



## **DIRECTORS' REPORT**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**1<sup>st</sup> Half 2011**

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

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Lisbon Companies Registry no. 2630 · Tax payer no. 502 593 130 · Share capital 118.332.445 Euros

## **Directors' Report**

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## 1 Semapa Group Business Highlights

In a particularly adverse macro economical environment, with severe restrictions upon a financial system dealing with liquidity issues, the Group continued to expand in a sustainable way, that resulted in an increase in the Turnover (↑ 9.0%), EBITDA (↑ 5.4%) and Net Profits (↑ 38.1%).

Semapa Group's excellent capacity to generate business cash flow (↑ 24.6%) is to be highlighted. It translated into an extremely sound financial position materialized in a 73 million euros net debt reduction over the 1<sup>st</sup> half of 2011 and a Net Debt/EBITDA ratio of 2,1x.

### Business Indicators

IFRS - accrued amounts (million euros)	H1 2011	H1 2010	H1 2011/H1 2010 (Var%)
<b>Turnover</b>	<b>884.0</b>	<b>811.1</b>	<b>9.0%</b>
Other income	23.6	23.6	-0.2%
Costs and losses	(688.8)	(627.3)	-9.8%
<b>Total EBITDA</b>	<b>218.7</b>	<b>207.5</b>	<b>5.4%</b>
Recurrent EBITDA	218.7	206.1	6.1%
Depreciation and impairment losses	(86.6)	(97.4)	11.1%
Provisions (increases and reversals)	(8.2)	18.0	-145.3%
<b>EBIT</b>	<b>124.0</b>	<b>128.1</b>	<b>-3.1%</b>
Net financial profit	(18.5)	(27.0)	31.4%
<b>Pre-tax profit</b>	<b>105.5</b>	<b>101.0</b>	<b>4.4%</b>
Tax on profits	(22.9)	(38.2)	40.0%
Retained profits for the period	82.6	62.8	31.4%
<b>Attributable to Semapa equity holders</b>	<b>60.0</b>	<b>43.5</b>	<b>38.1%</b>
Attributable to minority interests	22.5	19.3	16.5%
Cash-flow	177.3	142.2	24.6%
<b>EBITDA margin (% Sales)</b>	<b>24.7%</b>	<b>25.6%</b>	<b>-0.8 p.p.</b>
EBIT margin (% Sales)	14.0%	15.8%	-1.8 p.p.
	<b>30-06-2011</b>	<b>31-12-2010</b>	<b>Jun 11 vs. Dec 10</b>
Total net assets	3,637.1	3,569.6	1.9%
Equity (before MI)	987.3	933.4	5.8%
<b>Net debt</b>	<b>977.2</b>	<b>1,050.2</b>	<b>-7.0%</b>

#### Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions
- Cash flow = Retained profits for the period + depreciation and impairment losses + provisions – reversal of provisions
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents – market value of treasury stock and other securities held

## Segment Reporting (IFRS)

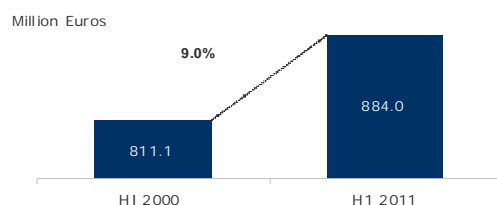
IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
<b>Sales</b>	<b>739.6</b>	<b>128.3</b>	<b>16.0</b>	<b>0.1</b>	<b>884.0</b>
<b>Total EBITDA</b>	<b>199.2</b>	<b>25.6</b>	<b>3.8</b>	<b>(9.9)</b>	<b>218.7</b>
Recurrent EBITDA	199.2	25.6	3.8	(9.9)	218.7
Depreciation and impairment losses	(74.6)	(10.7)	(1.1)	(0.1)	(86.6)
Provisions (increases and reversals)	(6.9)	(0.1)	(0.6)	(0.5)	(8.2)
<b>EBIT</b>	<b>117.6</b>	<b>14.8</b>	<b>2.0</b>	<b>(10.5)</b>	<b>124.0</b>
Net financial profit	(9.0)	(1.3)	(0.4)	(7.8)	(18.5)
<b>Pre-tax profits</b>	<b>108.6</b>	<b>13.5</b>	<b>1.6</b>	<b>(18.3)</b>	<b>105.5</b>
Tax on profits	(16.4)	(4.7)	(0.1)	(1.7)	(22.9)
<b>Retained profits for the period</b>	<b>92.2</b>	<b>8.9</b>	<b>1.5</b>	<b>(20.0)</b>	<b>82.6</b>
<b>Attributable to Semapa equity holders</b>	<b>71.3</b>	<b>7.3</b>	<b>1.5</b>	<b>(20.0)</b>	<b>60.0</b>
Attributable to minority interests	20.9	1.6	0.1	-	22.5
<b>Cash-flow</b>	<b>173.7</b>	<b>19.7</b>	<b>3.2</b>	<b>(19.4)</b>	<b>177.3</b>
EBITDA margin (% Sales)	26.9%	20.0%	23.6%	-	24.7%
EBIT margin (% Sales)	15.9%	11.5%	12.8%	-	14.0%
<b>Net total assets</b>	<b>2,665.6</b>	<b>547.4</b>	<b>88.4</b>	<b>335.7</b>	<b>3,637.1</b>
<b>Net debt</b>	<b>548.2</b>	<b>48.3</b>	<b>18.0</b>	<b>362.6</b>	<b>977.2</b>

### Notes:

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

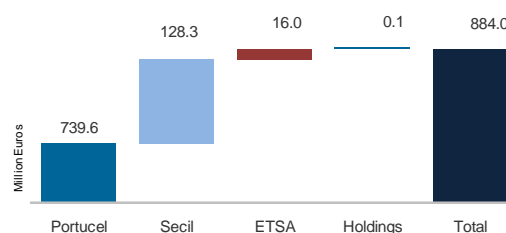
Consolidated turnover grew by 9.0% over the same period in the previous year, standing at 884 million euros for the 1<sup>st</sup> half of 2011.

### Consolidated Turnover



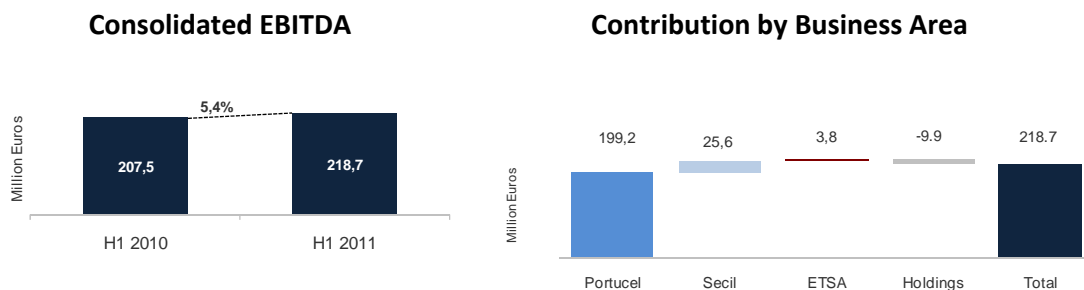
### Contribution by Business Area

(1<sup>st</sup> Half 2011)



Consolidated EBITDA was up by 5.4% over the same period in the previous year, totalling 218.7 million euros in the 1<sup>st</sup> half of 2011.

The EBITDA margin (24.7%) edged down by 0.8 p.p. in relation to the same period in 2010.



Financial results in the 1st half of 2010 stood at -18.5 million euros, representing an improvement of 8.5 million euros in relation to the same period in 2010, due essentially to operations with interest rate derivatives and recognition of the fair value of financial assets.

Consolidated net income for the 1<sup>st</sup> half of 2011 was up by 38.1% on the same period in the previous year.

## 2 Paper and Paper Pulp Business Area – PORTUCEL GROUP

### 2.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2011	H1 2010	H1 2011/H1 2010 (Var. %)
<b>Sales</b>	739.6	657.1	12.6%
Other income	9.8	13.3	(26.7%)
Costs and losses	(550.1)	(492.2)	(11.8%)
<b>EBITDA</b>	<b>199.2</b>	<b>178.2</b>	<b>11.8%</b>
Recurrent EBITDA	199.2	178.2	11.8%
Depreciation and impairment losses	(74.6)	(85.6)	12.8%
Provisions (increases and reversals)	(6.9)	20.7	(133.3%)
<b>EBIT</b>	<b>117.6</b>	<b>113.3</b>	<b>3.8%</b>
Net financial profit	(9.0)	(12.1)	25.1%
<b>Pre-tax profit</b>	<b>108.6</b>	<b>101.3</b>	<b>7.3%</b>
Tax on profits	(16.4)	(29.5)	44.4%
Retained profits for the period	92.2	71.7	28.5%
<b>Attributable to Portucel equity holders *</b>	<b>92.2</b>	<b>71.8</b>	<b>28.4%</b>
Attributable to minority interests (IM)	(0.0)	(0.1)	68.8%
<b>Cash-Flow</b>	<b>173.7</b>	<b>136.6</b>	<b>27.2%</b>
EBITDA margin (%)	26.9%	27.1%	(0.7%)
EBT margin (%)	15.9%	17.2%	(7.8%)

	30-06-2011	31-12-2010	Jun 11 vs. Dec 10
Total net assets	2,665.6	2,660.2	0.2%
Equity (before IM)	1,268.4	1,189.2	6.7%
<b>Net debt</b>	<b>548.2</b>	<b>652.7</b>	<b>(16.0%)</b>

\* of which 77,338% is attributable to Semapa

Note: Figures for business segment indicators may differ from those presented individually by the Portucel Group, as a result of consolidation adjustments within the holding company, Semapa

## **2.2 Business Overview - Portucel Group**

The Portucel Group recorded turnover in the first half of 2011 of 739.6 million euros, representing growth of 12.6% in relation to the first half of 2010. This growth resulted from positive performance in the Group's business in uncoated woodfree printing and writing paper (UWF), in terms of both quantities sold and sales prices, and also from growth in energy sales.

