



*Quarterly Accounts*

*First 9 Months of 2014*

## *Quarterly Accounts*

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## PART 1

### MANAGEMENT REPORT

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## *1. Main Developments*

- In April 2014, Semapa SGPS issued bonds with a total value of 150 million euros, maturing in 2019. The bonds were issued through a public offering, and the initial value of the issue was increased by 50% during the subscription period, in view of the strong demand from investors. The interest on these bonds corresponds to the Euribor 6M rate plus a spread of 3.25% per annum.
- Portucel paid dividends and distributed reserves totalling 200.8 million euros, corresponding to 0.28 euros / share.
- Semapa SGPS distributed dividends with a total value of 37.5 million euros, corresponding to 0.332 euros / share.
- In a stock exchange operation on 24 September, Semapa acquired 6,380,000 of its own shares, corresponding to 5.392% of its share capital and an investment of 61.3 million euros, and as a result now holds 9.996% of its share capital.

## 2. Overview of Semapa Group Operations

Comparison of leading business indicators with the same period in 2013:

- Turnover: 1,482.4 million euros  0.7%
- Exports and foreign sales: 1,187.7 million euros - 80.1% of Turnover
- Total EBITDA: 298.4 million euros  4.5%
- Net income: 80.0 million euros  15.0%
- Net debt: 1,165.7 million euros  119.6 million euros (from December 2013)

### Business Indicators

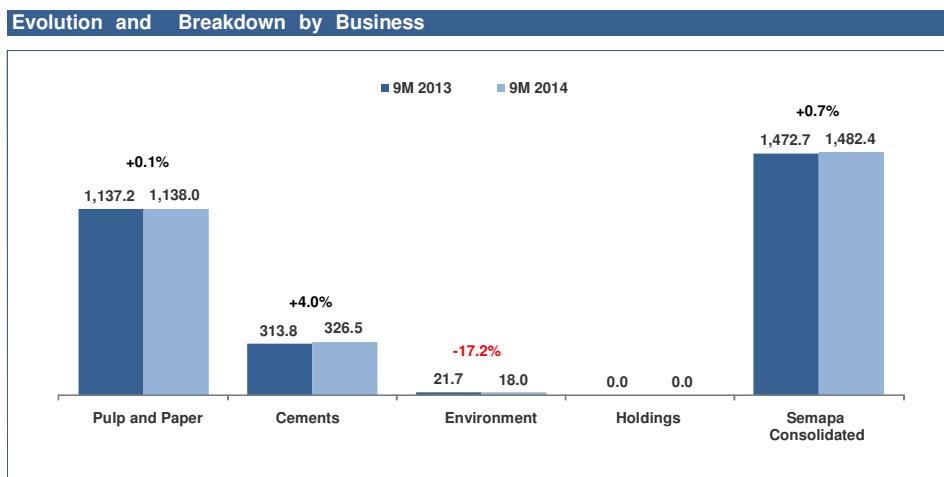
IFRS - accrued amounts (million euros)	9M 2014	Restated 9M 2013	Var.	Reported 9M 2013
<b>Turnover</b>	<b>1,482.4</b>	<b>1,472.7</b>	<b>0.7%</b>	<b>1,493.7</b>
Other income	27.0	27.2	-0.7%	28.6
Costs and losses	(1,211.0)	(1,187.4)	-2.0%	(1,208.4)
<b>Total EBITDA</b>	<b>298.4</b>	<b>312.5</b>	<b>-4.5%</b>	<b>313.8</b>
Recurrent EBITDA	297.9	311.8	-4.5%	313.1
Depreciation and impairment losses	(125.6)	(124.2)	-1.1%	(125.3)
Provisions (increases and reversals)	5.4	(0.5)	1284.6%	0.2
<b>EBIT</b>	<b>178.1</b>	<b>187.8</b>	<b>-5.1%</b>	<b>188.8</b>
Net financial profit	(77.9)	(67.9)	-14.7%	(69.1)
<b>Pre-tax profit</b>	<b>100.2</b>	<b>119.9</b>	<b>-16.4%</b>	<b>119.6</b>
Tax on profits	9.1	(18.2)	150.0%	(18.1)
Retained profits for the period	109.3	101.7	7.5%	101.5
<b>Attributable to Semapa equity holders</b>	<b>80.0</b>	<b>69.6</b>	<b>15.0%</b>	<b>69.6</b>
Attributable to non-controlling interests	29.3	32.1	-8.7%	31.9
Cash-flow	229.6	226.3	1.4%	226.6
<b>EBITDA margin (% Sales)</b>	<b>20.1%</b>	<b>21.2%</b>	<b>-1.1 p.p.</b>	<b>21.0%</b>
EBIT margin (% Sales)	12.0%	12.8%	-0.7 p.p.	12.6%
	<b>30-09-2014</b>	<b>Restated 31-12-2013</b>	<b>Sep14 vs. Dec13</b>	<b>Reported 31-12-2013</b>
Equity (before NCI)	867.1	880.7	-1.5%	815.3
<b>Net debt</b>	<b>1,165.7</b>	<b>1,285.3</b>	<b>-9.3%</b>	<b>1,327.5</b>

#### Notes:

- Total 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)

Under the new IFRS 11 rules, the Group now uses the equity method for including its holdings in jointly controlled entities in its consolidated accounts. The 2013 figures used for comparison have therefore been restated for ease of comparability. As a result of this change, the Group's holdings in Supremo and Secil Unicon, previously consolidated on a proportional basis, are now included in the consolidated financial statements using the equity method.

**Consolidated Turnover: 1,482.4 million euros ↑ 0.7%**



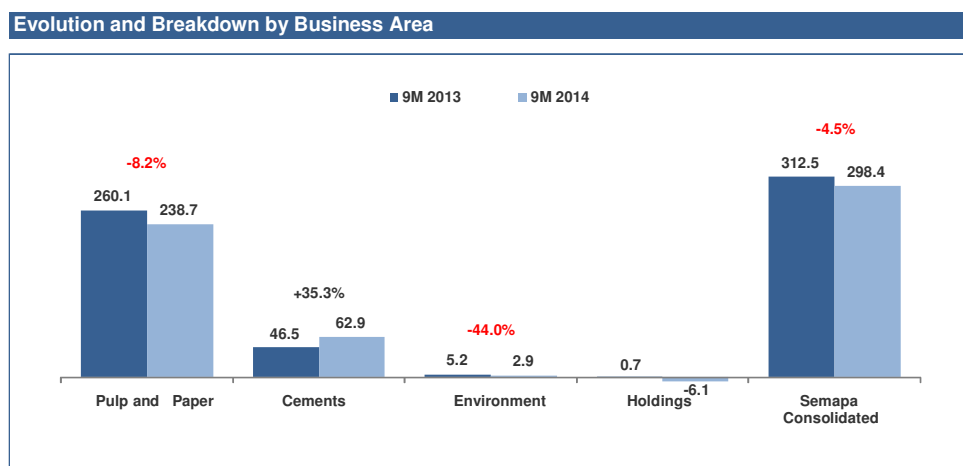
Figures in million euros

Consolidated turnover was up by 0.7% in relation to the same period in 2013, with the following contributions by business area:

- Paper and Pulp: 1,138.0 million euros, up 0.1% in relation to the first 9 months of 2013.
- Cement and Derivatives: 326.5 million euros, up 4.0% in relation to the same period in the previous year.
- Environment: 18.0 million euros, down 17.2% on the same period in the previous year.

**Total Consolidated EBITDA: 298.4 million euros ↓ 4.5%**

**Consolidated EBITDA Margin: 20.1% ↓ 1.1 p.p.**



Figures in million euros

Total EBITDA for the first 9 months of 2014 fell by 4.5% in relation to the same period in the previous year, standing at 298.4 million euros. The consolidated EBITDA margin stood at 20.1%, 1.1 p.p. lower than in the first 9 months in 2013. It should be mentioned that the holding companies made a negative contribution to EBITDA of - 6.1 million euros, comparing unfavourably with the positive figure of 0.7 million euros in the first 9 months of 2013. It should be noted that non-recurrent items totalling 8.1 million euros had been recorded in the first 9 months of 2013.



**Financial Results: -77.9 million euros ↓ 14.7%**

The Group recorded a financial loss for the first nine months of 2014 of 77.9 million euros, up by 10.0 million euros from the figure recorded in the same period in the previous year. This was caused essentially by an increase in average gross indebtedness over the period and the respective financial charges, combined with a drop in interest income on the Group's cash surpluses.

**Consolidated Net Income: 80.0 million euros ↑ 15.0%**

Accrued consolidated net income for the first 9 months of 2014 totalled 80.0 million euros, representing an increase of 15.0% in relation to the same period in the previous year.

**Consolidated Net Debt: 1,165.7 million euros ↓ 119.6 million euros**

At 30 September 2014, consolidated net debt stood at 1,165.7 million euros, representing a reduction of 119.6 million euros from the figure recorded at year-end 2013.

**Changes in Board of Directors and Executive Board**

During the 1st quarter of 2014, Dr. José Alfredo de Almeida Honório stepped down as member of the Board of Directors and the Executive Board of Semapa, resigning at the same time from his position as (i) Director and Chairman of the Executive Board at Portucel, (ii) Director of Secil and (iii) Director of Semapa's instrumental subsidiaries, thereby ceasing to hold any office in the Semapa Group.

### 3. Paper and Paper Pulp Business Area - PORTUCEL

#### 3.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	9M 2014	9M 2013	Var.
<b>Sales</b>	<b>1,138.0</b>	<b>1,137.2</b>	<b>0.1%</b>
Other income	5.5	12.8	-57.1%
Costs and losses	(904.8)	(889.9)	-1.7%
<b>EBITDA</b>	<b>238.7</b>	<b>260.1</b>	<b>-8.2%</b>
Recurrent EBITDA	238.5	259.5	-8.1%
Depreciation and impairment losses	(93.0)	(88.1)	-5.5%
Provisions (increases and reversals)	6.9	0.2	3299.1%
<b>EBIT</b>	<b>152.6</b>	<b>172.2</b>	<b>-11.4%</b>
Net financial profit	(24.6)	(15.7)	-57.2%
<b>Pre-tax profit</b>	<b>127.9</b>	<b>156.5</b>	<b>-18.3%</b>
Tax on profits	(2.9)	(14.7)	80.2%
Retained profits for the period	125.0	141.9	-11.9%
<b>Attributable to Portucel equity holders *</b>	<b>125.0</b>	<b>141.9</b>	<b>-11.9%</b>
Attributable to non-controlling interests (NCI)	0.0	0.0	303.9%
<b>Cash-Flow</b>	<b>211.1</b>	<b>229.8</b>	<b>-8.1%</b>
<b>EBITDA margin (%)</b>	<b>21.0%</b>	<b>22.9%</b>	<b>-1.9 p.p.</b>
<b>EBT margin (%)</b>	<b>13.4%</b>	<b>15.1%</b>	<b>-1.7 p.p.</b>
	<b>30-09-2014</b>	<b>31-12-2013</b>	<b>Sep14 vs. Dec13</b>
Equity (before NCI)	1,252.0	1,327.8	-5.7%
<b>Net debt</b>	<b>151.1</b>	<b>162.6</b>	<b>-7.1%</b>

\* Of which 80.84% is attributable to Semapa in 2013 and 81.18% in 2014

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

## 3.2. PORTUCEL GROUP – OVERVIEW OF OPERATIONS

In the first 9 months of 2014, the Portucel Group's turnover totalled 1,138.0 million euros, representing growth of 0.1% over the same period in the previous year, with a substantial increase in the volume of paper sales offsetting the downward trend in pulp and paper prices.

In **paper** business segment, despite negative price trends, strong growth in the sales volume resulted in an increase in the value of sales of 1.3%. Paper sales were up by 3.3%, whilst the average price dipped 1.9%. It should be noted that the Portucel Group's sales price in the cut size segment compares favourably with the benchmark index for the A4 B-copy market, which dropped 2.4%, whilst the Portucel Group's average price in this segment was down by 1.4%, reflecting the price increase implemented in the 2nd quarter, and maintained in the 3rd quarter.

As was to be expected, considering the scale of the new capacity coming on to the market, eucalyptus **pulp** prices in the first 9 months of 2014 compare unfavourably with the same period from last year, and the PIX BHKP benchmark price in euros was down by 9%. Prices slipped downwards throughout 2014, and this trend only went into reverse in the last two months, with the USD rising against the euro, reflected in a 2.9% rise in the PIX BHKP index from August to September. The Portucel Group's sales volume was down by 6.6%, as a result of increased incorporation of pulp in paper and the planned maintenance stoppage at the Setúbal pulp mill. In this environment, the reduction in the sales volume combined with lower prices resulted in a drop of around 18% in the value of pulp sales.

In the **energy** segment, output performed well, growing by 2.2% and standing at 1,783 GWh for the first 9 months of 2014. Sales progressed in line with output, standing at 1,627 GWh. However, sales prices fell by around 2.2%, due essentially to the drop in the ALBm (Arabian Light Breakeven mean) over the period. This effectively wiped out the effect of growth in volume, and the Portucel Group recorded power sales of approximately 174 million euros, in line with the figure recorded in the same period in the previous year.

EBITDA stood at 238.7 million euros for the first 9 months of 2014, down by 8.2% on the same period in 2013, due essentially to the decrease in the prices of both paper and pulp, as previously mentioned. It should be noted that the Portucel Group recorded a reduction in personnel expenditure (due essentially to a correction to the estimate costs of holiday pay and allowances) and in the cost of chemicals. Significantly, although wood prices over this period compare poorly with those in the same period in 2013, market conditions have picked up slightly in the last few months, and this trend is expected to continue through to the end of the year.

The EBITDA margin stood at 21.0% for the first 9 months of 2014, 1.9 p.p. down on the same period in the previous year.

Operating income totalled 152.6 million, down by 11.4% from the same period in the previous year.

The Group recorded a financial loss of 24.6 million euros, as compared with the loss of 15.7 million euros recorded in the first 9 months of 2013. This was caused essentially by debt refinancing operations carried out in 2013, which resulted in an increase in gross debt and the respective financial cost, and by a sharp reduction across the board in the interest earned on the Portucel Group's surplus liquidity.

The Group accordingly recorded consolidated net income for the period of 125.0 million euros, down by 11.9% on the same period in the previous year.

### 3.3. BUSINESS REVIEW

#### 3.3.1. Market Analysis

Overall, apparent Uncoated Woodfree **Paper (UWF)** consumption in Europe grew by approximately 1% over the first 9 months of 2014. This growth in apparent demand was sustained by supply from European manufacturers, more than offsetting the reduction in imports. Special attention should be drawn to the performance of UWF printing paper, where the sales volume was up after several years of declining figures.

However, over the course of the third quarter, and after four quarters of consistent growth, consumption cooled off slightly, and this was particularly visible in the slower pace of new orders from European customers.

The European industry recorded a capacity utilization rate of approximately 91%, one percentage point up from the same period in 2013. Throughout the period, order books in the UWF industry were stronger than in 2013, although they fell off towards the end of the third quarter, as a result of the reduction in new orders already mentioned.

In this context, the main market index for UWF prices in Europe (PIX Copy B), which had been on a downwards course since 2012, enjoyed a period of recovery with prices rising in April 2014.

