.

Lisbon, February 28, 2012

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

António Alberto Henriques Assis, R.O.C.

REPORT AND OPINION OF THE AUDIT BOARD
SEPARATE ACCOUNTS

FINANCIAL YEAR OF 2011

Shareholders,

1. As required by law, the articles of association and our mandate from the shareholders, we are pleased to present our report on our supervisory activities in 2011 and to issue our opinion on the Separate Management Report and Separate Financial Statements presented by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA for the financial year ended 31 December 2011.

2. Over the course of the year we regularly monitored the company's affairs at the intervals and to the extent we deemed appropriate, in particular through periodic meetings with the company's directors and senior management. We confirmed that the accounts were properly kept and the respective documentation in order, as well as checking the effectiveness of the systems for risk management, internal control and internal auditing. We were watchful of compliance with the law and the articles of association. We encountered no constraints in the course of our work.

3. We held several meetings with the external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., thereby monitoring the audit work carried out. We have assessed the Legal Certificate of Accounts and the Audit Report, with which we are in agreement.

4. In the course of our duties we found that:

a) the Separate Balance Sheet, the Separate Income Statement by nature and by functions, the Separate Statement of Cash Flows and the corresponding Notes to the financial statements provide an appropriate picture of the state of the company's affairs and of its results;

b) the accounting policies and valuation criteria adopted comply with accounting principles generally accepted in Portugal and are appropriate, so as to assure that they lead to a correct appraisal of the company's assets and results; the analyses and recommendations issued by the external auditor have been duly followed up;

c) the Separate Management Report provides sufficient information on the progress of the company's activities and the state of its affairs and offers a clear account of the most significant developments during the period;

d) the Corporate Governance Report includes the information required by Article 245-A of the Securities Code.

5. It is our opinion that the proposal submitted by the Board of Directors for allocation of profits is appropriate and supported by due grounds.

6. Accordingly, taking into consideration the information received from the Board of Directors and from the company departments, together with the conclusions set out in the Legal Certificate of Accounts and the Audit Report, we recommend that:

a) the Separate Management Report be approved;

b) the Separate Financial Statements be approved;

c) the proposal submitted by the Board of Directors for allocation of profits be approved.

7. Finally, the members of the Audit Board wish to express their acknowledgment and thanks to the Board of Directors and to the company's senior management and other staff for their assistance and cooperation.

Lisbon, 29 February 2012

THE CHAIRMAN OF THE AUDIT BOARD

Miguel Camargo de Sousa Eiró

THE MEMBER

Duarte Nuno d'Orey da Cunha

THE MEMBER

Gonçalo Nuno Palha Gaio Picão Caldeira

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