Output of UWF paper from the new paper mill in Setúbal has continued to rise, resulting in an increase in the quantities placed on the market. This growth in sales of UWF paper, combined with a recovery in sales prices (the benchmark index for the European market, PIX Copy B, published by Foex, was up by an average of 10.8% on the same period in 2010), resulted in an increase of approximately 16% in the value of paper sales in relation to the first half of 2010.

Despite increased integration of bleached eucalyptus kraft pulp (BEKP) into production at the new UWF paper mill in Setúbal, as planned, the Group still recorded a 2% increase in pulp sales in relation to the first half of the previous year, when BEKP output had been hit by difficulties in obtaining supplies of timber for the Group's plants, due to the adverse weather conditions prevailing at the time, especially in the 1<sup>st</sup> quarter. However, the Group's average sale price dropped slightly in relation to the 1<sup>st</sup> half of the previous year, in line with the market, resulting in a reduction of approximately 3.5% in the value of pulp sales.

In the energy segment, sales grew in value by 15.0% thanks to the conclusion, in the second half of 2010, of a series of capital projects in this area, with the new facilities now fully operational.

On the costs side, evolution was unfavourable in relation to the same period in 2010, due to rising costs for certain factors of production, in particular chemicals and timber. In the case of timber the situation was aggravated by the need to increase imports, due to a shortfall in supply on the Portuguese market.

Consolidated EBITDA stood at 199.2 million euros, up by 11.8% over the same period in 2010, resulting in an EBITDA / Sales margin of 26.9%. Operating results totalled 117.6 million euros, corresponding to growth of 3.8%.

The Group recorded a negative financial result of 9.4 million euros, compared with a similarly negative result of 12.1 million euros in the first half of 2010. This positive evolution was due essentially to the significant reduction recorded in net debt.

Net consolidated income for the period accordingly totalled 92.2 million euros, representing growth of 28.4% over the first half of 2010.

## 2.3 Business Review

### 2.3.1 Market Analysis

The European market for uncoated woodfree (**UWF**) **paper** recorded a sharp drop in demand in the first 6 months of the year, estimated at approximately 5%, with the cut-size segment proving the most resilient. The contraction in demand was especially severe in the second quarter, with no relief in export markets, which were hard hit by falling USD prices and by the evolution of the USD/EUR exchange rate.

European industry felt the effects of this situation, and orders from within the European region were at their lowest for recent years, pushing down the occupancy rate for production capacity by 2 percentage points to 92% for the first half as a whole, and down to a monthly figure of approximately 90% for June.

Pressure continued to build up in the costs of the main factors of production, significantly undermining the continued profitability of plants run by companies in the sector.

Price rises during the second half of 2010 and in April 2011 resulted in a 10.8% hike in the PIX Copy B index, to an average figure of 864.53 euros/ton in the first half of 2011, as compared to 780.24 euros/ton in the same period in 2010.

In this negative environment, the Portucel Group bucked the wider trend and recorded growth in sales in quantities, making for a 16% increase in the overall value of paper sales. A significant portion of its additional sales was placed in European markets, despite the sharp drop in level of apparent demand, allowing the Group to expand its market share, now estimated at more than 30 thousand tons.

The product mix also evolved favourably, with sales of premium products growing by two percentage points over 2010. The Portucel Group also recorded its best-ever figures for sales of mill brands, which in the first half of 2011 accounted for 65% of all cut-size sales.

Listed prices in the **BEKP pulp** market held steady over the first half: USD 850/ton CIF Europe in the 1<sup>st</sup> quarter, rising in the second quarter to USD 880/ton CIF Europe.

The continued health of the pulp market was sustained essentially by the exchange rate against the USD of the currencies of the main pulp producing countries, and above all the currencies of South American countries, which are the main producers of short fibre, by the continuing low level of stocks at users and ports and by relatively lively demand from China, especially for long fibre, which is being used to substitute dissolving fibre, for which prices have reached very high levels. Rising long fibre prices had the end result of sustaining the rise in short fibre prices.

The Group's BEKP pulp sales in the 1<sup>st</sup> half of 2011 were comfortably above the target for the period, representing an increase of 2% in relation to the same period in 2010.

The breakdown of BEKP pulp sales by paper manufacturer segments shows that the Group continues to enjoy success in focussing on segments with greater value added – special papers – where the Group recorded the majority of its sales, accounting for approximately 60%.



Sales figures by destination show that nearly all sales were made on European markets, which is home to manufacturers of higher quality papers with more exacting technical requirements, where the intrinsic qualities of the *globulus* pulp manufactured by the Group offers significant gains in value.

### **2.3.2 Development**

The Group remains committed to going ahead with integrated forestry, pulp and energy projects in the southern hemisphere. Of the wide range of possible locations, the Group has restricted its analysis to Uruguay, Brazil and Mozambique. The current state of progress in each of these locations is as follows:

#### **Uruguay**

The viability of this project depends on the State building a deep water port from which future output can be shipped. No development took place during the first half of 2011 and the Group continues to wait for the Uruguayan State to take a position on this matter.

#### **Brazil**

After the signing of a cooperation agreement with the State of Mato Grosso do Sul, the Group is pressing ahead with studies with a view to an integrated project for forestry, pulp and energy. This project has recently run into a legal obstacle, insofar as the plan to acquire 200 000 hectares of land cannot be implemented due to severe restrictions introduced in August 2010 on the purchase of rural property by foreign investors. The Group is firmly committed to this project, and has continued to make the efforts needed to find a way around these difficulties.

#### **Mozambique**

The Group has pressed ahead with field work and trial plantations. This is another large-scale project, to be implemented over the time scale normal for undertakings of this kind.

### 3 Cement and Derivatives Business Area – SECIL GROUP

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

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

#### 3.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2011	H1 2010	H1 2011/H1 2010 (Var.%)
<b>Sales</b>	<b>251.6</b>	<b>273.1</b>	<b>(7.9%)</b>
Other income	26.5	19.8	34.1%
Costs and losses	(227.8)	(229.9)	0.9%
<b>EBITDA</b>	<b>50.3</b>	<b>62.9</b>	<b>(20.1%)</b>
Recurrent EBITDA	50.3	60.3	(16.6%)
Depreciation and impairment losses	(21.0)	(21.0)	(0.1%)
Provisions (increases and reversals)	(0.3)	(1.4)	81.5%
<b>EBIT</b>	<b>29.0</b>	<b>40.6</b>	<b>(28.4%)</b>
Net financial profit	(2.5)	(0.5)	(378.5%)
<b>Pre-tax profit</b>	<b>26.6</b>	<b>40.0</b>	<b>(33.7%)</b>
Tax on profits	(9.2)	(15.3)	40.1%
Retained profits for the period	17.4	24.7	(29.7%)
<b>Attributable to Secil equity holders</b>	<b>14.2</b>	<b>19.9</b>	<b>(28.5%)</b>
Attributable to minority interests (IM)	3.1	4.8	(34.6%)
<b>Cash-flow</b>	<b>38.6</b>	<b>47.1</b>	<b>(17.9%)</b>
EBITDA Margin (%)	20.0%	23.0%	(13.3%)
EBIT Margin (%)	11.5%	14.9%	(22.3%)
	30-06-2011	31-12-2010	Jun 11 vs. Dec 10
Total net assets	1,073.3	977.7	9.8%
Equity (before MI)	472.6	498.2	(5.1%)
<b>Net debt</b>	<b>94.8</b>	<b>77.7</b>	<b>21.9%</b>

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

### **3.2 Business Overview - Secil Group**

The construction industry and cement consumption continued to contract in Portugal, which is the Secil Group's main market. This decline, combined with rising fuel and commodity prices on international markets, led to a deterioration in the performance of the Secil Group's various business units.

In this context, the Secil Group recorded turnover in the 1<sup>st</sup> half of 2011 of 251.6 million euros, of which the Semapa Group appropriate 128.3 million euros. This performance was down by 7.9% on that recorded in the same period in 2010, reflecting a slump in sales in cement business in Portugal and in operations located in Tunisia, offset only by growth in turnover on operations in Lebanon and Angola

EBITDA totalled 50.3 million euros, of which the Semapa Group appropriated approximately 25.6 million euros, a figure down by approximately 20.1% on the same period in 2010.

It should be mentioned that the EBITDA for the period in analysis is positively influenced by the gains from the sale of Co2 licenses in the amount of 8.5 million euros (vs. 1.0 million euros in the 1<sup>st</sup> half of the previous year), of which Semapa appropriated 4.4 million euros.

The EBITDA margin stood at 20.0% for the period, down by 3.1 p.p. from the margin recorded in the first half of the previous year.

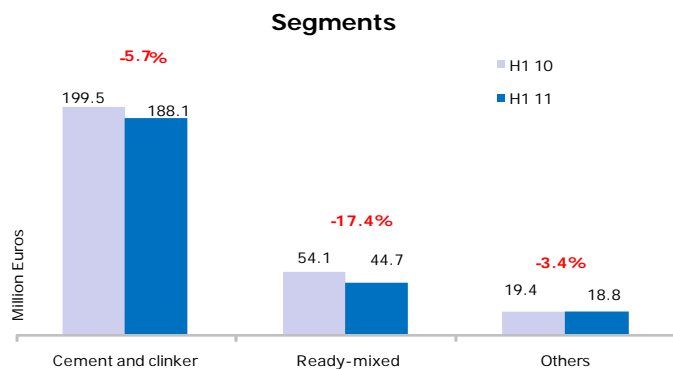
Net income for the period stood at approximately 14.2 million euros, with Semapa appropriating 7.3 million euros.

Capital expenditure over the period totalled approximately 97.8 million euros, of which 31.6 million euros related to operational investment and 66 million euros to acquisition of new undertakings.