In the US, the sharp reduction in local UWF production capacity failed to offset the drop in demand and booming imports from Asia in down-market segments, with imports rising from 13% to 17% of total North American consumption. As a result, the expected upwards movement in prices never materialised, and the main benchmark index for the sector (Risi 20lb cut-size, 92 bright) stagnated in relation to the same period in 2013.

In this environment, the Group was able to set a new record for paper sales in the first nine months of the year, boosted by growth of 3% in the sales volume on European markets in 10/19 relation to the same period in 2013, by reaching out to new markets and by expanding its customer networks in the markets where it traditionally operates.

The main engine of growth in volumes sold was once again the Group's premium product range, strengthening its position as the leading European manufacturer of UWF paper, most especially in product segments offering higher value added. The Group's own brands again recorded growth of 3% worldwide and in Europe. Navigator continued to record impressive growth, up 5% around the world and 6% in Europe, once again achieving levels of penetration and brand recognition unrivalled in the industry.

This momentum in European sales allowed the Group to further expand its share in European markets.

Thanks to the quality of its products and the success of its brands, the Group's prices outperformed the market by up to 3 percentage points in Europe, and 5 percentage points in the United States.

The soft landing observed in the eucalyptus **pulp** market as from mid-2013 continued into the 3rd quarter of 2014. As reported above, the supply of eucalyptus pulp has grown systematically during 2014, with new capacity coming on to the market as a series of large scale projects in South America move into production, at a faster rate than market demand is able to absorb.

This gradually pushed down market prices over the period, with the quarterly average for the benchmark PIX index for Europe standing at USD 729, as compared to USD 751 in the second quarter, and USD 794 in the third quarter last year. However, especially over the course of September, this trend was countered by the strength of the dollar against the euro, leading to higher prices in euros, as shown in the following graph.

Another significant development was that, at the end of the 3rd quarter, the price difference between the two fibres in the PIX index - NBSK long fibre and BHKP short fibre - widened to a maximum level of USD 206. This differential is expected to accelerate the effect of fibre substitution, with a positive impact on the price of hardwood pulp.

The Chinese market remains the crucial factor on the demand side. According to PPPC W-100 data, total demand from this market (figures through to August 2014) stood at 10.2 million tons, up by 380 thousand tons (3.9%) in relation to the same period last year. This growth in demand for pulp has been concentrated essentially in eucalyptus fibre pulp, up by 470 thousand tons, to the detriment of demand for other pulp types, in particular long fibre pulp. Rising consumption in the Chinese market (+0.9%) has been decisive, offsetting poorer performance in other markets, such as North America (-0.7%) and Western Europe (-1.5%).

The Group's BEKP pulp sales in the 3rd quarter of 2014 stood at 66 thousand tons, down from the figure recorded in the same period in 2013, but at the level which was expected, considering the schedule of maintenance stoppages at its mills.

BEKP pulp sales by paper segment show that the Group has continued to lead the special and decor paper segment (60% of turnover), where value added is higher.

As indicated above, an analysis of sales by geographical destination shows that the Portucel Group has been able to stick to its policy of selling primarily to European markets, home to manufacturers of higher quality paper where technical demands are more stringent and where the intrinsic qualities of the eucalyptus globulus pulp generate

### 3.3.2. Development

The integrated forestry, cellulose pulp and energy project which Portucel has been developing in Mozambique continues to make progress, and is currently at the stage of stepping up forestry operations and strengthening its operational base in the country.

IFC (International Finance Corporation), a World Bank group company, is currently providing the Group with consultancy services, under the cooperation agreement signed in October 2013. This support has been important, as the improved sustainability of the forestry operations will be assured by planning and developing projects to include local communities, implementing the respective investments and helping to grow the business fabric associated with the project.

IFC's involvement in the forestry project may also move to a new level, with its participation of approximately 20% in the capital of Portucel Moçambique. This process is currently at the stage of negotiations between the parties.

During the month of August, the Social and Environmental Impact Study was completed, an important step for accelerating the forestation process, in line with the high quality standards to which the Group aspires. Work also proceeded on building the first large-capacity nursery facility in Zambézia Province, which will be crucial for expanding the plantation areas.

In Portugal, as previously announced, the Group is working on a project to expand the capacity of its pulp mill in Cacia, and has concluded an investment contract with the Portuguese Investment and Trade Agency (AICEP), envisaging total investment of 56.3 million euros. AICEP has approved a set of financial and fiscal incentives, including a repayable financial incentive of 11.3 million euros and a fiscal incentive of 6.8 million euros. The contract includes a completion premium, corresponding to conversion of up to 75% of the repayable incentive 13/19 into a non-repayable grant, in line with attainment of the contractual objectives. The Group expects the project to be implemented at the end of the first half of 2015.

## 4. Cement and Derivatives Business Area – SECIL

As reported above, the Semapa Group has switched to consolidating its holding in the Supremo Group by using the equity method. Consequently, as from 1 January 2014, the Cement segment now includes only 100% of the Secil Group's operations, in contrast to the previous period in 2013 when this segment encompassed 100% of the operations of the Secil and 50% of Supremo Groups.

The leading business indicators for the Supremo Group are presented separately in this chapter, and are not included in the Cement segment.

### 4.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	9M 2014	9M 2013	Var.
<b>Sales</b>	<b>326.5</b>	<b>313.8</b>	<b>4.0%</b>
Other income	20.5	12.4	65.3%
Costs and losses	(284.1)	(279.7)	-1.6%
<b>EBITDA</b>	<b>62.9</b>	<b>46.5</b>	<b>35.3%</b>
Recurrent EBITDA	62.6	46.4	35.0%
Depreciation and impairment losses	(30.5)	(33.8)	9.6%
Provisions (increases and reversals)	(1.5)	(0.8)	-84.9%
<b>EBIT</b>	<b>30.9</b>	<b>11.9</b>	<b>159.4%</b>
Net financial profit	(10.9)	(14.6)	25.3%
<b>Pre-tax profit</b>	<b>20.0</b>	<b>(2.7)</b>	<b>849.4%</b>
Tax on profits	(3.9)	(3.3)	-18.3%
Retained profits for the period	16.2	(5.9)	372.1%
<b>Attributable to Secil equity holders</b>	<b>10.4</b>	<b>(10.9)</b>	<b>195.3%</b>
Attributable to non-controlling interests (NCI)	5.7	5.0	14.9%
<b>Cash-flow</b>	<b>48.2</b>	<b>28.7</b>	<b>68.1%</b>
<b>EBITDA Margin (%)</b>	<b>19.3%</b>	<b>14.8%</b>	<b>4.5 p.p.</b>
<b>EBIT Margin (%)</b>	<b>9.5%</b>	<b>3.8%</b>	<b>5.7 p.p.</b>
	<b>30-09-2014</b>	<b>31-12-2013</b>	<b>Sep14 vs. Dec13</b>
Equity (before NCI)	502.9	480.8	4.6%
<b>Net debt</b>	<b>188.7</b>	<b>224.9</b>	<b>-16.1%</b>

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

## 4.2. SECIL GROUP – OVERVIEW OF OPERATIONS

The construction industry and cement consumption both continued on a downward course in Portugal, which is the Secil Group's principal market. According to figures available from FEPICOP – the Portuguese Construction and Public Works Industry for the construction sector in 2014, the industry's performance was less negative than in previous months, but there was still a significant drop in business indicators, showing that the construction sector has continued to contract.

Demand for cement has accompanied construction industry trends, and has continued to fall. According to the latest figures available, cement consumption was down by 8.3% year-on-year in the first 9 months of the year, although this represents a slower decline than in previous years.

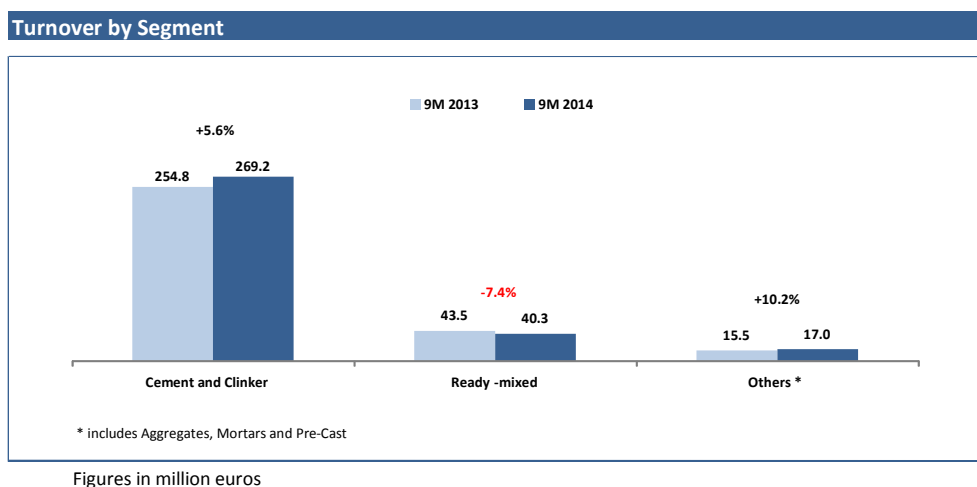
Despite the unfavourable business context, in the first 9 months of 2014, turnover in the cement business area totalled 326.5 million euros, up by 4.0% on the figure recorded in the same period in the previous year. This growth was mostly due to the successful performance of cement and clinker export operations from Portugal, where turnover grew by 22.9% in relation to the previous year, and of the Tunisian cement business unit, which recorded growth of 10.1% in relation to the same period in the previous year.

EBITDA stood at 62.9 million euros, up by approximately 35.3% in relation to the first 9 months of 2013. The EBITDA margin for the period stood at 19.3%, 4.5 p.p. up on the recorded in the first 9 months of the previous year.

Operating income stood at 30.9 million euros, as compared with a negative figure of 11.9 million euros recorded in the same period in 2013.

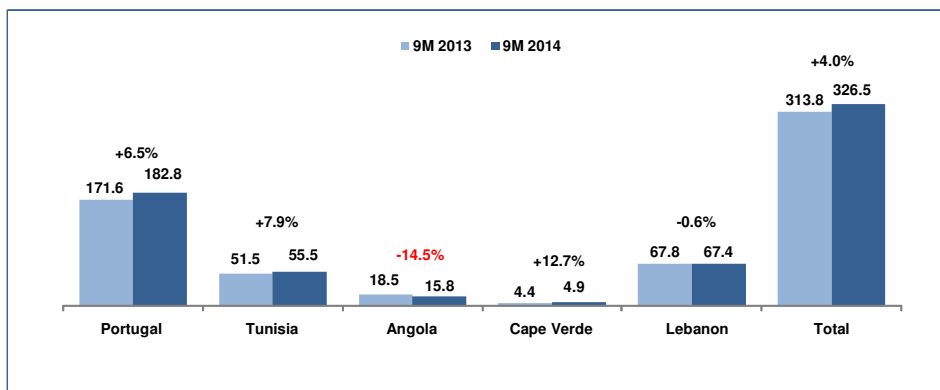
This business area recorded profits of 10.4 million euros in the period, as compared to a loss of 10.9 million euros in the first 9 months of 2013.

## 4.3. BUSINESS REVIEW



Turnover in the cement and clinker segment grew by 5.6% in relation to the same period in 2013, due to increased exports from Portugal and growth in cement operations in Tunisia. The Cement and Clinker segment represented a larger relative share of total operations carried on by the cement business unit (82.4% in the first 9 months of 2014, as compared to 81.2% in the same period in 2013).

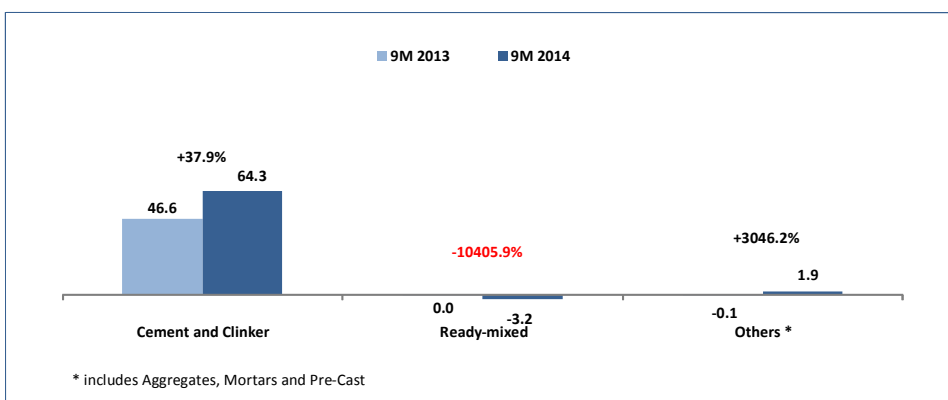
### Turnover by Geography



Figures in million euros

Turnover from total operations outside Portugal and from exports by Portugal-based operations represented a larger share of the total: 66.2% as against 64.1% in the first 9 months of 2013.

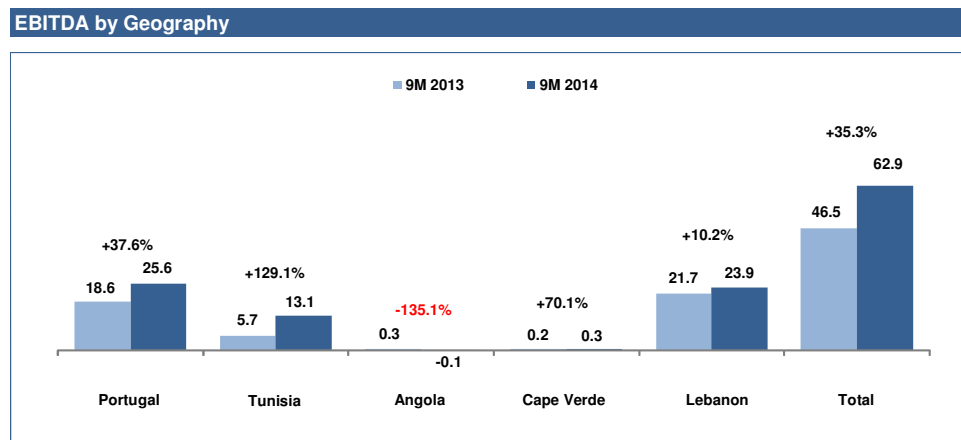
### EBITDA by Segment



Figures in million euros

In the first 9 months of 2014, EBITDA from the Cement and Clinker segment was up 37.9% on the same period in the previous year. The Cement and Clinker segment represented a bigger proportional share of the Secil Group's operations than in the same period of the 2013.





Figures in million euros

In terms of geographical breakdown, EBITDA from operations outside Portugal accounted for approximately 59.3% of the cement segment's total EBITDA, at approximately the same level as the one recorded in the same period in 2013.

### 4.3.1. Portugal

Despite the harsh environment previously described, turnover for overall operations in Portugal in the first 9 months of 2014 was up by 6.5% on the same period in the previous year, approximately 182.8 million euros.

Cement business in Portugal recorded turnover of 136.3 million euros, up by 8.2% in relation to figures for the same period in the previous year. As already mentioned, this growth reflected strong performance in export business (included in overall operations in Portugal), which showed an increase in turnover of 22.9%, accounting for 66.3% of the total sales volume. On the domestic market, figures for turnover and the sales volume both fell, down by 4.2% and 8.9% respectively on the same period in 2013. However, it should be mentioned that the reduction in the amount of sales of the Secil Group in the domestic market, taking into account intra-group sales, was of a lesser magnitude than the market's.

In the other business segments with operations based in Portugal (concrete, aggregates, mortars, pre-cast and others), turnover in the first 9 months of 2014 stood at approximately 46.4 million euros, up by 1.8% in relation to the same period in the previous year.

EBITDA for total operations was up, year-on-year, by 37.6%, at 25.6 million euros.

The cement business unit in Portugal recorded EBITDA of 27.8 million euros, up by 37.8% on the figure recorded in the first 9 months of 2013.

Sales of CO2 licenses during the first 9 months of 2014 brought in 1.5 million euros, in contrast to the same period in the previous year, when CO2 licenses were not sold.

Attention should also be drawn to the significant reduction in operating costs, including personnel costs, achieved through the process of reorganization and streamlining of operations carried out in 2012 and 2013. This, combined with successful exports, has made it possible to cushion the impact of dwindling business on the domestic market.

The aggregates, mortars and pre-cast business units performed significantly better than in the first 9 months of 2013, thanks to (i) operational streamlining, (ii) growth in export business, in the case of mortars and pre-cast concrete, and (iii) promotion of products with increased value added, in the case of aggregates and mortars.

The ready-mixed business unit recorded negative EBITDA of 4.0 million euros (as compared to negative 1.4 million euros in the same period in 2013), as the direct result of the depression in the construction market. The measures taken to restructure operations have so far failed to turn this situation around.

### 4.3.2. Tunisia

In Tunisia, the economy remains fragile and growth has been insufficient to bring unemployment down from its current high level; the country continues to experience the fall-out from the Arab Spring, resulting in political and social unrest, whilst the period of political transition has dragged on. Despite this unpromising environment, cement consumption increased by 7.2% for the country as a whole during the first 9 months of 2014.

Turnover for combined operations in Tunisia in the first 9 months of 2014 stood at approximately 55.5 million euros, up by 7.9% on a year-on-year basis.

The cement business unit recorded turnover of approximately 50.2 million euros, up by 10.1% on the figure for the same period in 2013, and performance in the export market was strong. The deregulation of sales prices in the local market, which occurred at the start of January, had a highly positive impact on this unit's turnover, allowing it to compensate for the negative effect of a drop in sales volume in the domestic market (down by 5.3%). On the export market, although sales have been held down by the closure of the Libyan frontier, during several periods in the 1st quarter (especially in March), export performed fairly well in the first 9 months of 2014, resulting in an increase in turnover of 53.8% in comparison with the same period in the previous year.

The falling value of the Tunisian dinar also brought down the unit's turnover by around 2.8 million euros.

EBITDA from business operations in the first 9 months of 2014 stood at 13.1 million euros, representing growth of 129.1% in relation to the same period in the previous year.

In the first 9 months of 2014, the cement unit recorded EBITDA of 12.7 million euros, 155.3% higher than recorded in the same period of the previous year. This growth was due to the increase in turnover described above, combined with improved performance in production.

It should be noted that production costs in 2013 had also been badly hit by external purchases of clinker at higher prices, due to stoppages in the two kilns for substitution of the coolers.

In 2014, clinker output has grown and external purchases have fallen significantly, whilst increases have been recorded in both average daily output and in the utilization factor for the kilns. The capital projects implemented in 2013 have also resulted in gains in energy efficiency, with an improvement in indicators for power and thermal energy consumption in comparison with the same period in the previous year.

### 4.3.3. Lebanon

In Lebanon, the economy has been hit by the negative effects of the current situation in the Middle East, and in Syria in particular. Cement consumption is expected to hold steady at the previous year's levels.

Turnover on combined operations in Lebanon stood at approximately 67.4 million euros, representing a drop of 0.6% in relation to the same period in 2013.

The cement business unit recorded turnover in the first 9 months of 2014 of 62.3 million euros, 2.3% up on that recorded in the same period in the previous year, due essentially to an increase of 6.3% in the sales volume. Growth in turnover fell short of the increase in the sales volume, due to the sales of clinker during the first half of 2014, for which the sales price is lower than for cement, and not to the reduction in the average unit sales price for cement,

which held steady over the period. It should be noted that this unit's turnover was brought down by around 1.8 million euros as a result of the falling value of the Lebanese currency.

Total EBITDA from operations in the first 9 months of 2014 stood at 23.9 million euros, representing growth of 10.2% in relation to the same period in the previous year. This improved performance in sales, reflected in increased turnover, combined with better performance in production, as a result of refurbishment of line 1 during 2013, has made it possible (i) to increase average daily output and the kiln utilization factor, (ii) to improve thermal energy consumption indicators and (iii) to eliminate the external purchases of clinker which were required in the 1st half of the previous year.

#### 4.3.4. Angola

In Angola, the construction sector continues to boom, thanks to investment in the energy sector, as well as government plans for large scale housing projects and refurbishment of roads, bridges, silos and railways, all with a direct positive impact on cement consumption, which in the first 9 months of 2014 grew by 7% over the same period in the previous year.

The Secil Group's operations in Angola in the first 9 months of 2014 presented a decline in performance in relation to the previous year, with turnover totalling around 15.8 million euros, representing a drop of 14.5% in relation to the same period in 2013. This performance was due essentially to lower average sales prices, as the sales volume was practically in line with the previous year. This reduction in average price was essentially the result of the start-up of a cement mill in the Kuanza Sul area, which has adopted a pricing policy of undercutting the market and the prices charged by the Secil Group. Significantly, new legislation was published in the 2nd quarter of 2014 limiting cement imports, and a reduction of nearly 50% has been observed in import quantities.

EBITDA from total operations dropped to a negative figure of 90 thousand euros, due to a reduction in the average sales price in comparison with the first nine months of 2013. A reduction has been achieved in personnel costs, as well as in production costs, as a result of the lower clinker incorporation rate, made possible by capital projects on the mills which were completed at the end of the previous year.

#### 4.3.5. Brazil<sup>1</sup>

In Brazil, the cement market recorded year-on-year growth of 1.8% for the country as a whole and 0.9% in the southern region (where the Supremo Group operates).

In the first 9 months of 2014, total operations by the Supremo Group generated turnover of 41.8 million euros, representing an increase of around 8.9% in relation to the same period in the previous year. It should be noted that the weakness of the Brazilian real brought down the value of turnover by 4.3 million euros.

Supremo Group's operations in the first 9 months of 2014 generated EBITDA of 5.3 million euros, representing an increase of 36.8% in relation to the same period in the previous year. This strong performance was due to an improvement in operational performance, both in the cement unit, where output increased and the proportion of clinker incorporated in cement was reduced, and in the ready-mixed unit, which recorded higher output, leading to greater dilution of fixed costs and a consequent increase in the operating margins of both these units.

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<sup>1</sup> As reported above, the Semapa Group has switched to consolidating its holding in the Supremo Group by using the equity method. The leading business indicators for the Supremo Group are therefore presented separately, despite not being included in the cement segment.

## 5. Environment Business Area – ETSA

### 5.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	9M 2014	9M 2013	Var.
<b>Sales</b>	<b>18.0</b>	<b>21.7</b>	<b>-17.2%</b>
Other income	0.9	1.0	-11.6%
Costs and losses	(16.0)	(17.6)	9.1%
<b>EBITDA</b>	<b>2.9</b>	<b>5.2</b>	<b>-44.0%</b>
Recurrent EBITDA	2.9	5.2	-44.0%
Depreciation and impairment losses	(1.9)	(2.1)	10.6%
Provisions (increases and reversals)	0.0	0.1	-95.1%
<b>EBIT</b>	<b>1.0</b>	<b>3.2</b>	<b>-68.3%</b>
Net financial profit	(0.9)	(0.9)	6.4%
<b>Pre-tax profit</b>	<b>0.2</b>	<b>2.3</b>	<b>-93.1%</b>
Tax on profits	0.3	(0.2)	275.9%
Retained profits for the period	0.5	2.1	-77.9%
<b>Attributable to ETSA equity holders *</b>	<b>0.5</b>	<b>2.1</b>	<b>-77.9%</b>
Attributable to non-controlling interests (NCI)	-	-	-
<b>Cash-Flow</b>	<b>2.3</b>	<b>4.1</b>	<b>-42.5%</b>
<b>EBITDA margin (%)</b>	<b>16.1%</b>	<b>23.7%</b>	<b>-7.7 p.p.</b>
<b>EBIT margin (%)</b>	<b>5.6%</b>	<b>14.7%</b>	<b>-9.1 p.p.</b>
	<b>30-09-2014</b>	<b>31-12-2013</b>	<b>Sep14 vs. Dec13</b>
Equity (before NCI)	58.7	58.2	0.8%
<b>Net debt</b>	<b>19.2</b>	<b>19.6</b>	<b>-1.8%</b>

\* Of which 96% is attributable to Semapa in 2013 and 99.989% in 2014

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

## 5.2. BUSINESS OVERVIEW: ETSA GROUP

The ETSA Group recorded turnover of 18.0 million euros in the first 9 months of 2014, down by around 17.2% on the same period in 2013.

This was caused essentially by the combined effect of (i) a reduction in turnover from the collection, transport and destruction of animal carcasses, in comparison with the same period in 2013, caused by a reduction in the quantities collected and the average unit price for collection and (ii) a reduction in turnover from the sale of class 3 production, due to lower sales volumes and prices.

EBITDA for the ETSA Group totalled approximately 2.9 million euros in the first 9 months, representing a reduction of 44.0% in relation to 2013. This explained fundamentally by (i) the reduction in turnover described above, (ii) widespread increases in the average purchase price of by-products in Portugal, up by around 7.8%, due to the depressed business environment, overcapacity in the sector and extremely fierce competition, (iii) an increasing mismatch between the purchase price for the main raw materials and the sales price for the main end products, which has fallen significantly, due to the depressive business environment in the main commodities markets worldwide (oilseeds and petroleum).

One important factor that helped to boost performance over the period in question was the significant reduction in the cost of thermal fuels used in the industrial conversion process, thanks to capital projects implemented.

The EBITDA margin stood at 16.1% for the first 9 months of 2014, down by around 7.7 p.p on the margin for the same period in 2013.

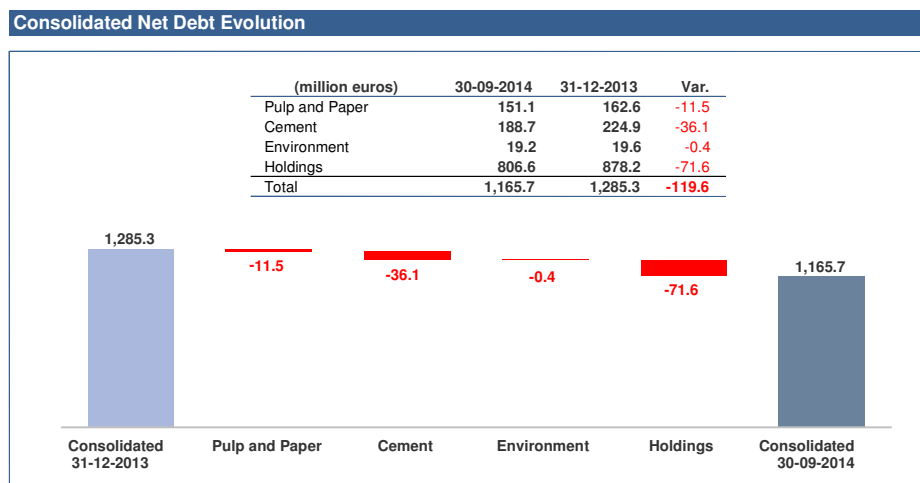
Operating income totalled 1.0 million euros, down by 68.3% from the same period in the previous year.

Financial results held steady at the same level as in the first 9 months of 2013.

The combined impact of these factors resulted in accrued net Income for the ETSA Group of approximately 0.5 million euros, 77.9% down on that recorded in the same period in the previous year.

## 6. Semapa Group – Financial Area

### 6.1. INDEBTEDNESS



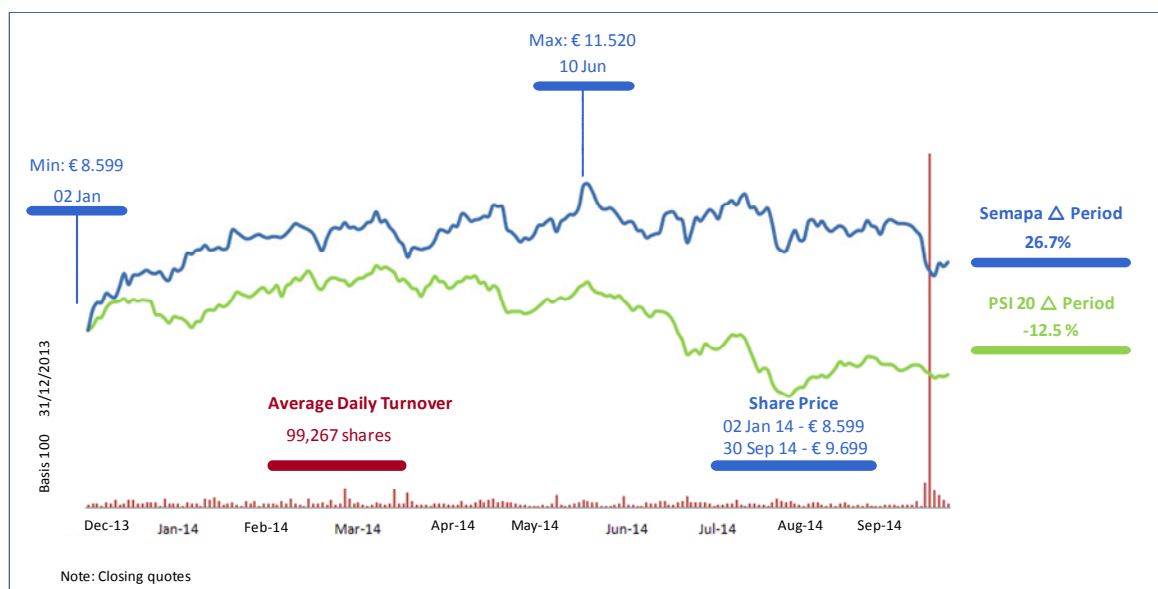
At 30 September 2014, consolidated net debt stood at 1,165.7 million euros, representing a reduction of 119.6 million euros from the figure recorded at year-end 2013.

These figures were due essentially to a reduction in debt in all segments. In the Paper and Pulp segment, despite the payment of 200.8 mio euros in dividends and reserves, the reduction in net debt was explained fundamentally by the increase in the market value of own shares held in relation to 31-12-2013.

### 6.2. LISTED SHARE PRICE

The third quarter of 2014 witnessed severe volatility in most capital markets, with heavy losses through to mid-August followed by upwards adjustment over the course of September. In Europe, the top performer was the Madrid stock exchange, where the Ibex 35 has recorded an accrued gain of 9.2% since the start of the year, with the PSI20 showing the weakest performance, ending September with an accrued loss of 12.5%. The first few weeks of October saw a return to severe instability in the markets, with significant losses being recorded by the main European indexes, in particular the Portuguese index, which fell to its lowest levels for the last two years.