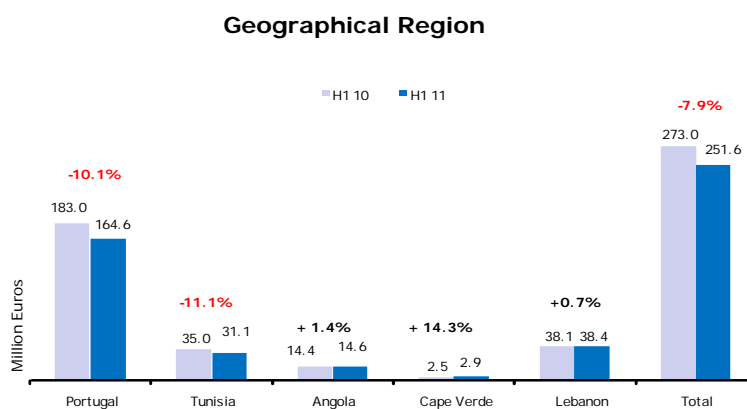
At the end of the first half of 2011, net debt stood at approximately 94.8 million euros, 21.9% higher than at year-end 2010, not yet reflecting the borrowing taken out to acquire Lafarge Betões, insofar as the relevant payment was made during the 3<sup>rd</sup> quarter of 2011.

### 3.3 Business Review

#### Breakdown of Turnover by Segment and Country



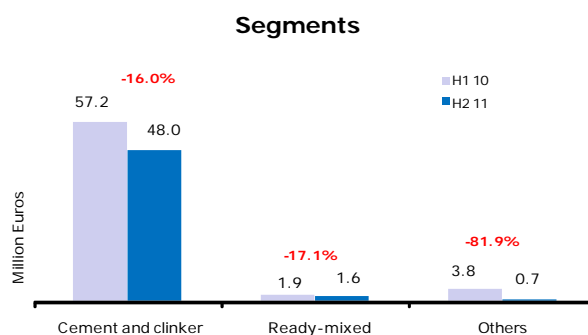
Turnover in the cement and clinker business area fell by 5.7% in relation to the 1<sup>st</sup> half of 2010, due to a drop in cement sales on the domestic market in Portugal and in turnover on cement business in Tunisia. The ready-mixed segment also contracted by 17.4%, whilst the other business segment (aggregates, mortars and pre-cast) declined by 3.4% overall, despite positive performance in aggregates.



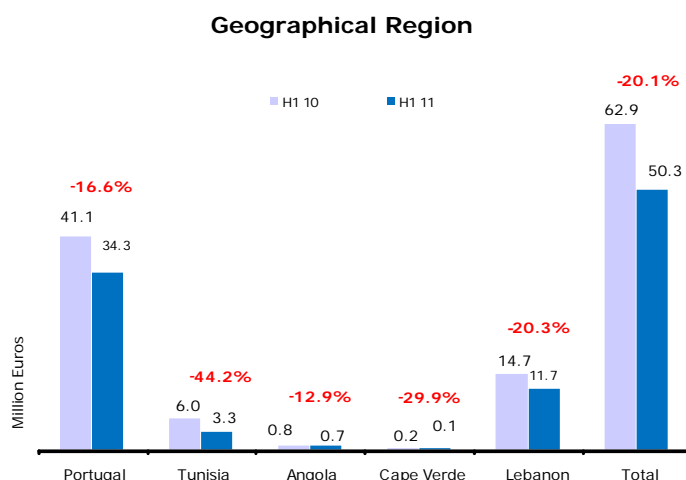
Turnover from business operations outside Portugal accounted for approximately 35% of total, with Lebanon and Angola representing an increasing share of total business.

Operations based in Portugal (the Group's main market) and Tunisia were down by 10.1% and 11.1% respectively. Growth in Angola and the Lebanon failed to offset the decline in other geographical regions, with the result that the Secil Group recorded a reduction of 7.9% in consolidated turnover in relation to the same period in the previous year.

### **Breakdown of EBITDA by Segments and Countries**



The Cement and Clinker segment represented a larger proportion of earnings than in the previous year, contributing approximately 95.4% of the total EBITDA of the Secil Group.



In terms of geographical distribution, EBITDA was less dispersed than in the 1st half of 2010, with operations outside Portugal accounting for approximately 32% of the total EBITDA of the Secil Group.

#### **3.3.1 Portugal**

The pace of contraction of GDP in the Portuguese economy quickened in the second quarter of the year, and the Bank of Portugal's forecast for Gross Domestic Product in 2011 was revised downwards to -2.0%, from the forecast of -1.4% issued in April.

The construction sector remains in decline, continuing the trend observed in previous years. Over the period from January to May, output in the construction sector fell by 8.2% (Production index for the construction and public works sector – INE June 2011). Demand for cement dropped further, especially in the 2<sup>nd</sup> quarter, resulting in an estimated reduction in demand of 11% in relation to the 1<sup>st</sup> half of 2010.

In this difficult environment, the cement business unit in Portugal recorded turnover of 117.5 million euros, down by 7.2% on the previous year. Attention should be drawn to growth in export business, with sales up by 2.3% in relation to the 1st half of 2010, partially offsetting the reduction of 9.9% in

sales on the home market.

In non-cement operations based in Portugal, positive performance was recorded in aggregates, whilst all other sectors were directly hit by the adverse business environment in the sector, resulting in a decline in performance in relation to the same period in the previous year.

EBITDA in the cement sector totalled 50.3 million euros, of which the Semapa Group appropriated approximately 25.6 million euros, a figure down by approximately 20.1% on the same period in 2010.

The EBITDA margin stood at 20.0% for the period, down by 3.1 p.p. from the margin recorded in the first half of the previous year.

EBITDA for cement operations based in Portugal decreased by 10.1% in the first half of 2011. However, performance in the 2<sup>nd</sup> quarter of 2011 compared favourably with that of the preceding quarter, as the major annual maintenance operations were carried out on most production lines during the 1<sup>st</sup> quarter, front-loading the operating costs for the period.

The following factors had a negative effect on performance in this business unit: a decline in the average margin per ton, due to a reduction in sales on the Portuguese market, where prices are higher than on export markets, and an appreciable increase in production costs due to a significant rise in power and thermal fuel costs. These negative factors were partially offset by the containment of overheads and distribution costs in the domestic market.

In all other business segments, other than aggregates, performance was down on 2010 due to the harsh business environment already described.

Secil went ahead with the acquisition of Lafarge Betões, on 30 June 2011, after obtaining approval from the Competition Authority. This operation will help to boost Secil's business in the cement and aggregates business on the Portuguese market.

### **3.3.2 Tunisia**

According to figures published by the IMF, the Tunisian economy is expected to grow by 1.3% in 2011, down from a rate of 3.7% recorded in 2010 (World Economic Outlook IMF April 2011).

During the 2nd quarter of 2011, the construction industry was severely affected by the instability caused by the popular uprising which took place in January, hitting cement consumption in the 1<sup>st</sup> half of 2011, down by 3.5% for the country as a whole and by 2.1% in the Southern Region.

Operations in Tunisia were affected by the unstable situation, causing production lines to shut down for a few days in April and making it impossible to supply the market normally during several periods.

In this context, the cement business unit in Tunisia recorded turnover of approximately 27.0 million euros, down by 11.7% on the 1<sup>st</sup> half of 2010.

EBITDA stood at 3.3 million euros, down by 44.2% on the 1<sup>st</sup> half of 2010. This drop in performance was due essentially to (i) significant increases in the price of thermal fuels, substantially affecting the company's margin, (ii) difficulties experienced in operations and in supplying the market due to the political instability in the country, and (iii) a significant reduction in exports to Libya, where the margin was formerly higher than that possible on the home market.

### **3.3.3 Lebanon**

According to figures published by the IMF, the Lebanese economy is expected to grow by 2.5% in 2011, down from a rate of 7.5% recorded in 2010 (World Economic Outlook IMF April 2011).

During the 1<sup>st</sup> half of 2011, turnover on cement operations in Lebanon stood at approximately 34.6 million euros, up by 1.2% on the same period in the previous year. This was achieved essentially due to growth in sales on the domestic market.

Operational performance was positive, with EBITDA standing at 11.7 million euros, although this represented a decline of 20.3% in relation to the same period in 2010, due essentially to the significant increase in the price of thermal fuels, which had a direct impact on profits. In addition, earnings were also hit by unfavourable evolution of the exchange rate and by the occurrence of a technical problem on one of the production lines, requiring and lengthy stoppage. It is hoped that the price rise implemented in the 2<sup>nd</sup> quarter will be able to offset these losses in annual terms.

### **3.3.4 Angola**

The Angolan economy is currently picking up speed, and figures published by the IMF point to growth of 7.8% (World Economic Outlook IMF April 2011), well up from the figure of 1.6% recorded in 2010.

The construction industry has shown signs of revival after the contraction experienced in the 2<sup>nd</sup> half of 2010, with cement consumption expected to present growth in 2011 in the order of 6%. In terms of public works, the major projects underway continue to proceed at a fairly slow pace, with no new projects of significant dimension starting up.

In this context, business in Angola was up on the first half of the previous year, with turnover standing at approximately 14.6 million euros (up 1.4%). This growth was due essentially to an increase in quantities sold (up by 24.5%), insofar as the presence on the market of large quantities of cheap cement imported from China resulted in a sharp drop in average sales prices.

EBITDA stood at approximately 740 thousand euros, down by 12.9% due essentially to the appreciable drop in the average sales price as mentioned.

## 4 Environment Business Area – ETSA GROUP

### 4.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2011	H1 2010	H1 2011/H1 2010 (Var%)
<b>Sales</b>	16.0	14.7	8.8%
Other income	0.1	0.2	(72.6%)
Costs and losses	(12.3)	(10.7)	(14.9%)
<b>EBITDA</b>	<b>3.8</b>	<b>4.2</b>	<b>(10.6%)</b>
Recurrent EBITDA	3.8	4.2	(10.9%)
Depreciation and impairment losses	(1.1)	(1.0)	(6.9%)
Provisions (increases and reversals)	(0.6)	-	-
<b>EBIT</b>	<b>2.0</b>	<b>3.2</b>	<b>(36.0%)</b>
Net financial profit	(0.429)	(0.369)	(16.3%)
<b>Pre-tax profit</b>	<b>1.6</b>	<b>2.8</b>	<b>(42.9%)</b>
Tax on profits	(0.1)	(0.8)	87.7%
Retained profits for the period	1.5	2.0	(24.7%)
<b>Attributable to ETSA equity holders</b>	<b>1.5</b>	<b>2.0</b>	<b>(24.2%)</b>
Attributable to minority interests (MI)	(0.0)	-	-
<b>Cash-Flow</b>	<b>3.2</b>	<b>3.0</b>	<b>6.8%</b>
EBITDA margin (%)	23.6%	28.7%	(17.8%)
EBIT margin (%)	12.8%	21.7%	(41.2%)
	<b>30-06-2011</b>	<b>31-12-2010</b>	<b>Jun 11 vs. Dec 10</b>
Total net assets	88.4	70.4	25.6%
Equity (before MI)	51.2	49.7	3.1%
<b>Net debt</b>	<b>18.0</b>	<b>11.0</b>	<b>63.9%</b>

\* of which 96% is attributable to Semapa



## 4.2 Business Overview – ETSA Group

The current economic situation in Portugal and Spain continues to hamper the operations of the ETSA Group, due to the reduction in the rate of animal slaughter.

The ETSA Group recorded turnover in the first half of 2011 of 16.0 million euros, up by 8.8% in relation to the first half of 2010. Despite the reduction in the rate of animal slaughter, this growth was achieved due essentially to expanding business as a result of the acquisition of assets in April from another operator and increased average prices for sales of category 3 by-products (fats and meals).

Transport costs increased appreciably over the period due to soaring fuel prices.

The Group was faced with an increase in specific consumption of naphtha, and in the respective unit cost, with an increase in the cost of raw materials sourced from Spain, and the occurrence of a number of non-recurrent costs relating to the transport, adaptation and revamping of plant acquired from another operator.

The Group accordingly recorded consolidated EBITDA in the 1st half of 2011 of 3.8 million euros, representing a decline of approximately 10.6% in relation to the same period in 2010.

Financial costs increased slightly over the period, due to the repricing of borrowing terms and the increase in net debt over the half, due to the acquisition of plant from an operator, as reported above.

At 30 June 2011, the ETSA Group's net debt stood at 18.0 million euros, up by approximately 7 million euros from the figure recorded at 31 December 2010.

The combination of factors described above caused the Group to record Net Income for the period of approximately **1.5 million euros**, down by approximately 24% on the same period in 2010.

## 5 Semapa Group Human Resources

The human resources policy pursued by Semapa and its subsidiaries is geared to continuous improvements in productivity and efficiency, through developing employee skills and expertise.

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

The workforce of the Semapa Group rose from 5,172 employees at the end of December 2010 to 5,299 employees at the end of June 2011, as shown in the following table:

Segment	30-06-2011	31-12-2010	Var. 11/10
Paper and Pulp	2,322	2,331	-9
Cement	2,745	2,630	115
Environment	211	190	21
Holdings	21	21	0
<b>TOTAL</b>	<b>5,299</b>	<b>5,172</b>	<b>127</b>

## 6 Semapa Group – Financial Area

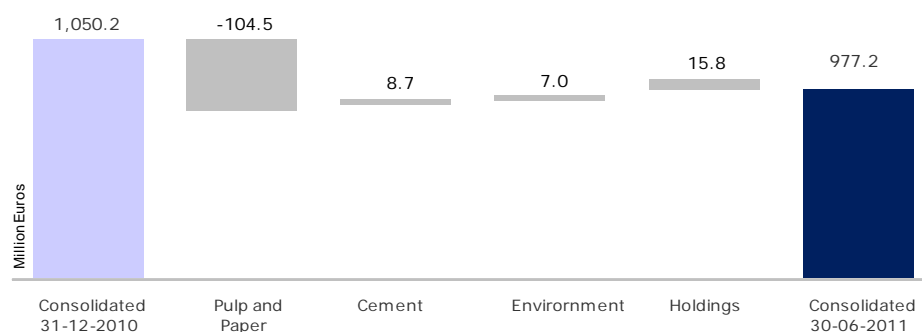
### 6.1 Indebtedness

At 30 June 2011, consolidated net debt totalled 977.2 million euros, down by 73.0 euros on the figure recorded at year-end 2010 and reflecting the Semapa Group's excellent capacity to generate business cash flow, as well as its extremely sound financial position.

#### Breakdown of the Semapa Group's Financial Debt

	Million Euros		
	30-06-2011	31-12-2010	Var
Pulp and Paper	548.2	652.7	-104.5
Cement	48.3	39.6	8.7
Environment	18.0	11.0	7.0
Holdings	362.6	346.9	15.8
<b>Total</b>	<b>977.2</b>	<b>1,050.2</b>	<b>-73.0</b>

#### Consolidated Net Debt



### 6.2 Net profit for the 1<sup>st</sup> Half 2011

Consolidated net profit in the 1<sup>st</sup> half of 2011 grew by 38.1% in comparison with the same period in 2010. This improvement was due essentially to the following factors:

- An increase in EBITDA of approximately 11.3 million euros;
- Reduction in depreciation by approximately 10.9 million euros, due to part of the Portucel Group's industrial assets being depreciated at a rate lower than that used in the 1<sup>st</sup> half of 2010, as a result of the review conducted in the 2<sup>nd</sup> half of 2010 of their respective useful lives;
- Worsening of the provisions account by 26.2 million euros, as the figure for the 1<sup>st</sup> half of 2010 included the reversal of provisions for fiscal proceedings. In the first 6 months of 2010, the provisions account presented a positive balance of 18.0 million euros, whilst in the first half of the present year it presented a negative balance of 8.2 million euros;

- An improvement of 8.5 million euros in financial income in relation to the same period in 2010, for the reasons reported above;
- An improvement of 15.3 million euros in the account for taxes, given that there had been a non-recurrent increase in taxes in the 1<sup>st</sup> half of 2010 of 17.1 million euros relating to all taxes deferred on the balance sheet, caused by the introduction of the State surcharge, increasing the tax rate in Portugal from 26.5% to 29%.

### **6.3 Risk Management**

As detailed in the specific item in the Notes to the consolidated financial statements, Semapa Group operations are exposed to a number of risks, both financial and operational.

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

#### **6.3.1 Financial Risks**

##### **Exchange Rate Risk**

In the case of the Portucel Group, pulp sales and paper exports to non-European countries are predominately denominated in USD, meaning that the Group is strongly exposed to exchange rate risk, mainly with regard to the US dollar.

The Portucel Group accordingly has occasional recourse to a range of financial instruments designed to minimize the effects of exchange rate fluctuations, in line with a policy determined periodically, with a view to limiting the risk of exchange rate exposure associated with future sales and credits receivable in currencies other than the Euro.

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

In view of this, the Secil Group has pursued a policy of maximising the potential of natural cover of its exchange rate exposure, by offsetting intra-group currency flows.

Neither Semapa SGPS and its instrumental sub-holdings, nor the ETSA Group are exposed to exchange rate risk, as they conduct no transactions with such a risk.

##### **Interest Rate Risk**

The main market indexes to which Group borrowing is pegged remained at relatively low levels throughout the 1st half of 2011, as a result of the poor levels of growth recorded in the European economy.

In relation to the Portucel Group, the cost of its financial borrowing is indexed to short term reference

rates, reviewed at intervals of less than one year (generally six months for medium and long term borrowing).

In the course of 2009, the Secil Group contracted a Swap Forward Start for a notional of 40 million euros.

Since July 2009, Semapa SGPS has held an interest rate hedge for two bond issues maturing in 2016, with total coverage of 225 million euros. This operation consisted of taking out zero cost collars with a number of financial institutions in Portugal.

The operations of the ETSA Group and holding companies are subject to interest rate risks, insofar as all their borrowing is on a floating rate basis.

### **Liquidity Risk**

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

The bank borrowing taken out by the subsidiaries of the Semapa Group includes a large component of medium and long term borrowing, with maturities well matched to the useful lives of their assets.

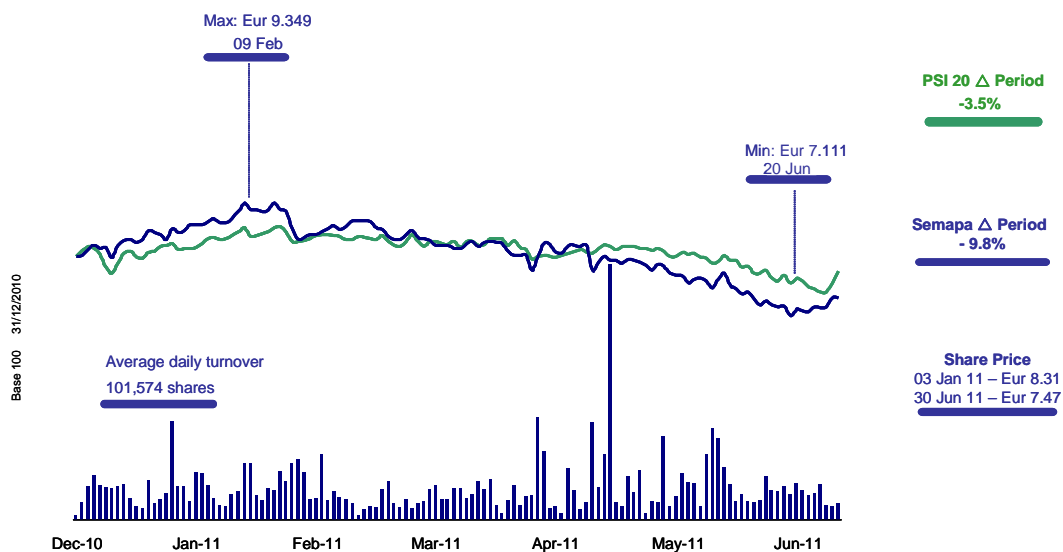
### **6.4 Pensions and Other Post-Employment Benefits**

Total liabilities for pensions, in consolidated terms, at 30 June 2011, stood at 235.4 million euros, of which 118.6 million euros were covered by independent pension funds. Uncovered liabilities at this date, totalling 116.8 million euros, comprise i) 13.5 million euros for the Portucel Group, ii) 5.2 million euros for the Secil Group and iii) 98.1 million euros for Semapa.