### Share Price Evolution – First 9 Months 2014



In this context, Semapa shares recorded outstanding gains, up by 19.1% over the period, significantly outperforming the PSI20 over the reporting period. Semapa shares reached a top price of 11.52 euros on 10 June.

## 6.3. NET INCOME IN FIRST 9 MONTHS OF 2014

Accrued consolidated net income for the first 9 months of 2014 totalled 80.0 million euros, representing an increase of 15.0% in relation to the same period in the previous year. This increase was due essentially to the combined effect of the following factors:

- A drop in total EBITDA of approximately 14.1 million euros;
- An increase in depreciation and impairment losses of 1.4 million euros;
- Reversal of provisions with a value of 5.8 million euros, due essentially to the release of provisions which have proven unnecessary, as compared to the constitution of new provisions of 0.5 million euros in the same period in 2013;
- A worsening of net financial results by 10.0 million euros, on a year-on-year basis;
- Reduction in taxes of 27.3 million euros, due essentially to (i) release of provisions which had been constituted for this purpose and (ii) reduction in the tax rate from 30% to 25% in Tunisia, in the first 9 months of 2014, with the respective impact on the deferred taxes of the subsidiary Société de Ciments de Gabès, located in this country.

## 7. Outlook

The absence of growth in Europe, the fragility of the recovery in the US economy and the economic and political challenges facing the emerging countries continue to contribute to the uncertainty and volatility on the markets.

The US economy has yet to show clear signs of a solid recovery, and the recently increased strength of the US dollar could hamper the country's growth. A less strong euro may be expected to have a positive impact on European growth which, combined with the retention of recent monetary stimuli, might bring new momentum to this area, serving to counter the growing risks of deflation. In the emerging markets, and especially in China, no strong signs of growth are expected, a situation aggravated by the political and social instability affecting various areas of the world, and particularly those where fossil fuels are produced.

In Portugal, the general economic outlook for 2014 is better than in recent years. The latest projections from the Bank of Portugal suggest a gradual recovery in internal demand and moderate recovery in economic activity over the period 2014-2016, pointing to growth of 0.9% in the economy in 2014 (Economic Bulletin, Bank of Portugal, October 2014). Recent IMF projections point to growth of 1.0% (World Economic Outlook, IMF, October 2014).

### Paper and Pulp

Despite signs of uncertainty worldwide, which will inevitably influence the pulp and paper sector, the BEKP **pulp** market is expected to show some resilience, due not only to the strong demand observed in the Chinese market, but also the recent evolution of the euro/dollar exchange rate, which has pushed up pulp prices in euros. Likewise, the historically high spread between long and short fibre public prices will continue to result in substitution by short fibre in certain paper sectors.

At the same time, expectations of the tissue paper segment remain positive, with interesting levels of growth in the emerging economies such as China, Turkey and Latin America, which should help to maintain a dynamic pulp market.

In the UWF **paper** market, despite the market cooling off over the quarter, the Portucel Group succeeded in maintaining a strong sales volume. Over the months ahead, order books are expected to hold steady in relation to the previous years, albeit with a slight slowdown in paper demand in the Portucel Group's traditional markets.

In this context, the Group will continue to operate at full production capacity, thanks to the perception of the excellent quality of its value proposition, strong penetration and awareness ratings for its own brands, as well as ongoing efforts to expand its markets, as the Group continues to search out new development opportunities consistent with its strict criteria for returns and risk.

### Cement

In **Portugal**, the Secil Group's main market, the economic outlook for 2014 is generally less pessimistic, in comparison with the severe contraction experienced in recent years.

In 2014, the Secil Group's operations in Portugal will continue to be influenced by the situation in the construction sector. However, strong performance on foreign markets, combined with savings and gains achieved through the streamlining measures implemented in previous years, offer the prospect of an improvement in results in comparison with 2013. Even so, priority will still be given to implementing measures to improve operational efficiency across the Group.

For **Tunisia**, the latest IMF figures point to expectations that the economy will grow in 2014 by 2.8%, up from the figure of 2.3% recorded in 2013 (World Economic Outlook, IMF, October 2014), despite the continued uncertainty as regards political and social stability in the country. In line with expectations for the economy as a whole, the construction and cement sector is also expected to record stronger growth than in 2013. The prospects for the



Tunisian market are therefore positive, considering the improvements in production performance and the increases in cement prices which have already been implemented, following on from the deregulation of sales prices at the start of 2014.

Economic growth in **Lebanon** is forecast to stand at 1.8% in 2014, up from the figure of 1.5% recorded in 2013 (World Economic Outlook, IMF October 2014). The changes which have occurred in the Middle East have not helped to maintain economic stability. However, the cement market is expected to stabilize and sales performance should be similar to 2013. This, combined with improved performance in output, should lead to better results. Work has been completed on the construction of the new blocks factory, which started up production in September, with output and sales of blocks set to grow as from October.

With regard to **Angola**, forecasts published by the IMF point to continued economic growth, with estimates that gross domestic product will increase by 3.9% in 2014, down from the figure of 6.8% recorded in 2013 (World Economic Outlook, IMF, October 2014). The economy as a whole remains relatively vulnerable to developments in the oil sector. In this context, the cement market is expected to enjoy robust growth in 2014. In terms of the Secil Group's operations, the sales volume is expected to stabilize by the end of the year, and sales prices holding steady or rising slightly. In terms of operations, expectations point to an increase in the availability of production plant, optimization of recent capital investments and the implementation of new measures to cut fixed costs.

### **Environment**

Considering the current economic and financial environment, no improvements are envisaged in the short term in the sector operated by the ETSA Group, insofar as falling consumption of foodstuffs (due simply to changes in the average shopping basket, or other factors) results directly in a reduction in the animal slaughter rate, and consequently in the volume of by-products generated. Although competition between operators in obtaining supplies of raw materials is expected to remain fierce, due to overcapacity for processing by-products, purchases prices have started to adjust downwards, which will help the Group to claw back some of its sales margins.

The ETSA Group's prime objectives in the short term include: (i) concentrating on horizontal expansion of its markets (exports accounted for around 38.1% of total turnover in the first 9 months of 2014); and (ii) identifying fresh opportunities for vertical growth, channelling investment to improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres.

After successfully completing a number of capital projects primarily geared to switching to different industrial energy consumables, the ETSA Group has now completed a further capital project to set up a new business unit – a blood processing line - offering increased value added, with sales due to start at the end of the 4th quarter of 2014.

Lisbon, 10 November 2014

The Board of Directors

Chairman

Pedro Mendonça de Queiroz Pereira

Directors

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana-Baptista

Francisco José Melo e Castro Guedes

Jorge Maria Bleck

Manuel Custódio de Oliveira

Vítor Manuel Galvão Rocha Novais Gonçalves

Vítor Paulo Paranhos Pereira

PART 2

CONSOLIDATED FINANCIAL STATEMENTS



INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

(Not audited)

30 SEPTEMBER 2014

## CONSOLIDATED INCOME STATEMENT

### FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 AND 2013

Amounts in Euros	Notes	30-09-2014 (Not audited)	30-09-2013 (Not audited) Restated	3rd Q 2014 (Not audited)	3rd Q 2013 (Not audited) Restated
<b>Revenues</b>					
Sales	4	1,455,623,139	1,445,218,533	495,932,017	487,941,163
Services rendered	4	26,774,659	27,445,701	9,566,870	9,050,858
<b>Other income</b>					
Gains on disposal of non-current assets	5	513,107	729,138	123,642	278,913
Other operating income	5	26,469,145	26,451,018	8,297,241	9,615,143
<b>Change in fair value of biological assets</b>		(47,815)	2,294,057	(1,253,589)	(858,652)
<b>Costs, expenses and losses</b>					
Cost of inventories sold and consumed	6	(613,558,437)	(599,625,133)	(202,149,204)	(195,658,742)
Variation in production	6	12,735,856	5,798,874	5,822,749	2,502,169
Cost of materials and services consumed	6	(434,986,673)	(423,857,523)	(155,300,871)	(142,211,123)
Payroll costs	6	(147,008,094)	(150,927,078)	(47,682,310)	(48,889,956)
Other costs and losses	6	(28,123,473)	(21,035,940)	(11,843,945)	(10,934,177)
Provisions	6	5,388,485	(454,884)	106,025	(149,877)
<b>Depreciation, amortization and impairment losses</b>	7	(125,633,584)	(124,220,220)	(44,519,353)	(41,646,824)
<b>Operational results</b>		<b>178,146,315</b>	<b>187,816,543</b>	<b>57,099,272</b>	<b>69,038,895</b>
Group share of (loss)/gains of associated and joint ventures		173,875	(46,424)	1,840,442	294,068
<b>Net financial results</b>	8	<b>(78,108,060)</b>	<b>(67,877,259)</b>	<b>(24,500,996)</b>	<b>(27,500,600)</b>
<b>Profit before taxes</b>		<b>100,212,130</b>	<b>119,892,860</b>	<b>34,438,718</b>	<b>41,832,363</b>
Income tax	9	9,105,283	(18,220,354)	6,896,723	158,624
<b>Net profit</b>		<b>109,317,413</b>	<b>101,672,506</b>	<b>41,335,441</b>	<b>41,990,987</b>
<b>Net profit for the period</b>					
Attributable to Semapa shareholders		80,035,469	69,589,489	32,194,453	30,318,299
Attributable to non-controlling interests		29,281,944	32,083,017	9,140,988	11,672,688
<b>Earnings per share</b>					
Basic earnings per share, Eur	10	0.709	0.616	0.285	0.269
Diluted earnings per share, Eur	10	0.709	0.616	0.285	0.269

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 AND 2013

Amounts in Euros	2014 (Not audited)	2013 (Not audited) Restated	3rd Q 2014 (Not audited)	3rd Q 2013 (Not audited) Restated
<b>Retained earnings for the period without non-controlling interests</b>	<b>109.317.413</b>	<b>101.672.506</b>	<b>41.335.441</b>	<b>41.990.987</b>
<b>Items that may subsequently be reclassified to the income statement</b>				
Derivative financial instruments				
Fair value changes	1.841.927	6.377.695	(307.987)	2.606.581
Tax	553.410	(255.585)	485.960	(281.204)
Currency translation differences	7.534.065	(19.351.994)	14.197.598	(11.784.458)
Share of other comprehensive income of associates	-	(655.889)	-	(745.920)
<b>Items that will not be reclassified to the income statement</b>				
Remeasurements of post employment benefit obligations				
Actuarial gains / (losses)	3.632.158	(1.231.357)	1.199.880	(1.130.887)
Tax	(176.876)	384.051	369.388	170.350
<b>Profit directly recognized in equity</b>	<b>13.384.684</b>	<b>(14.733.079)</b>	<b>15.944.839</b>	<b>(11.165.538)</b>
<b>Total comprehensive income and expense</b>	<b>122.702.097</b>	<b>86.939.427</b>	<b>57.280.280</b>	<b>30.825.449</b>
<b>Attributable to:</b>				
Semapa's shareholders	85.962.695	57.255.840	41.595.898	21.823.672
Non-controlling interests	36.739.402	29.683.587	15.684.382	9.001.777
	<b>122.702.097</b>	<b>86.939.427</b>	<b>57.280.280</b>	<b>30.825.449</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS OF 30 SEPTEMBER 2014 AND 31 DECEMBER 2013

Amounts in Euros	Notes	30-09-2014 (Not audited)	31-12-2013 Restated
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		296,680,236	296,680,236
Other intangible assets		277,457,241	269,879,796
Property, plant and equipment	11	2,012,280,749	2,101,708,448
Investment properties		1,414,932	1,431,752
Biological assets		111,291,490	111,339,306
Investment in associates and joint ventures	12	91,032,897	102,761,132
Financial assets at fair value through profit or loss	13	444,097	482,923
Available-for-sale financial assets		229,136	346,257
Deferred tax assets		69,230,703	84,531,715
Other non-current assets		7,165,080	6,053,886
		<b>2,867,226,561</b>	<b>2,975,215,451</b>
<b>Current assets</b>			
Inventories		313,857,689	296,958,845
Receivable and other current assets	14	299,518,542	279,378,867
State and other public entities		61,448,646	62,649,442
Assets held for sale		1,129,057	1,174,069
Cash and cash equivalents	19	572,646,378	649,479,098
		<b>1,248,600,312</b>	<b>1,289,640,321</b>
<b>Total assets</b>		<b>4,115,826,873</b>	<b>4,264,855,772</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	15	118,332,445	118,332,445
Treasury shares	15	(108,444,835)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translations reserves	16	(49,013,609)	(49,274,921)
Fair value reserves	16	(11,592,301)	(14,243,578)
Other reserves	16	1,033,462,266	924,814,439
Retained earnings	16	(199,578,929)	(201,788,562)
Retained earnings for the period		80,035,469	146,125,472
<b>Consolidated shareholder's equity</b>		<b>867,123,965</b>	<b>880,723,768</b>
Non-controlling interests		324,233,253	329,273,818
<b>Total equity</b>		<b>1,191,357,218</b>	<b>1,209,997,586</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	317,449,626	320,768,260
Pensions and other post-employment benefits		1,487,181	3,922,272
Provisions	18	66,971,974	79,170,156
Interest-bearing liabilities	19	1,448,516,988	1,895,951,695
Other non-current liabilities		42,719,434	46,844,136
		<b>1,877,145,203</b>	<b>2,346,656,519</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	19	563,340,022	227,691,887
Payables and other current liabilities	20	377,054,771	332,148,350
State and other public entities		106,834,940	148,261,165
Liabilities held for sale		94,719	100,265
		<b>1,047,324,452</b>	<b>708,201,667</b>
<b>Total liabilities</b>		<b>2,924,469,655</b>	<b>3,054,858,186</b>
<b>Total equity and liabilities</b>		<b>4,115,826,873</b>	<b>4,264,855,772</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 AND 2013

Amounts in Euros	Share Capital	Treasury Shares	Share Premium	Fair value reserves	Other reserves	Translation reserves	Retained Earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2014 (Restated)	118,332,445	(47,164,986)	3,923,459	(14,243,578)	924,814,439	(49,274,921)	(201,788,562)	146,125,472	880,723,768	329,273,818	1,209,997,586
Application of 2013 profit for the year											
- Transfer to retained earnings	-	-	-	-	108,647,828	-	-	(108,647,828)	-	-	-
- Dividends /reserves paid	-	-	-	-	-	-	-	(37,477,644)	(37,477,644)	-	(37,477,644)
Acquisition of own shares	-	(61,279,849)	-	-	-	-	-	-	(61,279,849)	-	(61,279,849)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(40,049,026)	(40,049,026)
Income and expenses recognized directly in equity *	-	-	-	2,651,277	-	261,312	3,014,625	-	5,927,214	7,457,470	13,384,684
Differences in non controlling interests acquisitions	-	-	-	-	-	-	(804,967)	-	(804,967)	(1,662,829)	(2,467,796)
Other movements	-	-	-	-	-	-	(26)	-	(26)	(68,124)	(68,150)
Net profit for the period	-	-	-	-	-	-	-	80,035,469	80,035,469	29,281,944	109,317,413
Equity as of 30 September 2014	118,332,445	(108,444,835)	3,923,459	(11,592,301)	1,033,462,267	(49,013,609)	(199,578,930)	80,035,469	867,123,965	324,233,253	1,191,357,218