In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 10.1 million euros (3.2 million euros for the Portucel Group and 6.9 million euros for the Secil Group).

## 6.5 Listed Share Price

### Listed Share Price on Euronext Lisbon in the 1<sup>st</sup> Half of 2011



Nota: Closing Quotes

Semapa shares outperformed the PSI 20 index through to May, after which a market adjustment took place, with Semapa recording an accrued loss of 9.8% over the period in question (compared to 3.5% for the PSI 20).

## **7 Main Developments**

### **Holding Companies – Semapa SGPS and instrumental sub-holdings**

- In the course of the first half of 2011, Semapa acquired 509,450 shares in Portucel on the stock exchange for a total price of 1,2 million euros, increasing its interest to 77.338% of Portucel's share capital.
- During the 1st half of 2011, Semapa disposed of 3,851,850 shares in BCP, already stated in the accounts at their fair value.

### **Paper and Paper Pulp - PORTUCEL Group**

- In the course of the 1st half of 2011, Portucel acquired 4,122,256 of its own shares on the stock exchange, corresponding to an investment of approximately 10.1 million euros.

### **Cement and Derivatives – SECIL Group**

- In June, Secil paid out a dividend of 0.59 euros / share, representing a total dividend of 29.5 million euros.
- After obtaining clearance from the Competition Authority, Secil went ahead, on 30 June 2011, with the acquisition of Lafarge Betões, a company operating in the concrete and aggregates market and the owner of thirty concrete plants and four aggregates quarries.

## **8 Subsequent Events**

In August 2011, Semapa was notified of the award rendered by the Arbitral Tribunal in connection with the dispute with CRH Plc in relation to its subsidiary Secil – Companhia Geral de Cal e Cimento, S.A., in which the tribunal considered that CRH had committed breaches of obligations deriving from the Shareholders' Agreement in connection with new investments and with the organization of the management of Secil.

The Arbitral Tribunal consequently recognized Semapa's right to acquire CRH's entire holding in Secil, through the exercise of a call option enshrined in the Shareholders' Agreement, for 574.28 million euros, within a maximum period of 120 business days, with the possibility of extension to 180 business days.

## 9 Outlook

The economic outlook for the rest of the year is dominated by a high degree of uncertainty, with the strong likelihood of a new world recession, after the downgrading of US public debt by the rating agency S&P and the subsequent negative reaction of equity markets worldwide. Oil prices were also affected, pointing to expectations of a sharp slowdown in economic growth.

In addition to high levels of volatility in the markets, a number of factors still persist which could precipitate a rapid worsening of the current situation, specifically the possibility of the sovereign debt crisis spreading into the Spanish and Italian economies, the reaction of the US economy to its own debt crisis and the effects on other economies, notably China, and alongside evolving geopolitical tensions in Northern Africa and the Middle East.

### **Paper and Pulp (Portucel Group)**

The results of the Group's **UWF paper** business will reflect this situation of widespread uncertainty. In Europe, the process of budgetary consolidation, underway in most of the region's economies, although most severe in the peripheral countries, which are important markets for the Group, the high level of stocks and the added difficulties experienced by our main customers in financing their working capital have been reflected in a sharp drop in consumption, expected to continue for the rest of the year. This reduction in consumption, combined with recent developments in BEKP pulp prices, could put UWF paper prices under pressure in the second half.

The cooling of the US economy and the highly unstable conditions in North African and Middle Eastern markets, which account for a growing proportion of Group sales, could also have a negative impact on business.

However, we should stress that, despite this negative environment, the Group continues to operate at 100% of its production capacity, in contrast with occupancy levels for the industry in Europe of slightly over 90%. The closure of capacity by non-integrated paper manufacturers, expected to take place in the near future, could make an important contribution to the future sustainability of the European industry.

In the **BEKP pulp** market, expectations point to slower demand in the 3<sup>rd</sup> quarter of the year, as reflected in the announcement of lower prices in early July, with an upturn expected towards the end of the year. These expectations are based on the apparent high level of pulp stocks, which will have to be distributed, and weaknesses in the fabric of the European paper industry where, as we have seen, a number of non-integrated manufacturers are expected to close down capacity.

On the positive side, the tendency observed since 2009 for the currencies of the main pulp producing countries (short and long fibres) to rise against the USD and the absence of any significant increases in production capacity for BEKP pulp before the end of 2012 could be decisive in maintaining business operations and prices at a comfortable level.



The Group is also pressing ahead with analysis of possibilities for international expansion in the southern hemisphere, so as to be able to take the relevant decisions with the necessary degree of security.

### **Cement (Secil Group)**

The current economic situation remains hostile for Secil's main business activities, in view of the geographical location of its main operations.

The Group accordingly expects to record positive performance overall for the year, but with results down on the previous year.

In **Portugal**, the Group's main market, at least 2 years of recession are expected in the wake of the signing of the Economic and Financial Adjustment Programme with the Troika (IMF, ECB and the European Commission), as the country knuckles down to correcting economic imbalances. Expectations are accordingly negative for the various segments of the Secil Group's business.

In **Tunisia**, which is currently going through an all-pervading political, social and economic crisis, the return to normality is expected to be slow and difficult. According to the IMF's latest estimates, the Tunisian economy is expected to grow by 1.3% in 2011, down from a rate of 3.7% recorded in 2010. In this context, the current crisis situation may be expected to hold back construction activity during the 2<sup>nd</sup> half of 2011, consequently hampering the Group's performance in Tunisia.

In **Lebanon**, expectations point to economic growth of 2.5%, down from 7.5% in 2010. However, estimates suggest that demand for cement will grow by approximately 6% in 2011.

The **Angolan** economy is currently picking up speed, with growth of 7.8% expected in GDP in 2011 (well up from the figure of 1.6% recorded in 2010).

The construction industry returned to a reasonable pace of growth, with cement consumption estimated to experience growth in the order of 6% in 2011.

### **Environment (ETSA Group)**

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

In Spain, a reduction in business operations appears likely due to a widespread drop in consumption and growing competition in the markets in which the ETSA Group operates.

Lisbon, 30 August 2011

## **The Board of Directors**

Pedro Mendonça de Queiroz Pereira  
**Chairman**

Maria Maude Mendonça de Queiroz Pereira Lagos  
**Director**

José Alfredo de Almeida Honório  
**Director**

Francisco José Melo e Castro Guedes  
**Director**

Carlos Maria Cunha Horta e Costa  
**Director**

José Miguel Pereira Gens Paredes  
**Director**

Paulo Miguel Garcês Ventura  
**Director**

Rita Maria Lagos do Amaral Cabral  
**Director**

António da Nóbrega de Sousa da Câmara  
**Director**

António Pedro de Carvalho Viana-Baptista  
**Director**

Joaquim Martins Ferreira do Amaral  
**Director**

Vitor Manuel Galvão Rocha Novais Gonçalves  
**Director**

**DECLARATION REQUIRED BY ARTICLE 246.1 c)  
OF THE SECURITIES CODE**

Article 246.1 c) of the Securities Code requires that each of the persons responsible within the issuer make a series of specified declarations. In the case of Semapa, a uniform declaration has been adopted, with the following content:

*I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code, that, to the best of my knowledge, the condensed financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the first half of 2011, have been drawn up in accordance with the applicable accounting rules, providing a true and fair view of the assets and liabilities, the state of affairs and the profits of the said company and the companies included within its consolidated accounts, and that the interim management report sets out faithfully the information required by Article 246.2 of the Securities Code .*

As required by the same provision of the Securities Code, we present a list of the persons signing the declaration and their respective office:

<b>Name</b>	<b>Office</b>
Pedro Mendonça de Queiroz Pereira	Chairman of the Board of Directors
Maria Maude Mendonça de Queiroz Pereira Lagos	Director
José Alfredo de Almeida Honório	Director
Francisco José Melo e Castro Guedes	Director
Carlos Maria Cunha Horta e Costa	Director
José Miguel Pereira Gens Paredes	Director
Paulo Miguel Garcês Ventura	Director
Rita Maria Lagos do Amaral Cabral	Director
António da Nóbrega de Sousa da Câmara	Director
Joaquim Martins Ferreira do Amaral	Director
António Pedro de Carvalho Viana-Baptista	Director
Vitor Manuel Galvão Rocha Novais Gonçalves	Director
Miguel Camargo de Sousa Eiró	Chairman of the Audit Board
Duarte Nuno d'Orey da Cunha	Member of the Audit Board
Gonçalo Nuno Palha Picão Caldeira	Member of the Audit Board

INFORMATION REQUIRED BY ARTICLE 9.1 A) AND C) AND ARTICLE 14.7  
OF SECURITIES MARKET COMMISSION REGULATION 5/2008

(with reference to the first half of 2011)

1. **Securities issued by the company or by controlled or controlling companies or by group companies, held by company officers at the end of the first half:**
  - José Alfredo de Almeida Honório – 20,000 shares in the company
  - Duarte Nuno d'Orey da Cunha – 2,907 shares in the company and 16,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
2. **In the course of the first half, no company officer acquired, disposed of, encumbered or transferred securities issued by the company, controlled or controlling companies or companies in the same group.**
3. **List of holders of qualifying holdings, indicating the number of shares held and the corresponding percentage of voting rights, calculated in accordance with Article 20 of the Companies Code:**