\* Net of deferred taxes

Restated											
Amounts in Euros	Share Capital	Treasury Shares	Share Premium	Fair value reserves	Other reserves	Translation reserves	Retained Earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2013	118,332,445	(47,164,986)	3,923,459	(20,213,050)	953,599,979	(25,322,950)	(313,759,714)	126,516,088	795,911,271	335,228,645	1,131,139,916
Application of 2012 profit for the year											
- Transfer to retained earnings	-	-	-	-	-	-	126,516,088	(126,516,088)	-	-	-
- Dividends /reserves paid	-	-	-	-	(28,785,540)	-	-	-	(28,785,540)	-	(28,785,540)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(24,426,849)	(24,426,849)
Income and expenses recognized directly in equity *	-	-	-	6,143,054	-	(17,161,066)	(1,318,168)	-	(12,336,180)	(2,396,899)	(14,733,079)
Differences in non controlling interests acquisitions	-	-	-	-	-	-	(9,103,553)	-	(9,103,553)	(6,333,579)	(15,437,132)
Consolidation perimeter changes	-	-	-	-	-	-	-	-	-	(445,830)	(445,830)
Other movements	-	-	-	-	-	-	(12,792)	-	(12,792)	(1,573)	(14,365)
Net profit for the period	-	-	-	-	-	-	-	69,589,489	69,589,489	32,083,017	101,672,506
Equity as of 30 September 2013	118,332,445	(47,164,986)	3,923,459	(14,069,996)	924,814,439	(42,484,016)	(197,678,139)	69,589,489	815,262,695	333,706,932	1,148,969,627

\* Net of deferred taxes



## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 AND 2013

Amounts in Euros	30-09-2014	30-09-2013	3rd Q 2014	3rd Q 2013
	(Not audited)	(Not audited) Restated	(Not audited)	(Not audited) Restated
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	1,612,672,863	1,594,828,671	556,195,744	560,445,348
Payments to suppliers	(1,249,846,418)	(1,185,643,278)	(423,538,552)	(402,370,928)
Payments to personnel	(126,611,330)	(138,032,319)	(35,552,513)	(49,291,703)
Cash flow from operations	236,215,115	271,153,074	97,104,679	108,782,717
Income tax received/ (paid)	(3,016,252)	(11,705,914)	2,776,104	(7,995,276)
Other receipts/ (payments) relating to operating activities	60,206,509	27,700,250	22,048,679	38,460,739
<b>Cash flow from operating activities (1)</b>	<b>293,405,372</b>	<b>287,147,410</b>	<b>121,929,462</b>	<b>139,248,180</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows</b>				
Financial investments	516,971	10,638,066	516,971	10,636,669
Property, plant, equipment	1,271,140	289,493	21,289	78,290
Interests and similar income	3,897,698	6,168,566	1,188,371	1,564,509
Dividends	665,104	1,438,938	549,250	487,507
	6,350,913	18,535,063	2,275,881	12,766,975
<b>Outflows</b>				
Financial investments	(20,498,778)	(26,714,778)	(2,386,980)	(10,881,408)
Cash and cash equivalents - changes in consolidation perimeter	-	6,680,980	-	-
Property, plant and equipment	(18,216,675)	(48,102,524)	(5,562,440)	(15,144,125)
	(38,715,453)	(68,136,322)	(7,949,420)	(26,025,533)
<b>Cash flow from investing activities (2)</b>	<b>(32,364,540)</b>	<b>(49,601,259)</b>	<b>(5,673,539)</b>	<b>(13,258,558)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Proceeds from borrowings	956,050,458	2,425,514,031	291,098,587	439,425,173
	956,050,458	2,425,514,031	291,098,587	439,425,173
<b>Outflows</b>				
Repayments of borrowings	(1,077,968,480)	(2,270,888,124)	(171,136,486)	(464,164,700)
Repayment of financial leases	(621,893)	(695,229)	(182,186)	(220,787)
Interest and similar expenses	(82,648,741)	(75,808,172)	(28,174,841)	(24,094,058)
Dividends	(77,818,837)	(53,034,462)	(1,464,286)	(168,476)
Acquisition of treasury shares	(61,279,800)	-	(61,279,800)	-
	(1,300,337,751)	(2,400,425,987)	(262,237,599)	(488,648,021)
<b>Cash flow from financing activities (3)</b>	<b>(344,287,293)</b>	<b>25,088,044</b>	<b>28,860,988</b>	<b>(49,222,848)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>	<b>(83,246,461)</b>	<b>262,634,195</b>	<b>145,116,911</b>	<b>76,766,774</b>
EXCHANGE GAINS/ (LOSSES) ON CASH AND CASH EQUIVALENTS	6,413,741	(1,518,663)	5,905,632	(1,818,564)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>649,479,098</b>	<b>411,230,551</b>	<b>421,623,835</b>	<b>597,431,043</b>
EFFECT OF NON-CURRENT ASSETS HELD FOR SALE	-	45,584	-	12,414
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>572,646,378</b>	<b>672,391,667</b>	<b>572,646,378</b>	<b>672,391,667</b>

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## SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014

(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, 10<sup>th</sup> floor, Lisbon

**Share Capital:** Euro 118,332,445

**Corporated 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, 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 the 10 November 2014.

The Group’s senior management, who are also 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. Basis of preparation

The interim consolidated financial statements for the nine months period ended 30 September 2014 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

The accompanying interim consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 24), and under the historic cost convention, except for biological assets, financial assets at fair value through profit and loss, available-for-sale financial assets and financial instruments, which are recorded at fair value. Plant, property and equipment acquired previously to 1 January 2004 are measured under its revalued amount.

The notes below have been selected to contribute to the understanding of the most significant changes in the Group's consolidated financial position and its performance since the last annual reporting date as at 31 December 2013.

## 2. Accounting policies

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those used in preparing the financial statements for the year ended December 31, 2013 and disclosed in the respective notes, with the exception of the accounting policy applicable to the accounting for joint ventures described in Note 1.3.3 of the consolidated financial statements as of 31 December 2013, that stated the following:

*“A jointly-controlled entity is a joint venture which involves the establishment 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, income and expenses of the jointly-controlled entities recognised on a line-by-line basis in the consolidated financial statements.”*

With the effective application of IFRS 11 - Joint agreements, the interest of an investor in jointly controlled entities is recognised as an investment accounted for under the equity method instead of the proportional consolidation method.

In light of the foregoing, the Group applied the equity accounting method to its investments in joint ventures, Supremo Cimentos S.A. and Secil Unicom, SGPS, S.A., previously proportionately consolidated by the Group. The presented consolidated financial statements, relating to comparative periods as at 31 December 2013 and 30 September 2013, have been restated in order to accommodate the change in this accounting policy.

The impacts of the restatement in the Consolidated Income Statement for the nine months period ended 30 September 2013 are as follows:

Amounts in Euros	3rd Q 2013 (Not audited) Restated	3rd Q 2013 (Not audited) Published
<b>Revenues</b>		
Sales	1,445,218,533	1,460,273,751
Services rendered	27,445,701	33,390,562
<b>Other income</b>		
Gains on disposal of non-current assets	729,138	730,588
Other operating income	26,451,018	27,851,836
<b>Change in fair value of biological assets</b>	2,294,057	2,294,057
<b>Costs, expenses and losses</b>		
Cost of inventories sold and consumed	(599,625,133)	(614,635,647)
Variation in production	5,798,874	8,785,777
Cost of materials and services consumed	(423,857,523)	(427,553,226)
Payroll costs	(150,927,078)	(156,176,172)
Other costs and losses	(21,035,940)	(21,146,663)
Provisions	(454,884)	221,158
<b>Depreciation, amortization and impairment losses</b>	(124,220,220)	(125,282,754)
<b>Operational results</b>	<b>187,816,543</b>	<b>188,753,267</b>
Group share of (loss)/gains of associated and joint ventures	(46,424)	372,074
<b>Net financial results</b>	<b>(67,877,259)</b>	<b>(69,498,863)</b>
<b>Profit before taxes</b>	<b>119,892,860</b>	<b>119,626,478</b>
Income tax	(18,220,354)	(18,127,747)
<b>Net profit for the period</b>	<b>101,672,506</b>	<b>101,498,731</b>
<b>Net profit for the period</b>		
<b>Attributable to Semapa shareholders</b>	<b>69,589,489</b>	<b>69,589,489</b>
Attributable to non-controlling interests	32,083,017	31,909,242
<b>Earnings per share</b>		
Basic earnings per share, Eur	0.616	0.616
Diluted earnings per share, Eur	0.616	0.616

The impacts of the restatement in the Consolidated Statement of Financial Position as of 31 December 2013 are as follows:

Amounts in Euros	31-12-2013 <i>Restated</i>	31-12-2013 <i>Published</i>
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	296,680,236	335,700,924
Other intangible assets	269,879,796	290,310,424
Property, plant and equipment	2,101,708,448	2,197,206,941
Investment properties	1,431,752	1,431,752
Biological assets	111,339,306	111,339,306
Investment in associates and joint ventures	102,761,132	3,439,994
Financial assets at fair value through profit or loss	482,923	482,923
Available-for-sale financial assets	346,257	346,257
Deferred tax assets	84,531,715	84,698,331
Other non-current assets	6,053,886	6,111,194
	<b>2,975,215,451</b>	<b>3,031,068,046</b>
<b>Current assets</b>		
Inventories	296,958,845	299,644,017
Receivable and other current assets	279,378,867	280,662,214
State and other public entities	62,649,442	64,719,854
Assets held for sale	1,174,069	1,174,069
Cash and cash equivalents	649,479,098	666,345,306
	<b>1,289,640,321</b>	<b>1,312,545,460</b>
<b>Total assets</b>	<b>4,264,855,772</b>	<b>4,343,613,506</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	118,332,445	118,332,445
Treasury shares	(47,164,986)	(47,164,986)
Share premiums	3,923,459	3,923,459
Translations reserves	(49,274,921)	(49,274,921)
Fair value reserves	(14,243,578)	(14,243,578)
Other reserves	924,814,439	924,814,439
Retained earnings	(201,788,562)	(201,788,562)
Retained earnings for the period	146,125,472	146,125,472
<b>Consolidated shareholder's equity</b>	<b>880,723,768</b>	<b>880,723,768</b>
Non-controlling interests	329,273,818	328,074,030
<b>Total equity</b>	<b>1,209,997,586</b>	<b>1,208,797,798</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	320,768,260	338,289,795
Pensions and other post-employment benefits	3,922,272	3,922,272
Provisions	79,170,156	76,184,019
Interest-bearing liabilities	1,895,951,695	1,929,394,235
Other non-current liabilities	46,844,136	48,021,571
	<b>2,346,656,519</b>	<b>2,395,811,892</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	227,691,887	250,603,409
Payables and other current liabilities	332,148,350	339,301,436
State and other public entities	148,261,165	148,998,706
Liabilities held for sale	100,265	100,265
	<b>708,201,667</b>	<b>739,003,816</b>
<b>Total liabilities</b>	<b>3,054,858,186</b>	<b>3,134,815,708</b>
<b>Total equity and liabilities</b>	<b>4,264,855,772</b>	<b>4,343,613,506</b>

### 3. Accounting estimates and judgments

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

These estimates are influenced by the 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 future date on which the operations will be realized, the outcome could be quite different from those estimates.

### 4. Segmental reporting

Segment information is presented for identified business segments, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. The earnings, assets and liabilities of each segment correspond to those directly allocated to them, as well as those which can be imputed to them on a reasonable basis.

Financial data by operational segment for the nine month period ended 30 September 2014 is shown as follows:

Amounts in Euros	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Consolidated
<b>RESULTS</b>					
Revenues	1,137,954,917	326,472,439	17,970,442	-	1,482,397,798
Operational results	152,585,643	30,912,351	1,011,864	(6,363,543)	178,146,315
Net financial results	(24,645,694)	(11,653,656)	(855,337)	(40,953,373)	(78,108,060)
Group share of (loss)/ gains in associate and joint ventures	-	173,875	-	-	173,875
Income tax	(2,898,965)	(3,864,386)	307,753	15,560,881	9,105,283
<b>Net profit for the period</b>	<b>125,040,984</b>	<b>15,568,184</b>	<b>464,280</b>	<b>(31,756,035)</b>	<b>109,317,413</b>
Net profit for the period - Attributable to non-controlling interests	(23,543,164)	(5,738,727)	(53)	-	(29,281,944)
<b>Net profit for the period - Attributable to Semapa shareholders</b>	<b>101,497,820</b>	<b>9,829,457</b>	<b>464,227</b>	<b>(31,756,035)</b>	<b>80,035,469</b>
<b>Other informations</b>					
Total segment assets	2,633,966,780	1,196,297,324	92,191,784	193,370,985	4,115,826,873
Total Deferred tax assets	24,517,824	12,700,310	980,991	31,031,578	69,230,703
Total Post-employment benefits assets	3,088,402	-	-	-	3,088,402
Investments in associates and joint ventures	-	91,032,897	-	-	91,032,897
Total segment liabilities	1,381,675,067	595,556,968	33,522,661	913,714,959	2,924,469,655
Depreciation, amortization and impairment losses	92,954,235	30,546,020	1,879,928	253,401	125,633,584
Provisions	(6,859,737)	1,478,307	(7,055)	-	(5,388,485)
Capital expenditures	15,480,711	11,155,928	3,920,256	64,987	30,621,882

Financial data by operational segment for the nine months period ended 30 September 2013 is shown as follows:

Amounts in Euros	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Consolidated
<b>RESULTS</b>					
Revenues	1,137,163,985	313,786,723	21,713,526	-	1,472,664,234
Operational results	172,215,322	11,916,556	3,192,114	492,551	187,816,543
Net financial results	(15,678,622)	(14,960,272)	(914,356)	(36,324,009)	(67,877,259)
Group share of (loss)/ gains in associated companies	-	(46,424)	-	-	(46,424)
Income tax	(14,658,786)	(3,266,294)	(174,865)	(120,409)	(18,220,354)
<b>Net profit for the period</b>	<b>141,877,914</b>	<b>(6,356,434)</b>	<b>2,102,893</b>	<b>(35,951,867)</b>	<b>101,672,506</b>
Net profit for the period - Attributable to non-controlling interests	(27,026,529)	(4,992,273)	(64,215)	-	(32,083,017)
<b>Net profit for the period - Attributable to Semapa shareholders</b>	<b>114,851,385</b>	<b>(11,348,707)</b>	<b>2,038,678</b>	<b>(35,951,867)</b>	<b>69,589,489</b>
<b>Other informations</b>					
Total segment assets	2,865,885,640	1,232,560,428	94,922,543	127,708,407	4,321,077,018
Total Deferred tax assets	31,600,715	14,196,088	781,344	6,086,166	52,664,313
Investments in associates and joint ventures	-	105,670,112	-	-	105,670,112
Total segment liabilities	1,511,194,381	661,004,578	37,166,100	962,742,328	3,172,107,387
Depreciation, amortization and impairment losses	88,096,458	33,807,790	2,101,897	214,075	124,220,220
Provisions	(201,808)	799,392	(142,700)	-	454,884
Capital expenditures	15,707,828	53,745,459	5,253,709	175,818	74,882,814

## 5. Other income

Other operating income is detailed as follows for the nine months period ended 30 September 2014 and 2013:

Amounts in Euros	30-09-2014	30-09-2013
Grants - CO2 Emission allowances	12,124,909	6,491,643
Impairment reversal	1,194,185	1,207,251
Gains on disposals of CO2 emission allowances	1,561,769	-
Supplementary income	1,916,815	1,235,378
Gains on disposals of non-current assets	513,107	729,138
Gains on inventories	566,410	1,515,834
Gains on disposals of current assets	24,828	336,924
Operating government grants	158,613	294,520
Own work capitalised	376,858	161,151
Revenues from waste management	620,082	589,320
Other operating income	7,924,676	14,618,997
	<b>26,982,252</b>	<b>27,180,156</b>

## 6. Costs, expenses and losses

Costs, expenses and losses are detailed as follows for the nine months period ended 30 September 2014 and 2013:



Amounts in Euros	30-09-2014	30-09-2013
<b>Cost of sales and services rendered</b>		
Cost of inventories sold and consumed	(613.558.437)	(599.625.133)
<b>Cost of materials and services consumed</b>		
Energy and fluids	(131.974.743)	(135.425.199)
Inventory transportation	(114.620.762)	(109.483.288)
Professional fees	(57.110.836)	(51.209.112)
Repair and maintenance	(35.677.216)	(40.733.910)
Fees	(3.291.109)	(3.487.944)
Insurance	(11.083.684)	(11.052.134)
Subcontracts	(5.806.312)	(12.287.107)
Others	(75.422.011)	(60.178.829)
	<b>(434.986.673)</b>	<b>(423.857.523)</b>
<b>Variation in production</b>	12.735.856	5.798.874
<b>Payroll costs</b>		
Statutory bodies	(14.034.888)	(15.213.385)
Other remunerations	(96.392.702)	(98.724.876)
Pension costs	(2.461.827)	(3.283.182)
Other payroll costs	(34.118.677)	(33.705.635)
	<b>(147.008.094)</b>	<b>(150.927.078)</b>
<b>Other operational costs and losses</b>		
Membership fees	(559.322)	(424.924)
Donations	(1.273.943)	(1.201.347)
Cost with emission allowances (CO2)	(12.652.887)	(5.655.809)
Inventories and other receivables impairment	(2.030.715)	(1.381.969)
Losses on inventories	(2.295.368)	(2.300.503)
Indirect taxes and levies	(5.113.754)	(5.790.013)
Losses on disposal of non-current assets	(113.804)	(26.257)
Other operating costs	(4.083.680)	(4.255.118)
	<b>(28.123.473)</b>	<b>(21.035.940)</b>
<b>Net Provisions (Note 18)</b>	5.388.485	(454.884)
<b>Total of Costs, expenses and losses</b>	<b>(770.565.663)</b>	<b>(766.244.161)</b>

## 7. Depreciation, amortisation and impairment losses

In the nine months period ended 30 September 2014 and 2013, Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euros	30-09-2014	30-09-2013
<b>Depreciation of property, plant and equipment</b>		
Land	(2.301.180)	(3.065.274)
Buildings	(13.483.706)	(15.284.017)
Other tangible assets	(110.573.481)	(103.327.958)
	(126.358.367)	(121.677.249)
<b>Amortisation of intangible assets</b>		
Industrial property and other rights	48.982	(1.523.688)
Outros gastos capitalizados	-	(1.500)
	48.982	(1.525.188)
<b>Impairment losses in tangible assets</b>		
Land	(105.316)	-
Buildings	3.334	(182.000)
Other tangible assets	836.889	(796.404)
	734.907	(978.404)
<b>Impairment losses in assets held for sale</b>	(45.012)	(24.091)
<b>Impairment losses in investment properties</b>		
Buildings	(14.094)	(15.288)
	(14.094)	(15.288)
	<b>(125.633.584)</b>	<b>(124.220.220)</b>

## 8. Net financial results

Net financial results are detailed as follows for the nine months period ended 30 September 2014 and 2013:

Amounts in Euros	30-09-2014	30-09-2013
Interest paid on loans from shareholders (Note 22)	(345.114)	(194.488)
Interest paid on other loans	(68.168.668)	(63.724.549)
Interest received on loans from associates and joint ventures (Note 22)	1.367.859	28.010
Other interest earned	3.709.715	6.296.871
Compensatory interest	335.252	418.390
Fair value in available-for-sale financial assets (Note 21)	(146.430)	(12.174)
Gain / (losses) on financial assets at fair value through profit and loss	(38.826)	1.542.884
Gains /(losses) on financial instruments - hedging	(2.056.684)	(8.782.650)
Gains /(losses) on financial instruments - trading	(3.825.350)	(138.843)
Options premiums	(1.018.831)	(954.376)
Foreign exchange gains /(losses)	3.286.159	6.010.058
Other financial expenses	(11.208.158)	(8.366.392)
Other financial income	1.016	-
	<b>(78.108.060)</b>	<b>(67.877.259)</b>

## 9. Income tax

Group Semapa is subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax (CIT) Code, in accordance with the legislative changes introduced by the reform of the Corporate Income Tax in effect since 1 January 2014.

As of 1 January 2014, Portucel S.A. and Secil S.A., and their subsidiaries, complied with the mentioned requirements.

As at 30 September 2014 and 2013, Income tax is detailed as follows:

Amounts in Euros	30-09-2014	30-09-2013
Current tax	15.545.456	43.022.654
Net Provision for current tax	(36.145.155)	6.113.746
Deferred tax	11.494.416	(30.916.046)
	<b>(9.105.283)</b>	<b>18.220.354</b>

For the nine months period ended 30 September 2014 and 2013, the reconciliation of the effective income tax rate was as follows:

Amounts in Euros	30-09-2014	30-09-2013
Profit before tax	100.212.130	119.892.860
Expected income tax	24.551.972	31.771.608
State Surcharge	6.918.145	2.951.168
Differences (a)	3.144.957	(5.710.249)
Prior year tax adjustments	(23.318.845)	(291.290)
Recoverable tax losses carried forward	(32.478)	(496.994)
Non recoverable tax losses	1.103.951	8.537.184
Impairments and provision reversals	(18.727.452)	-
Impact of the change in the income tax rate	(6.127.866)	(1.036.239)
Provision for current tax	901.121	6.113.746
Tax benefits	(881.346)	(24.225.907)
Other	3.362.558	607.327
	<b>(9.105.283)</b>	<b>18.220.354</b>
Effective tax rate	-9,09%	15,20%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(173.875)	46.425
Capital gains / (losses) for tax purposes	(321.207.201)	465.411
Capital gains / (losses) for accounting purposes	321.115.714	(800.849)
Provisions not allowed for tax purposes	939.381	1.454.938
Tax benefits	(2.011.687)	(1.742.118)
Dividends received from non EU companies	-	1.956.863
Decrease in taxed provisions	(1.723.284)	(2.046.339)
Intra-group earnings subject to taxation	3.419.698	(1.664.831)
Post employment benefits	(734.385)	285.729
Others	13.212.198	(19.503.338)
	<b>12.836.559</b>	<b>(21.548.109)</b>
<b>Tax effect (2014: 24.5% and 2013: 26.5%)</b>	<b>3.144.957</b>	<b>(5.710.249)</b>

In Portugal, the annual income tax returns are subject to review and adjustment by the tax authorities for a period of four years. However, if tax losses are reported, these may be subject to review by the tax authorities for a longer period.

In other countries in which the Group operates, these periods are different, usually higher.

The Board of Directors believes that any adjustments to those statements as a result of revisions / inspections by the tax authorities will not have significant effect on the consolidated financial statements at 30 September 2014, given that the exercises have been revised until 2011, including Portucel, Soporcel, Secil and Semapa.

## 10. Earnings per share

There are no convertible financial instruments over Semapa' shares, so there is no dilution of earnings.

Amounts in Euros	30-09-2014	30-09-2013
Profit attributable to Semapa's shareholders	80,035,469	69,589,489
Weighted average number of ordinary shares	112,837,558	112,884,470
Basic earnings per share	0.709	0.616
Diluted earnings per share	0.709	0.616

The weighted average number of shares is calculated by the number of treasury shares owned by Semapa, SGPS, S.A.. At 30 September 2014, Semapa owns 11,827,975 own shares.

## 11. Property, plant and equipment

Over the nine months period ended 30 September 2014 and year ended 31 December 2013, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euros	Land	Building and other constructions	Equipments and other tangibles	Assets under construction	Total
<b>Acquisition Cost</b>					
<b>Amount as of 1 January 2013</b>	<b>366,070,621</b>	<b>979,628,684</b>	<b>4,764,735,913</b>	<b>47,271,743</b>	<b>6,157,706,961</b>
Change of consolidation perimeter	-	-	927,798	-	927,798
Acquisition	445,249	2,794,524	18,062,766	45,761,481	67,064,020
Disposals	(37,668)	(155,220)	(14,742,083)	(357,629)	(15,292,600)
Adjustments, transfers and write-off's	2,232,810	13,744,273	56,820,476	(61,997,253)	10,800,306
Exchange rate adjustment	(6,123,467)	(5,224,453)	(20,923,028)	(1,133,363)	(33,404,311)
<b>Amount as of 31 December 2013</b>	<b>362,587,545</b>	<b>990,787,808</b>	<b>4,804,881,842</b>	<b>29,544,979</b>	<b>6,187,802,174</b>
Acquisition	5,157	127,931	2,459,815	28,028,979	30,621,882
Disposals	(75,444)	(141,587)	(4,406,136)	-	(4,623,167)
Adjustments, transfers and write-off's	1,720,653	(3,534,775)	17,645,152	(16,156,911)	(325,881)
Exchange rate adjustment	1,528,553	4,347,522	12,975,068	990,126	19,841,269
<b>Amount as of 30 September 2014</b>	<b>365,766,464</b>	<b>991,586,899</b>	<b>4,833,555,741</b>	<b>42,407,173</b>	<b>6,233,316,277</b>
<b>Accumulated depreciations and impairment losses</b>					
<b>Amount as of 1 January 2013</b>	<b>(43,727,687)</b>	<b>(605,732,246)</b>	<b>(3,282,798,371)</b>	<b>(102,292)</b>	<b>(3,932,360,596)</b>
Change of consolidation perimeter	-	-	(773,165)	-	(773,165)
Depreciations and impairment losses	(5,163,478)	(17,820,063)	(141,663,458)	(1,202,321)	(165,849,320)
Disposals	-	145,397	14,495,338	-	14,640,735
Adjustments, transfers and write-off's	(628,275)	(5,574,178)	(10,804,953)	(264,999)	(17,272,405)
Exchange rate adjustment	1,482,699	2,547,724	11,414,283	76,319	15,521,025
<b>Amount as of 31 December 2013</b>	<b>(48,036,741)</b>	<b>(626,433,366)</b>	<b>(3,410,130,326)</b>	<b>(1,493,293)</b>	<b>(4,086,093,726)</b>
Depreciations and impairment losses	(2,406,496)	(13,455,367)	(114,108,869)	-	(129,970,732)
Disposals	358	127,138	3,536,560	-	3,664,056
Adjustments, transfers and write-off's	(341,108)	120,818	2,524,426	(267,500)	2,036,636
Exchange rate adjustment	(103,677)	(2,273,027)	(8,295,058)	-	(10,671,762)
<b>Amount as of 30 September 2014</b>	<b>(50,887,664)</b>	<b>(641,913,804)</b>	<b>(3,526,473,267)</b>	<b>(1,760,793)</b>	<b>(4,221,035,528)</b>
<b>Net book value as of 1 January 2013</b>	<b>322,342,934</b>	<b>373,896,438</b>	<b>1,481,937,542</b>	<b>47,169,451</b>	<b>2,225,346,365</b>
<b>Net book value as of 31 December 2013</b>	<b>314,550,804</b>	<b>364,354,442</b>	<b>1,394,751,516</b>	<b>28,051,686</b>	<b>2,101,708,448</b>
<b>Net book value as of 30 September 2014</b>	<b>314,878,800</b>	<b>349,673,095</b>	<b>1,307,082,474</b>	<b>40,646,380</b>	<b>2,012,280,749</b>

## 12. Investments in associates and joint-ventures

As at 30 September 2014 and 31 December 2013, the caption Investments in associates and joint-ventures is detailed as follows:

Subsidiaries / Associates	% held	Book value		31-12-2013
		30-09-2014	% held	
Joint-ventures				
Supremo Cimentos, S.A.	50.00%	87,494,600	50.00%	99,321,138
Associates				
Setefrete, SGPS, S.A.	25.00%	3,091,929	25.00%	2,918,120
MC - Materiaux de Construction	49.36%	2,198	49.36%	2,211
J.M.J. - Henriques, Lda.	50.00%	381,714	100.00%	381,825
Sociedade de Inertes, Lda.	49.00%	648	49.00%	648
Ave, S.A.	35.00%	61,808	35.00%	137,190
		91,032,897		102,761,132

In the nine months period ended 30 September 2014 and the year ended 31 December 2013, the movements in Investments in associates and joint-ventures were as follows:

Amounts in Euros	30-09-2014	31-12-2013
<b>Opening balance</b>	<b>102,761,132</b>	<b>114,317,067</b>
Change of consolidation perimeter	-	(1,790,832)
Aquisições	-	649
Group share of (loss) / gains of associates and joint ventures	173,875	(98,824)
Dividends received	(665,103)	(713,506)
Exchange rate adjustments	(11,237,007)	(8,953,422)
<b>Closing balance</b>	<b>91,032,897</b>	<b>102,761,132</b>

### 13. Financial assets at fair value through profit and loss

The following movements were registered in this caption during the nine months period ended 30 September 2014 and the year ended 2013:

Amounts in Euros	30-09-2014	31-12-2013
<b>Opening balance</b>	<b>482,923</b>	<b>9,026,930</b>
Acquisitions	-	451,466
Disposals	-	(10,522,556)
Changes in fair value	(38,826)	1,527,083
<b>Closing balance</b>	<b>444,097</b>	<b>482,923</b>

Amounts in Euros	Fair value	
	30-09-2014	31-12-2013
Holding fund CEMG	396,839	435,665
Other	47,258	47,258
	<b>444,097</b>	<b>482,923</b>

### 14. Receivables and other current assets

As of 30 September 2014 and 31 December 2013, the caption Receivables and other current assets comprised:

Amounts in Euros	30-09-2014	31-12-2013
Accounts receivable	238,130,097	249,018,585
Accounts receivable - related parties (Note 22)	24,912,118	3,564,813
Derivative financial instruments (Note 21)	702	809,343
Other receivables	16,162,188	9,401,979
Accrued income	5,106,002	5,870,869
Deferred costs	15,207,435	10,713,278
	<b>299,518,542</b>	<b>279,378,867</b>

*Note: The amounts are presented net of impairment losses*

At 30 September 2014 and 31 December 2013, captions Accrued income and Deferred costs comprised:

Amounts in Euros	30-09-2014	31-12-2013
<b>Accrued income</b>		
Interest receivable	563,819	815,153
Other	4,542,183	5,055,716
	<b>5,106,002</b>	<b>5,870,869</b>
<b>Deferred costs</b>		
Maintenance and repairs	114,958	-
Insurance	1,296,632	213,459
Rents and leases	505,540	231,768
Post-employment plans	3,088,402	351,494
Other	10,201,903	9,916,557
	<b>15,207,435</b>	<b>10,713,278</b>
	<b>20,313,437</b>	<b>16,584,147</b>

## 15. Share capital and treasury share

At 30 September 2014, 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.