Entity	No. shares	% capital and voting rights	% non-suspended voting rights
<b>A -</b> Cimigest, SGPS, SA	100	0,00%	0,00%
Cimo - Gestão de Participações, SGPS, S.A.	14.568.441	12,31%	12,91%
Longapar, SGPS, S.A.	21.505.400	18,17%	19,05%
Sonaca, SGPS, S.A.	1.630.590	1,38%	1,44%
OEM - Organização de Empresas, SGPS, S.A.	535.000	0,45%	0,47%
Sociedade Agrícola da Quinta da Vialonga, S.A.	625.199	0,53%	0,55%
Directors of Soc. Agrícola da Quinta da Vialonga:			
Maude da Conceição Santos M. de Queiroz Pereira	145.685	0,12%	0,13%
Sodim, SGPS, S.A.	18.842.424	15,92%	16,69%
Subtotal:	57.852.839	48,890%	51,25%
<b>B -</b> Banco BPI, S.A.	-	-	-
Banco Português de Investimento, S.A. – own portfolio	3.294	0,00%	0,00%
BPI Vida - Companhia de Seguros de Vida, S.A.	405.804	0,34%	0,36%
Pension Funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10.362.388	8,76%	9,18%

Entity	No. shares	% capital and voting rights	% non-suspended voting rights
Investment Funds managed by BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A.	1.237.518	1,05%	1,10%
Subtotal:	12.009.004	10,15%	10,64%
<b>C -</b> Banco Espírito Santo, S.A.	-	-	-
Fundo de Pensões do BES	3.871.957	3,27%	3,43%
Subtotal:	3.871.957	3,27%	3,43%
<b>D -</b> Bestinver Gestión, SA, SGIIC	-	-	-
Bestinver Bolsa, F.I.	3.892.368	3,29%	3,45%
Bestinver Fond, F.I.	2.384.394	2,01%	2,11%
Bestinver Mixto, F.I.	696.737	0,59%	0,62%
Soixa SICAV	453.626	0,38%	0,40%
Bestinver Bestvalue SICAV	414.359	0,35%	0,37%
Bestinver Global, FP	407.007	0,34%	0,36%
Bestinver Ahorro, F.P.	343.616	0,29%	0,30%
Texrenta Inversiones SICAV	127.855	0,11%	0,11%
Loupri Inversiones	34.058	0,03%	0,03%
Divalsa de Inversiones SICAV, SA	22.064	0,02%	0,02%
Acciones, Cup. y Obli. Segovianas	16.740	0,01%	0,01%
Linker Inversiones, SICAV, SA	12.442	0,01%	0,01%
Bestinver Empleo FP	12.059	0,01%	0,01%
Jorick Investment	5.897	0,00%	0,01%
Subtotal:	8.823.222	7,46%	7,82%
<b>E -</b> Norges Bank (the Central Bank of Norway)	5.891.749	4,98%	5,22%
Subtotal:	5.891.749	4,98%	5,22%

Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. holds 5,447,975 own shares, corresponding to 4.6% of the respective share capital.

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

- Cimigest, SGPS, S.A. traded in shares in the company as follows:

Date	Quantity	Price per share	Type of trade
09-May	959.136	8,284 €	Sale
18-Mar	138.730	8,617 €	Sale

- Cimo - Gestão de Participações, SGPS, S.A. traded in shares in the company as follows:

Date	Quantity	Price per share	Type of trade
09-May	323.036	8,284 €	Purchase
18-Mar	138.730	8,617 €	Purchase

- Longapar, SGPS, S.A. traded in shares in the company as follows:

Date	Quantity	Price per share	Type of trade
09-May	636.100	8,284 €	Purchase

## 5. Transactions in own shares during the first half:

On 03 March 2011, Semapa acquired from Seminv – Investimentos, SGPS, S.A., 2,727,975 shares corresponding to 2.31% of its share capital, for a price of € 8.889 per share, in an over-the-counter transaction, these shares being subject to the rules on treasury shares, insofar as Seminv is wholly controlled by Semapa.

Accordingly, as a result of this transaction, Semapa continued to have the same number of shares subject to the rules on treasury shares – *5,447,975 shares corresponding to 4.6% of the respective share capital* – and now holds all of these shares directly.



CONSOLIDATED  
FINANCIAL STATEMENTS

JUNE 30, 2011

# CONSOLIDATED SEPARATE INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2011 AND 2010

Amounts in Euro	Note	1st Semester 2011	1st Semester 2010	2nd Quarter 2011 (unaudited)	2nd Quarter 2010 (unaudited)
<b>Revenues</b>					
Sales	4	868,319,094	793,697,419	438,248,282	438,305,795
Services rendered	4	15,631,273	17,409,881	7,720,575	7,608,163
<b>Other income</b>					
Gains on disposal of non-current assets	5	141,032	3,959,092	98,687	2,332,050
Other operating income	5	23,451,553	19,672,627	12,488,084	8,573,389
<b>Change in fair value of biological assets</b>	18	(990,273)	(4,661,606)	(2,663,403)	(3,710,304)
<b>Costs, expenses and losses</b>					
Cost of inventories sold and consumed	6	(321,026,083)	(290,473,272)	(170,599,427)	(157,460,147)
Variation in production	6	(29,579,392)	(6,155,973)	(7,842,877)	(11,649,674)
Cost of materials and services consumed	6	(221,962,468)	(215,219,074)	(109,590,329)	(105,402,130)
Payroll costs	6	(97,651,306)	(94,160,224)	(50,729,905)	(50,274,512)
Other costs and losses	6	(17,597,325)	(16,604,810)	(7,222,893)	(7,934,663)
Provisions	6	(8,154,870)	17,999,426	(4,463,350)	11,250,793
<b>Depreciation, amortization and impairment losses</b>	8	(86,551,595)	(97,402,474)	(43,399,969)	(47,190,331)
<b>Operational results</b>		<b>124,029,640</b>	<b>128,061,012</b>	<b>62,043,475</b>	<b>84,448,429</b>
Group share of (loss) / gains of associated companies	9	726,332	288,504	473,613	292,948
Net financial results	10	(19,258,535)	(27,321,959)	(10,461,537)	(13,696,269)
<b>Profit before tax</b>		<b>105,497,437</b>	<b>101,027,557</b>	<b>52,055,551</b>	<b>71,045,108</b>
Income tax	11	(22,920,470)	(38,201,812)	(13,681,271)	(34,413,306)
<b>Net Income</b>		<b>82,576,967</b>	<b>62,825,745</b>	<b>38,374,280</b>	<b>36,631,802</b>
<b>Net profit for the period</b>					
<b>Attributable to Semapa shareholders</b>		<b>60,042,049</b>	<b>43,480,957</b>	<b>27,443,649</b>	<b>25,159,959</b>
Attributable to non-controlling interests	13	22,534,918	19,344,788	10,930,631	11,471,843
<b>Earnings per share</b>					
Basic earnings per share, EUR	12	0.532	0.385	0.243	0.223
Diluted earnings per share, EUR	12	0.532	0.385	0.243	0.223



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2011 AND DECEMBER 31, 2010

Amounts in Euro	Note	30-06-2011	31-12-2010
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Goodwill	15	341,294,452	320,204,947
Other intangible assets	16	175,760,661	169,630,374
Plant, property and equipment	17	2,065,497,988	2,113,206,535
Investment properties		840,717	845,791
Biological assets	18	109,512,343	110,502,616
Investment in associates	19	3,434,540	2,039,513
Financial assets at fair value through profit or loss	20	10,341,273	13,128,488
Available-for-sale financial assets	21	912,855	677,180
Deferred tax assets	28	46,383,526	37,157,841
Other non-current assets		1,277,558	1,282,641
		<b>2,755,255,913</b>	<b>2,768,675,926</b>
<b>Current Assets</b>			
Inventories	23	237,080,965	226,840,348
Receivable and other current assets	24	316,152,830	272,242,644
State and other public entities	25	56,662,588	36,799,405
Cash and cash equivalents	31	271,924,980	265,091,311
		<b>881,821,363</b>	<b>800,973,708</b>
<b>Total Assets</b>		<b>3,637,077,276</b>	<b>3,569,649,634</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	26	118,332,445	118,332,445
Treasury shares	26	(47,164,986)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translation reserves	27	(23,481,432)	(15,078,437)
Fair value reserves	27	(1,277,267)	(5,621,595)
Other reserves	27	858,223,719	760,984,662
Retained earnings	27	18,683,258	20,806,145
Retained earnings from the period	27	60,042,049	126,720,230
Interim dividends	27	-	(29,481,174)
<b>Consolidated shareholders' equity</b>		<b>987,281,245</b>	<b>933,420,749</b>
Non-controlling interests	13	314,896,381	310,520,846
<b>Total Equity</b>		<b>1,302,177,626</b>	<b>1,243,941,595</b>
<b>Non-current liabilities</b>			
Deferred taxes liabilities	28	322,245,516	313,340,341
Pensions and other post-employment benefits	29	126,927,852	126,382,060
Provisions	30	44,901,446	36,263,863
Interest-bearing liabilities	31	1,259,088,979	1,257,882,924
Other non-current liabilities	17	20,678,726	26,402,576
		<b>1,773,842,519</b>	<b>1,760,271,764</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	31	85,465,339	150,478,637
Payables and other current liabilities	32	387,979,525	348,469,759
State and other public entities	25	87,612,267	66,487,879
		<b>561,057,131</b>	<b>565,436,275</b>
<b>Total liabilities</b>		<b>2,334,899,650</b>	<b>2,325,708,039</b>
<b>Total equity and liabilities</b>		<b>3,637,077,276</b>	<b>3,569,649,634</b>

# STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

## FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2011 AND 2010

Amounts in Euro	1st Semester 2011	1st Semester 2010	2nd Quarter 2011 (unaudited)	2nd Quarter 2010 (unaudited)
<b>Retained earnings for the period without non-controlling interests</b>	<b>82,576,967</b>	<b>62,825,745</b>	<b>38,374,280</b>	<b>36,631,802</b>
Fair value in derivative financial instruments				
Fair value changes	5,049,125	(2,907,239)	85,585	(2,465,691)
Tax on items above when applicable	(153,735)	227,823	219,766	501,749
Actuarial gains / (losses)				
Actuarial gains / (losses)	638,698	1,876,546	812,734	1,584,506
Tax on items above when applicable	1,286,953	53,826	1,286,953	81,685
Currency translation differences	(11,158,709)	15,972,402	(4,488,828)	10,064,864
<b>Profit directly recognized in equity</b>	<b>(4,337,668)</b>	<b>15,223,358</b>	<b>(2,083,790)</b>	<b>9,767,113</b>
<b>Total recognized income and expense for the period</b>	<b>78,239,299</b>	<b>78,049,103</b>	<b>36,290,490</b>	<b>46,398,915</b>
<b>Attributable to:</b>				
Semapa's shareholders	58,339,565	53,935,330	26,562,389	32,536,291
Non-controlling interests	19,899,734	24,113,773	9,728,101	13,862,624
	<b>78,239,299</b>	<b>78,049,103</b>	<b>36,290,490</b>	<b>46,398,915</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM DECEMBER 31, 2010 TO JUNE 30, 2011 AND FROM DECEMBER 31, 2009 TO JUNE 31, 2010

	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
<b>Equity as of 1 January 2011</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>(5,621,595)</b>	<b>760,984,662</b>	<b>(15,078,437)</b>	<b>20,806,145</b>	<b>97,239,056</b>	<b>933,420,749</b>	<b>310,520,846</b>	<b>1,243,941,595</b>
Application of prior year's net profit:											
- Transfer to reserves	-	-	-	-	97,239,056	-	-	(97,239,056)	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,184,064)	(4,184,064)
Income and expenses recognized directly in equity *	-	-	-	4,344,328	-	(8,402,995)	2,356,183	-	(1,702,484)	(2,635,184)	(4,337,668)
Differences in non-controlling interests acquisitions	-	-	-	-	-	-	(4,479,641)	-	(4,479,641)	(11,336,490)	(15,816,131)
Other movements	-	-	-	-	1	-	571	-	572	(3,645)	(3,073)
Net profit for the period	-	-	-	-	-	-	-	60,042,049	60,042,049	22,534,918	82,576,967
<b>Equity as of 30 June 2011</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>(1,277,267)</b>	<b>858,223,719</b>	<b>(23,481,432)</b>	<b>18,683,258</b>	<b>60,042,049</b>	<b>987,281,245</b>	<b>314,896,381</b>	<b>1,302,177,626</b>

\* Net of deferred taxes

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

\* Net of deferred taxes

# CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2011 AND 2010

Amounts in Euro	Note	1st Semester 2011	1st Semester 2010	2nd Quarter 2011 (unaudited)	2nd Quarter 2010 (unaudited)
<b>OPERATING ACTIVITIES</b>					
Payments from customers		930,908,360	863,137,570	470,113,719	449,680,350
Payments to suppliers		(726,106,696)	(675,811,991)	(374,762,102)	(347,131,406)
Payments to personnel		(59,803,813)	(67,551,806)	(34,452,322)	(33,916,768)
Cash flow from operations		144,997,851	119,773,773	60,899,295	68,632,176
Income tax received / (paid)		(19,363,891)	(6,167,403)	(10,619,993)	(3,297,612)
Other receipts / (payments) relating to operating activities		14,190,979	9,936,123	18,321,142	22,719,724
<b>Cash flow from operating activities (1)</b>		<b>139,824,939</b>	<b>123,542,494</b>	<b>68,600,444</b>	<b>88,054,288</b>
<b>INVESTING ACTIVITIES</b>					
<b>Inflows</b>					
Financial investments		2,279,645	-	2,279,645	-
Property, plant and equipment		48,300	1,570,497	32,665	1,516,977
Intangible Assets		-	4,552,360	-	-
Government Grants		5,408,195	50,153	5,408,195	50,153
Interest and similar income		5,169,606	7,179,357	2,933,306	401,651
Dividends		926,127	1,328,628	680,817	988,840
		13,831,873	14,680,995	11,334,628	2,957,621
<b>Outflows</b>					
Financial investments		(7,002,697)	(3,518,920)	(2,467,864)	(4,985,170)
Property, plant and equipment		(37,414,372)	(60,116,163)	(30,694,807)	(27,496,457)
		(44,417,069)	(63,635,083)	(33,162,671)	(32,481,627)
<b>Cash flow from investing activities (2)</b>		<b>(30,585,196)</b>	<b>(48,954,088)</b>	<b>(21,828,043)</b>	<b>(29,524,006)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Inflows</b>					
Receipts relating to loans		718,931,657	913,861,388	380,443,937	298,618,954
		718,931,657	913,861,388	380,443,937	298,618,954
<b>Outflows</b>					
Payments relating to loans		(783,711,720)	(908,771,436)	(367,328,846)	(312,492,321)
Amortisation of financial leases		(376,629)	(693,966)	(103,399)	824,718
Interest and similar expenses		(22,056,699)	(21,754,702)	(16,463,309)	(13,271,853)
Dividends paid		(3,544,988)	(45,807,102)	(1,768,095)	(44,284,913)
Acquisition of treasury shares		(10,115,179)	-	(7,191,669)	-
		(819,805,215)	(977,027,206)	(392,855,318)	(369,224,369)
<b>Cash flow from financing activities (3)</b>		<b>(100,873,558)</b>	<b>(63,165,817)</b>	<b>(12,411,381)</b>	<b>(70,605,415)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>8,366,185</b>	<b>11,422,588</b>	<b>34,361,020</b>	<b>(12,075,132)</b>
FOREIGN EXCHANGE DIFFERENCES		(1,532,516)	3,019,111	(345,880)	1,730,466
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>265,091,311</b>	<b>89,034,728</b>	<b>237,909,840</b>	<b>113,821,092</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>271,924,980</b>	<b>103,476,426</b>	<b>271,924,980</b>	<b>103,476,426</b>

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# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2011

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

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

**Head Office:** Av. Fontes Pereira de Melo, 14, Lisbon  
**Share Capital:** Euro 118,332,445  
**Corporate body no.:** 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cements and derivatives, and environment, developed respectively through its subsidiaries Portucel - Empresa Produtora de Pasta e Papel, S.A Secil - Companhia Geral de Cal e Cimento, S.A. and ETSA – Investimentos, SGPS, S.A..

These consolidated financial statements were approved by the Board of Directors on August 30, 2011.

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

## 1. Summary of the principal accounting policies

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

### 1.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS ) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

The accompanying consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 44), 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 (Notes 18, 20, 21 and 33). Plant, property and equipment acquired previously to 1 January 2004 are measured under its revalued amount.

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

### 1.2 Comparability

In the first semester of 2011, no change was recorded in the consolidation methods and therefore comparability is not affected by this aspect.

### 1.3 Basis of consolidation

#### 1.3.1 Subsidiaries

Subsidiaries are all the entities over which the Group has the right to determine their financial and operating policies, generally where the Group's interest is represented by more than half of the voting rights. The existence and the effect of the potential voting rights which are currently exercisable or convertible are taken into account when the Group assesses whether it has control over another entity.

These companies' shareholders equity and net income/loss, corresponding to the third-party investment in such companies, are presented under the caption non-controlling interests respectively in the Consolidated Statement of Financial Position, in a separate component of shareholders' equity, and in the Consolidated Income Statement. Companies included in the consolidated financial statements are detailed in Note 44.

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

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

The subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group.

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

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

Transaction costs directly attributable are immediately expensed.

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

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

### 1.3.2 Associates

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

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

The difference between the acquisition cost and the fair value of the associate's identifiable assets, liabilities and contingent liabilities on the acquisition date, if positive, are recognised as goodwill and recorded as investments in affiliated companies. If these differences are negative, they are recorded as income for the period under the caption "Group share of (loss) / gains of associated companies".

Transaction costs directly attributable are immediately expensed.

An evaluation of investments in associates occurs when there are signs that the asset could be impaired, while impairment losses are recorded as costs also under the same caption. When impairment losses recognised in previous periods cease to exist, they are reversed, with the exception of goodwill.

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except

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

Associates' accounting policies have been changed whenever necessary so as to ensure consistency with the policies adopted by the Group. Investments in associated companies are detailed in Note 19.

### 1.3.3 Joint Ventures

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

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

## 1.4 Segmental reporting

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

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

### *Pulp and Paper*

Portucel – Empresa Produtora de Pasta e Papel, S.A. is the subsidiary, acquired in 2004, that leads the Enterprise Group dedicated to the production and sales in Portugal, Germany, Spain, France, Italy, United Kingdom, Netherlands, Austria, Belgium, Morocco, Poland and United States, among others less relevant, of cellulose pulp and paper and its related products purchase of wood, forest and agricultural production, cutting timber and sale of pulp and paper, activities developed in Portugal mainly by itself and its subsidiaries Soporcel – Sociedade Portuguesa de papel, S.A. and Portucel Florestal, S.A., among others.

### *Cement and derivatives*

Secil - Companhia Geral de Cal e Cimento, S.A. leads the Enterprise Group of cements and related products which operates in Portugal, Tunisia, Spain, Angola, Netherlands, France, Lebanon and Cape Verde with cement production, taking place at the Outão (Portugal), Maceira (Portugal), Pataias (Portugal), Gabés (Tunisia), Lobito (Angola) and Beirut (Lebanon) plants and the production and sale of premixed concrete and clay and the operations of quarries facilities via its subsidiaries, of the sub-holding Secil Betões e Inertes, SGPS S.A..