As of 30 September 2014 and 31 December 2013, the following entities had substantial holdings in the company's capital:

Name	Number of shares	%	
		30-09-2014	31-12-2013
Longapar, SGPS, S.A.	21,505,400	18.17	18.17
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69	13.69
Sodim, SGPS, S.A.	15,657,505	13.23	13.23
Banco BPI, S.A.	12,009,004	10.15	10.15
Bestinver Gestión, SGIIC, S.A.	11,865,210	10.03	10.03
Norges Bank (Norway Central Bank)	5,649,215	4.77	4.77
Cimigest, SGPS, S.A.	3,185,019	2.69	2.69
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
Treasury shares	11,827,975	10.00	4.60
Other shareholders with less than 2% participation	19,273,887	16.29	21.68
	<b>118,332,445</b>	<b>100.00</b>	<b>100.00</b>

As at 30 September 2014 Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. has 11,827,975 own shares.

## 16. Reserves

At 30 September 2014 and 31 December 2013, the captions Fair value reserves, Translation reserves and Other reserves comprised:

Amounts in Euros	30-09-2014	31-12-2013
Fair value of derivative financial instruments	(10,310,559)	(12,961,836)
Other fair value reserves	(1,281,742)	(1,281,742)
<b>Total of fair value reserves</b>	<b>(11,592,301)</b>	<b>(14,243,578)</b>
 <b>Translation reserve</b>	 <b>(49,013,609)</b>	 <b>(49,274,921)</b>
 Legal reserves	 23,666,489	 23,666,489
Others reserves	1,009,795,777	901,147,950
<b>Total of other reserves</b>	<b>1,033,462,266</b>	<b>924,814,439</b>
 <b>Total reserves</b>	 <b>972,856,356</b>	 <b>861,295,940</b>

## 17. Deferred taxes

In the nine months period ended 30 September 2014, the changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euros	As of 1 January 2014	Exchange Adjustment	Income Statement		Retained Earnings	Transfers	Assets held for sale	As of 30 September 2014
			Increases	Decreases				
<b>Temporary differences originating deferred tax assets</b>								
Tax losses carried forward	173,292,004	-	94,950	(37,932,101)	-	-	-	135,454,853
Taxed provisions	22,213,073	248,640	1,149,243	(124,272)	-	(22,691)	-	23,463,993
Harmonisation of depreciation criteria	79,034,444	-	576,484	(29,458,928)	-	22,689	-	50,174,689
Pensions and other post-employment benefits	7,556,072	32,736	39,708	(790,024)	(11,324)	-	-	6,827,168
Derivative Financial Instruments	3,998,980	-	-	-	866,993	-	-	4,865,973
Deferred accounting gains on inter group transactions	22,406,393	-	8,253,529	(1,235,357)	-	-	-	29,424,565
Tax investments incentives	18,202,295	-	-	(1,255,532)	-	-	-	16,946,763
Fair value from business combinations	1,325,414	127,238	-	-	-	-	-	1,452,652
Other temporary differences	3,925,472	-	1,918,929	(1,414,701)	-	(1)	-	4,429,699
	<b>331,954,147</b>	<b>408,614</b>	<b>12,032,843</b>	<b>(72,210,915)</b>	<b>855,669</b>	<b>(3)</b>	<b>-</b>	<b>273,040,355</b>
<b>Temporary differences originating deferred tax liabilities</b>								
Tangible assets revaluation	(13,382,568)	-	-	821,159	-	-	-	(12,561,409)
Pensions and other post-employment benefits	(5,613,255)	-	(1,858,136)	566,604	(671,749)	(1)	-	(7,576,537)
Derivative Financial Instruments	(765,769)	-	-	159,206	1,019,541	-	-	412,978
Fair value of biological assets	(1,583,281)	-	-	705,869	-	-	-	(877,412)
Harmonisation of depreciation criteria	(480,137,095)	169,861	(27,989,652)	12,621,422	-	-	-	(495,335,464)
Deferred accounting losses on inter group transactions	(13,287,292)	(955,292)	(2,109,004)	68,176	-	-	-	(16,283,412)
Fair value of intangible assets - brands	(255,662,750)	(2,204,931)	-	-	-	-	-	(257,867,681)
Fair value of tangible assets	(172,591,241)	-	-	11,453,662	-	-	-	(161,137,579)
Fair value from business combinations	(177,114,709)	(2,218,263)	-	3,260,132	-	-	(22,734)	(176,095,574)
Other temporary differences	(377,664)	-	-	80,546	-	2	-	(297,116)
	<b>(1,120,515,624)</b>	<b>(5,208,625)</b>	<b>(31,956,792)</b>	<b>29,736,776</b>	<b>347,792</b>	<b>1</b>	<b>(22,734)</b>	<b>(1,127,619,206)</b>
<b>Deferred tax assets</b>	<b>84,531,715</b>	<b>55,510</b>	<b>2,767,567</b>	<b>(18,373,547)</b>	<b>249,458</b>	<b>-</b>	<b>-</b>	<b>69,230,703</b>
<b>Deferred tax liabilities</b>	<b>(320,768,260)</b>	<b>(914,459)</b>	<b>(8,037,021)</b>	<b>12,148,585</b>	<b>127,076</b>	<b>-</b>	<b>(5,547)</b>	<b>(317,449,626)</b>



During 2013, the changes in assets and liabilities as a result of deferred taxes were as follows:

	As of 1 January 2013	Exchange Adjustment	Income Statement		Retained Earnings	Transfers	Assets held for sale	Changes in perimeter	As of 31 December 2013
			Increases	Decreases					
Temporary differences originating deferred tax assets									
Tax losses carried forward	29,869,430	-	172,823,006	(29,400,432)	-	-	-	-	173,292,004
Taxed provisions	24,243,212	(527,609)	2,647,429	(4,854,187)	-	-	-	704,228	22,213,073
Harmonisation of depreciation criteria	91,592,483	-	16,379,437	(29,078,982)	-	-	-	141,506	79,034,444
Pensions and other post-employment benefits	12,056,167	(42,848)	1,397	(4,298,800)	(159,844)	-	-	-	7,556,072
Derivative Financial Instruments	5,531,711	-	-	-	(1,532,731)	-	-	-	3,998,980
Deferred accounting gains on inter group transactions	18,649,634	-	4,026,169	(269,410)	-	-	-	-	22,406,393
Tax investments incentives	19,092,548	-	568,529	(1,458,782)	-	-	-	-	18,202,295
Fair value from business combinations	1,385,387	(59,973)	-	-	-	-	-	-	1,325,414
Other temporary differences	1,816,270	-	2,148,151	(38,949)	-	-	-	-	3,925,472
	206,886,115	(630,430)	198,594,118	(72,048,815)	(1,692,575)	-	-	845,734	331,954,147
Temporary differences originating deferred tax liabilities									
Tangible assets revaluation	(17,815,985)	-	-	4,442,144	-	-	(8,727)	-	(13,382,568)
Pensions and other post-employment benefits	(6,541,894)	-	(252,795)	(64,282)	1,245,716	-	-	-	(5,613,255)
Derivative Financial Instruments	(106,309)	-	-	(169,999)	(196,321)	-	-	(293,140)	(765,769)
Fair value of biological assets	-	-	(1,583,281)	-	-	-	-	-	(1,583,281)
Harmonisation of depreciation criteria	(461,535,474)	2,368,975	(36,801,857)	16,349,174	-	-	-	(517,913)	(480,137,095)
Deferred accounting losses on inter group transactions	(222,066,542)	450,248	(2,491,744)	210,876,040	-	-	(55,294)	-	(13,287,292)
Fair value of intangible assets - brands	(257,665,526)	2,002,776	-	-	-	-	-	-	(255,662,750)
Fair value of tangible assets	(187,862,791)	-	-	15,271,550	-	-	-	-	(172,591,241)
Fair value from business combinations	(190,089,104)	7,193,335	-	5,808,622	-	-	(27,562)	-	(177,114,709)
Other temporary differences	(875,212)	-	(116,989)	599,028	-	15,509	-	-	(377,664)
	(1,424,621,943)	12,015,334	(41,246,666)	333,175,383	1,049,395	15,509	(91,583)	(811,053)	(1,120,515,624)
Deferred tax assets	60,691,168	(156,761)	44,014,129	(19,803,442)	(479,784)	-	-	266,405	84,531,715
Deferred tax liabilities	(435,381,612)	3,274,133	(4,184,456)	115,326,281	267,803	4,111	(32,390)	(42,130)	(320,768,260)

## 18. Provisions

In the nine months period ended 30 September 2014, the changes in provisions were as follows:

Amounts in Euros	Legal Claims	Tax Claims	Environmental Restauracion	Others	Total
<b>As of 1 January 2014</b>	<b>1,308,009</b>	<b>30,700,077</b>	<b>7,138,176</b>	<b>40,023,894</b>	<b>79,170,156</b>
Increases (Note 6)	2,588,449	-	-	1,919,096	4,507,545
Reversals (Note 6)	(1,194,488)	(2,537,729)	(117,974)	(6,045,839)	(9,896,030)
Direct utilisations	-	-	(65,867)	(2,504,077)	(2,569,944)
Exchange differences	-	-	-	195,119	195,119
Financial discounts	-	-	216,195	-	216,195
Transfers and adjustments	310,924	(1,855,684)	(4)	(3,106,303)	(4,651,067)
<b>As of 30 September 2014</b>	<b>3,012,894</b>	<b>26,306,664</b>	<b>7,170,526</b>	<b>30,481,890</b>	<b>66,971,974</b>

## 19. Interest- bearing liabilities

As of 30 September 2014 and 31 December 2013, Group's net debt was as follows:

Amounts in Euros	30-09-2014	31-12-2013
<b>Interest bearing liabilities</b>		
Non current	1,448,516,988	1,895,951,695
Current	563,340,022	227,691,887
	<b>2,011,857,010</b>	<b>2,123,643,582</b>
<b>Cash and Cash equivalents</b>		
Cash	402,964	389,375
Short term bank deposits	67,664,895	133,635,453
Other	504,578,519	515,454,270
	<b>572,646,378</b>	<b>649,479,098</b>
Market Value of shares held by the Group	273,730,878	188,865,104
<b>Interest-bearing net debt</b>	<b>1,165,479,754</b>	<b>1,285,299,380</b>

## Non- current interest-bearing liabilities

As of 30 September 2014 and 31 December 2013, non-current interest bearing liabilities were as follows:

Amounts in Euros	30-09-2014	31-12-2013
<b>Non-current</b>		
Bond loans	922,112,530	1,254,323,428
Commercial paper	144,500,000	211,400,000
Bank Loans	379,500,963	431,795,608
Expenses with bond loans issuing	(9,229,070)	(15,196,037)
<b>Interest-bearing bank debt</b>	<b>1,436,884,423</b>	<b>1,882,322,999</b>
Financial leases	3,615,246	4,147,876
Other loans - IAPMEI	2,201,996	2,372,303
Other loans - QREN	5,815,323	7,108,517
<b>Other interest-bearing liabilities</b>	<b>11,632,565</b>	<b>13,628,696</b>
<b>Non-current interest bearing liabilities</b>	<b>1,448,516,988</b>	<b>1,895,951,695</b>

## Current interest bearing liabilities

As of 30 September 2014 and 31 December 2013, current interest bearing liabilities were as follows:

Amounts in Euros	30-09-2014	31-12-2013
<b>Current</b>		
Bond loans	471,836,020	40,000,000
Bank loans	75,799,543	161,510,145
Expenses with loans issuing	(3,459,059)	-
<b>Interest-bearing bank debt</b>	<b>544,176,504</b>	<b>201,510,145</b>
Shareholders short term loans (Note 35)	3,557,491	11,789,356
Financial leases	842,277	931,539
Other loans - QREN	2,132,846	1,811,398
Other	12,630,904	11,649,449
<b>Other interest-bearing liabilities</b>	<b>19,163,518</b>	<b>26,181,742</b>
<b>Current interest-bearing liabilities</b>	<b>563,340,022</b>	<b>227,691,887</b>

## 20. Payables and other current liabilities

As of 30 September 2014 and 31 December 2013, the caption Payables and other current liabilities were detailed as follows:

Amounts in Euros	30-09-2014	31-12-2013
Accounts payable to suppliers	207,315,943	202,140,900
Accounts payable to suppliers of tangible assets	5,309,514	6,603,159
Instituto do Ambiente - CO2 Emission allowances	12,588,556	10,823,446
Derivative financial instruments (Note 21)	26,958,152	27,439,147
Other creditors	20,603,514	8,478,126
Related parties (Note 22)	2,184,666	2,826,922
Accrued costs	89,153,426	63,848,213
Deferred income	12,941,000	9,988,437
	<b>377,054,771</b>	<b>332,148,350</b>

As of 30 September 2014 and 31 December 2013, the captions Accrued costs and Deferred income comprised:

Amounts in Euros	30-09-2014	31-12-2013
<b>Accrued costs</b>		
Insurance costs	31,119	24,738
Payroll expenses	40,076,607	25,715,055
Interests payable	23,564,192	19,813,303
Accrued energy costs	10,955,164	6,625,787
Transport services	572,329	802,295
Maintenance expenses	252,336	-
Bank services	271,045	548,229
Audit fees	144,767	177,599
Consultancy	1,093,414	2,291,568
IT services	275,249	179,027
Other	11,917,204	7,670,612
	<b>89,153,426</b>	<b>63,848,213</b>
<b>Deferred Income</b>		
Government grants	4,387,365	5,382,301
Grants CO2 emission allowances	7,853,716	3,814,584
Others	699,919	791,552
	<b>12,941,000</b>	<b>9,988,437</b>

## 21. Derivative Financial Instruments

As at 30 September 2014 and 31 December 2013, the fair value of hedging and trading derivative financial instruments is detailed as follows:

Amounts in Euros	Amount	Maturity	30-09-2014			31-12-2013
			Positive	Negative	Net	Net
Hedging						
Collar interest rate (SWAP's)	225,000,000	2015	-	(10,104,608)	(10,104,608)	(11,075,860)
Coverage of net investment (USD)	25,050,000	2014	-	(1,482,076)	(1,482,076)	259,742
Pulp and paper price risk coverage (USD)	16,800,000	2014	702	-	702	(38,316)
Interest rate swaps (SWAP's)	165,000,000	2015/17	-	(5,816,826)	(5,816,826)	(5,571,693)
Interest and exchange rate swaps (BRL)	128,100,000	2017	-	(6,278,893)	(6,278,893)	(10,753,278)
			702	(23,682,403)	(23,681,701)	(27,179,405)
Trading						
Currency forwards (USD)	82,060,000	2014	-	(3,032,368)	(3,032,368)	669,424
Currency forwards (GBP)	9,140,000	2014	-	(243,381)	(243,381)	(119,823)
			-	(3,275,749)	(3,275,749)	549,601
			702	(26,958,152)	(26,957,450)	(26,629,804)

## 22. Balances and transactions with related parties

The following is a breakdown of the balances with related parties as at 30 September 2014 and 31 December 2013:

Amounts in Euros	30-09-2014			31-12-2013		
	Other Receivables (Note 14)	Other Payables (Note 20)	Interest bearing liabilities (Note 19)	Other Receivables (Note 14)	Other Payables (Note 20)	Interest bearing liabilities (Note 19)
<b>Shareholders</b>						
Cimo SGPS, S.A.	-	-	355,843	-	-	231,148
Longapar, SGPS, S.A.	-	1,160	423,148	-	1,160	7,192,833
OEM SGPS, SA	-	-	1,579,773	-	-	1,486,152
Cimigest, SGPS, S.A.	-	-	1,198,727	-	-	2,879,223
<b>Other related entities</b>						
Ave-Gestão Ambiental, S.A.	38,083	6,160	-	102,995	342,586	-
Cotif Sicar	-	85,790	-	-	19,560	-
Inertogrande	205,258	-	-	204,678	-	-
J.M.J. Henriques, Lda.	115,263	-	-	114,683	-	-
Sociedade de Inertes, Lda	505,341	-	-	-	-	-
Secil Prebetão, S.A.	160,323	10,983	-	210,470	22,047	-
Secil Unicon - S.G.P.S., Lda	47,033	-	-	44,328	-	-
Seribo, S.A.	-	309,084	-	-	305,476	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	328,001	-	-	479,084	-
Supremo Cimentos, S.A.	22,434,892	442	-	1,001,030	-	-
Margem - Companhia de Mineração, S.A.	1,303,073	-	-	1,327,162	-	-
Other related parties	-	-	-	79,345	18,180	-
Shareholders of other subsidiaries	102,852	1,443,046	-	480,122	1,638,829	-
<b>Total</b>	<b>24,912,118</b>	<b>2,184,666</b>	<b>3,557,491</b>	<b>3,564,813</b>	<b>2,826,922</b>	<b>11,789,356</b>

In the nine months period ended 30 September 2014 and 2013, transactions with shareholders were as follows:

Amounts in Euros	30-09-2014		30-09-2013	
	Service purchase	Financial Costs (Note 10)	Service purchase	Financial Costs (Note 10)
<b>Shareholders</b>				
Cimigest SGPS, S.A.	(80,805)	(82,006)	(80,805)	-
Cimo SGPS, S.A.	-	(8,260)	-	(25,759)
Longapar, SGPS, S.A.	-	(210,687)	-	(154,798)
OEM SGPS, S.A.	-	(44,161)	-	(13,931)
	<b>(80,805)</b>	<b>(345,114)</b>	<b>(80,805)</b>	<b>(194,488)</b>

In the nine months period ended 30 September 2014 and 2013, transactions with other related parties were as follows:

Amounts in Euros	30-09-2014			
	Service purchase	Sales of goods	Operating income	(Gains)/ Financial losses (Note 10)
<b>Other related parties</b>				
Ave-Gestão Ambiental, S.A.	(2,929,691)	46,482	271,105	-
Sociedade de Inertes, Lda	-	437,341	13,662	-
Seribo, S.A.	-	-	-	(3,608)
Secil Prebetão, S.A.	(40,580)	602,768	2,710	2,817
Setefrete, S.A.	(2,868,791)	-	18,023	-
Supremo Cimentos, S.A.	-	11,689,122	3,321	1,364,248
Margem - Comp.ª Mineração, S.A.	-	-	21,544	-
Others	-	-	-	4,402
	<b>(5,839,062)</b>	<b>12,775,713</b>	<b>330,365</b>	<b>1,367,859</b>

Amounts in Euros	30-09-2013			
	Service purchase	Sales of goods	Operating income	(Gains)/ Financial losses (Note 10)
<b>Other related parties</b>				
Ave - Gestão Ambiental, S.A.	(2,552,849)	115,075	432,267	-
Seribo, S.A.	-	-	-	(3,608)
Secil Prebetão, S.A.	(75,042)	514,579	2,116	-
Secil Unicon - SGPS, Lda.	-	-	-	2,492
Setefrete, S.A.	(1,407,126)	-	29,574	-
Supremo Cimentos, S.A.	-	9,779,095	2,094	-
Others	-	-	-	5,474
	<b>(4,035,017)</b>	<b>10,408,749</b>	<b>466,051</b>	<b>4,358</b>

## 23. Number of employees

As at 30 September 2014 and 31 December 2013, the number of employees in service of the Group's various companies, split by operational segment, was as follows:

Segment	30-09-2014	31-12-2013	Var. 14/13
Pulp and paper	2,293	2,258	35
Cement and derivatives	2,055	2,125	(70)
Environment	283	286	(3)
Holdings and others	26	22	4
	<b>4,657</b>	<b>4,691</b>	<b>(34)</b>

## 24. Companies included in the consolidation

Name	Head Office	Direct and indirect % of equity held by Semapa		
		Direct	Indirect	Total
Parent company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon			
Subsidiaries:				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
Seinpart, SGPS, S.A.	Lisbon	49.00	51.00	100.00
Seinpar Investments, B.V.	Amsterdam	100.00	-	100.00
Interholding Investments B.V.	Amsterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Celcimo SL	Madrid	-	100.00	100.00
NSOSPE - Empreendimentos e Participações, S.A.	Rio de Janeiro	74.85	25.15	100.00
Aboutbalance, SGPS, S.A.	Lisbon	100.00	-	100.00
Inspiredplace, S.A.	Lisbon	100.00	-	100.00

## Subsidiary companies of sub-group Portucel – under full consolidation

Name	Head Office	Direct and indirect % of equity held by Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent company:					
Portucel, S.A.	Setubal	47,49	33,69	81,18	81,18
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100,00	-	100,00	81,18
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	100,00	-	100,00	81,18
CountryTarget SGPS S.A.	Setubal	100,00	-	100,00	81,18
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setubal	-	100,00	100,00	81,18
PortucelSoporcel Florestal - Sociedade para o Desenvolvimento Agro-Florestal, S.A.	Setubal	-	100,00	100,00	81,18
Afocelca - Agrupamento Complementar de Empresas para Proteção Contra Incêndios, ACE	Portugal	-	64,80	64,80	52,61
Enerforest - Empresa de Biomassa para Energia, S.A.	Setubal	-	100,00	100,00	81,18
Atlantic Forests, S.A.	Setubal	-	100,00	100,00	81,18
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100,00	100,00	81,18
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94,00	94,00	76,31
Bosques do Atlantico, SL	Spain	-	100,00	100,00	81,18
PortucelSoporcel Pulp SGPS, S.A.	Setubal	100,00	-	100,00	81,18
Soporcel Pulp - Sociedade Portuguesa de Celulose, S.A.	Figueira da Foz	-	100,00	100,00	81,18
CELSET - Celulose de Setúbal, S.A.	Setubal	-	100,00	100,00	81,18
CELCACIA - Celulose de Cacia, S.A.	Aveiro	-	100,00	100,00	81,18
Portucel International GmbH	Germany	-	100,00	100,00	81,18
PortucelSoporcel Papel, SGPS S.A.	Setubal	100,00	-	100,00	81,18
About the Future - Empresa Produtora de Papel, S.A.	Setubal	-	100,00	100,00	81,18
Portucel Papel Setúbal, S.A.	Setubal	-	100,00	100,00	81,18
Portucel Soporcel North America Inc.	USA	-	100,00	100,00	81,18
PortucelSoporcel Sales & Marketing NV	Belgium	25,00	75,00	100,00	81,18
PortucelSoporcel Lusa, Lda	Figueira da Foz	-	100,00	100,00	81,18
PortucelSoporcel Fine Paper , S.A.	Setubal	-	100,00	100,00	81,18
PortucelSoporcel Afrique du Nord	Morocco	-	100,00	100,00	81,18
PortucelSoporcel España, S.A.	Spain	-	100,00	100,00	81,18
PortucelSoporcel United Kingdom, Ltd	United Kingdom	-	100,00	100,00	81,18
PortucelSoporcel Switzerland, Ltd	Switzerland	25,00	75,00	100,00	81,18
PortucelSoporcel International, B.V.	Netherlands	-	100,00	100,00	81,18
PortucelSoporcel France, EURL	France	-	100,00	100,00	81,18
PortucelSoporcel Italia, SRL	Italy	-	100,00	100,00	81,18
PortucelSoporcel Deutschland, GmbH	Germany	-	100,00	100,00	81,18
PortucelSoporcel Handels, GmbH	Austria	-	100,00	100,00	81,18
PortucelSoporcel Poland SP Z O	Poland	-	100,00	100,00	81,18
PortucelSoporcel Eurasia	Turkey	-	100,00	100,00	81,18
PortucelSoporcel Internacional Finance, BV	Netherlands	25,00	75,00	100,00	81,18
PortucelSoporcel Energia, SGPS S.A.	Setubal	100,00	-	100,00	81,18
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setubal	-	100,00	100,00	81,18
Enerpulp – Cogeração Energética de Pasta, S.A.	Setubal	-	100,00	100,00	81,18
PortucelSoporcel Cogeração de Energia, S.A.	Setubal	-	100,00	100,00	81,18
PortucelSoporcel Participações, SGPS S.A.	Setubal	25,14	74,86	100,00	81,18
EucaliptusLand, S.A.	Setubal	-	100,00	100,00	81,18
Arboser – Serviços Agro-Industriais, S.A.	Setubal	-	100,00	100,00	81,18
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100,00	100,00	81,18
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setubal	-	100,00	100,00	81,18
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91,15	91,15	74,00
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setubal	-	92,56	92,56	75,14
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91,47	91,47	74,26
Headbox - Operação e Controlo Industrial, S.A.	Setubal	-	100,00	100,00	81,18
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50,00	50,00	40,59
PortucelSoporcel Serviços Partilhados, S.A.	Figueira da Foz	-	100,00	100,00	81,18
PortucelSoporcel Internacional SGPS S.A.	Setubal	100,00	-	100,00	81,18
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial , Lda	Mozambique	25,00	75,00	100,00	81,18
Portucel Finance, Zoo	Poland	75,00	25,00	100,00	81,18
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25,00	75,00	100,00	81,18
Colombo Energy Inc.	USA	25,00	75,00	100,00	81,18
PortucelSoporcel Abastecimento de Madeira, ACE	Setubal	60,00	40,00	100,00	81,18



## Subsidiary companies of sub-group Secil – under full consolidation

Name	Head Office	Direct and indirect % of equity held by Secil			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setubal	-	99,998	99,998	99,998
Subsidiaries:					
Somera Trading Inc.	Panama	100,00	-	100,00	99,998
Hewbol, S.G.P.S., Lda.	Funchal	100,00	-	100,00	99,998
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100,00	100,00	99,998
ICV - Inertes de Cabo Verde, Lda.	Praia	37,50	25,00	62,50	62,499
Florimar- Gestão e Participações, S.G.P.S., Lda.	Funchal	100,00	-	100,00	99,998
Seciment Investments, B.V.	Amsterdam	100,00	-	100,00	99,998
I3 Participações e Serviços, Ltda.	Rio de Janeiro	-	99,97	99,97	99,968
Serife - Soc. de Estudos e Realizações Industriais e de Fornecimento de Equip., Lda.	Lisbon	100,00	-	100,00	99,998
Silonor, S.A.	Dunkerque	100,00	-	100,00	99,998
Société des Ciments de Gabès	Tunis	98,72	-	98,72	98,716
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98,72	98,72	98,716
Zarzis Béton	Tunis	-	98,52	98,52	98,519
Secil Angola, SARL	Luanda	100,00	-	100,00	99,998
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51,00	51,00	50,999
Secil, Betões e Inertes, S.G.P.S., S.A.	Setubal	100,00	-	100,00	99,998
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100,00	100,00	99,998
Britobetão - Central de Betão, Lda.	Évora	-	91,00	91,00	90,998
Eurobetão - Betão Pronto, S.A.	Lisbon	-	100,00	100,00	99,998
Secil Britas, S.A.	Lisbon	-	100,00	100,00	99,998
Lusoinertes, S.A.	Lisbon	-	100,00	100,00	99,998
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Leiria	51,19	48,81	100,00	99,998
IRP - Industria de Rebocos de Portugal, S.A.	Santarem	-	75,00	75,00	74,998
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Lisbon	100,00	-	100,00	99,998
ALLMA - Microalgas, Lda.	Leiria	-	70,00	70,00	69,999
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90,87	90,87	90,868
Cimentos Costa Verde - Comércio de Cimentos, S.A.	Lisbon	-	100,00	100,00	99,998
Solenreco-Produção e Comercialização de Combustíveis, Lda.	Porto	-	98,00	98,00	97,998
Prescor Produção de Escórias Moidas, Lda.	Lisbon	-	100,00	100,00	99,998
CMP - Cimentos Maceira e Pataias, S.A.	Leiria	100,00	-	100,00	99,998
Ciments de Sibline, S.A.L.	Beirut	28,64	22,41	51,05	51,049
Soime, S.A.L.	Beirut	-	51,05	51,05	51,049
Cimentos Madeira, Lda.	Funchal	57,14	-	57,14	57,142
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57,14	57,14	57,142
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57,14	57,14	57,142
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57,14	57,14	57,142
Madebritas - Sociedade de Britas da Madeira, Lda. (a)	Funchal	-	29,14	29,14	29,142
Pedra Regional - Industria Transformadora de Rochas Ornamentais, S.A. (a)	Funchal	-	29,14	29,14	29,142
Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos, S.A.	Setubal	100,00	-	100,00	99,998
Uniconcreto - Betão Pronto, S.A.	Lisbon	100,00	-	100,00	99,999

(a) 51% share capital held by Brimade, S.A. and therefore controlled by the Group

## Subsidiary companies of sub-group ETSA – under full consolidation

Name	Head Office	Direct and Indirect % of equity held by ETSA			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent company:					
ETSA - Investimentos, SGPS, SA	Loures	99,99	-	99,99	99,99
Subsidiaries:					
ETSA LOG,S.A.	Loures	100,00	-	100,00	99,99
ABAPOR – Comércio e Industria de Carnes, S.A	Coruche	100,00	-	100,00	99,99
SEBOL – Comércio e Industria de Sebo, S.A.	Loures	100,00	-	100,00	99,99
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100,00	-	100,00	99,99
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Loures	100,00	-	100,00	99,99
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Merida	100,00	-	100,00	99,99

## 25. 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:**

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana Baptista

Francisco José Melo e Castro Guedes

Jorge Maria Bleck

Manuel Custódio de Oliveira

Vitor Manuel Galvão Rocha Novais Gonçalves

Vitor Paulo Paranhos Pereira