## Environment

ETSA – Investimentos, SGPS, SA leads the Enterprise Group of environment which operates in Portugal.

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

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

## 1.5 Foreign currency translation

### 1.5.1 Functional and Reporting currency

The items included in the financial statements of each one of the Group's entities are measured using the currency of the economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Euro, which is the Group's functional and reporting currency.

### 1.5.2 Balances and transactions expressed in foreign currencies

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

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

### 1.5.3 Group Companies

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

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

The resulting exchange rate differences are recognised as a separate component of Shareholders' Equity, under the caption "Translation reserve"; and.

- (ii) The income and costs of each income statement are translated using the average exchange rate of the reporting period, except where the average exchange rate is not a reasonable approximation of

the cumulative effect of the rates ruling on the transaction dates, in which case the income and costs are converted at the exchange rate ruling on the transaction dates.

## 1.6 Intangible assets

Intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses, by the straight-line method over a period between 3 and 5 years and annually for CO2 emission rights.

### 1.6.1 CO2 emission rights

The CO2 emission rights attributed to the Group within the National Plan for the assignment of CO2 emission licences at no cost, are recognised under Intangible Assets at market value on the award date, with a corresponding liability being recorded under "Deferred income – grants", for the same amount.

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

Sales of emission rights give rise to a gain or a loss, for the difference between the amount realised and the respective initial recognition cost, net of the corresponding State subsidy.

At the date of the consolidated statement of financial position, CO2 emission rights' portfolio is valued at the lower of the acquisition or their market value. On the other hand, liabilities due for those emissions are valued at market value at the same date.

### 1.6.2 Brands

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

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

## 1.7 Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of the subsidiaries and associates on the acquisition date.

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

## 1.8 Plant, property and equipment

Property, plant and equipment acquired up to 1 January 2004 (date of transition to IFRS) are recorded at acquisition cost, or acquisition cost revaluated in



accordance with accounting principles generally accepted in Portugal up to that date, less depreciation and accumulated impairment losses.

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

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

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

Depreciation is calculated on the acquisition cost, using the straight-line method, from the moment the asset is available for use, using the rates that best reflect their estimated useful life, as follows:

	Average useful life (in years)
Land	14
Buildings and other constructions	12 – 30
Equipment:	
Machinery and equipment	6 – 25
Transportation equipment	4 - 9
Tools and utensils	2 - 8
Office equipment	4 - 8
Returnable containers	6
Other property, plant and equipment	4 - 10

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

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

## 1.9 Investment properties

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

## 1.10 Impairment of non-current assets

Non-current assets which do not have a defined useful life are not subject to depreciation, but are subject to annual impairment tests. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the amount at which they are shown in the accounts may not be recoverable.

An impairment loss is recognised as the amount of the excess of the asset's book value over its recoverable amount. The recoverable amount is the higher of the net sale price and its value in use.

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

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

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

## 1.11 Biological assets

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

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house that is subject to periodical validation by external and independent experts, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price deducted by costs relating to harvest and transportation, and also considered plantation costs, maintenance costs and a discount rate.

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

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

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

## 1.12 Financial instruments

The Group classifies its financial instruments in the following categories: loans and receivables, financial assets at fair value through profit and loss, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the intention motivating the instruments' acquisition. Management determines the classification at the moment of initial recognition of the instruments and reappraises this classification on each reporting date.

All acquisitions and disposals of these instruments are recognised at the date of the relevant purchase and sale contracts, irrespective of the financial settlement date.

Financial instruments are initially recorded at the acquisition cost, while fair value is equal to the price paid, including transaction expenses. The subsequent measurement depends on the category the instrument falls under, as follows:

### Loans granted and receivables

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

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

Loans and accounts receivable are reported as part of receivables and other current assets (Note 24).

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

A financial asset is classified under this category if primarily acquired with the object of being sold in the short-term or if so designated by management. Assets in this category are classified as current if held for dealing or if they are realisable in a period of up to 12 months of the balance sheet date. These investments are measured at fair value through the income statement (Note 20).

### Investments held to maturity

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

### Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not meet the conditions to be classified in the above categories. These assets are included in non-current assets unless management expects to sell them over the 12 months following the

balance sheet date (Note 21). These financial instruments are recognised at market value, as quoted on the balance sheet date.

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

Potential gains and losses arising from these instruments are recorded directly in the fair value reserve until the financial investment is sold, received, or disposed of in any way, at which time the accumulated gain or loss formerly reflected in shareholders' equity is taken to the income statement (Note 27).

If there is no market value or if it is not possible to determine one, the investments in question are recognised at acquisition cost. Loss of impairment is recognised whenever a reduction of value is identified and it is justifiable.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If a prolonged decline in fair value of the available-for-sale financial assets takes place, then the cumulative loss – measured as the difference between acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

An impairment loss recognised on available-for-sale financial assets is reversed if the loss was caused by specific external events of an exceptional nature that are not expected to recur but which subsequent external events have reversed; under these circumstances, the reversal does not affect the income statement and the assets subsequent increase in value is thus taken to the fair value reserve.

## 1.13 Derivative financial instruments

The Group uses derivatives with the object of managing the financial risks to which it is exposed (subjected).

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

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

included in the captions receivables and other-current assets and payables and other-current liabilities.

Furthermore, the Group contracted derivative financial instruments relating to the portfolio of greenhouse-gas emission rights.

The derivative financial instruments used for hedge purposes may be classified as hedge instruments whether they fulfil the following conditions:

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

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

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

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

### 1.14 Corporate income tax

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

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

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

Deferred taxes are recorded as a cost or income for the year, except where they result from amounts recorded directly under shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.

### 1.15 Inventory

Inventories are valued in accordance with the following criteria:

#### i) Goods and raw materials

Goods and raw, subsidiary and consumable materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes

ancillary costs, and it is determined using the weighted average cost as the valuation method.

#### ii) Finish products and work in progress

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

The net realisable value corresponds to the estimated selling price after deducting estimated completion and selling costs. Differences between costs and net realisable value, if lower, are recorded in "Cost of inventories sold and consumed".

### 1.16 Receivables and other current assets

Debtors' balances and other current assets are recorded at fair value and are subsequently recognized at their amortised cost, net of impairment losses, so as to state them at their expected net realisable value (Note 24).

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

### 1.17 Cash and cash equivalents

Cash and cash equivalents includes cash, bank accounts and other short-term investments with an initial maturity of up to 3 months which can be mobilised immediately without any significant risk in value fluctuations. For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the balance sheet as a current liability, under the caption Interest-bearing liabilities.

### 1.18 Share capital and treasury shares

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

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

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

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

possession, it is mandatory to set aside a reserve equal to their acquisition cost.

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

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

### 1.19 Interest-bearing liabilities

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

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

### 1.20 Borrowing costs

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

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

Capitalisation of these charges commences after the start of the asset's preparation or development activities and ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed or when the relevant project is suspended or substantially concluded.

Any financial income directly related to a specific investment is deducted from the borrowing costs of the referred asset.

### 1.21 Provisions

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

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

The Group incurs expenditure and assumes commitments of an environmental nature. Thus, expenditure on equipment and technical staff responsible for compliance with legislation and applicable regulations (as well as curtailing the environmental impacts to levels which do not exceed those corresponding to the viable application of the best technologies available - ranging from those relating to the minimisation of energy consumption, atmospheric emissions, waste production and noise pollution to those laid down for the execution of visual and landscape requalification plans) are capitalised when they are earmarked to sustain the Group's activity over the long term, as well as where they relate to future economic benefits and permit prolonging the life, increasing the capacity or improving the security or efficiency of the other assets held by the Group (Notes 30 and 37).

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

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

### 1.22 Pensions and other employee benefits

#### 1.22.1 Pensions obligations – defined benefit plans

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

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

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

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



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

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

#### **1.22.2 Other post-employment benefits**

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

##### *Retirement and death subsidy*

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

Portucel assumed an obligation to pay a retirement bonus, equivalent to six-month salary, for employees that retire at the regular date of retirement, 65 years old. The present value of the liabilities for future retirement payments and bonuses are determined on an actuarial basis and recorded as a cost of the period in line with the services provided by the potential beneficiaries in their employment

##### *Long-service bonus*

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

##### *Healthcare assistance*

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

Under this scheme, certain healthcare costs are reimbursed: (i) at Secil via a Health Insurance contracted by the company, (ii) at CMP, through "Cimentos – Federação das Caixas de Previdência", for the employees included therein, as well as by way of

the company's prior approval of the medical services for the remaining employees.

#### **1.22.3 Holiday pay and allowances and bonuses**

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

According to the current Performance Management System ("Sistema de Gestão de Desempenho"), employees have the right to a bonus based on annually-defined objectives.

Accordingly, these liabilities are recorded in the period in which the employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the statement of financial position is shown under the caption "Payables and other current liabilities".

#### **1.23 Payables and other current liabilities**

Trade creditors and current accounts payable are initially recorded at their fair value and subsequently at amortised cost (Note 32).

#### **1.24 Government grants**

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

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

Grants related to biological assets carried at fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

Government grants that the Group receives to compensate its capital expenditures are reported under the caption "Payables and other current liabilities" and are recognised in the income statement during the estimated useful life of the granted asset, by deducting the value of its amortization.

#### **1.25 Leases**

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

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

Leases, under which a significant part of the risks and benefits of the property is assumed by the lessor, with the Group being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received by the lessee, are recorded in the income statement during the period of the lease (Note 40).

#### **Leases included in contracts according to IFRIC 4**

The Group recognizes an operating or financial lease whenever it enters into an agreement, encompassing a transaction or a series of related transactions which even if not in the legal form of a lease, transfers a right to use an asset in return for a payment or a series of payments (Note 17).

### **1.26 Dividends distribution**

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

### **1.27 Revenue recognition and accrual basis**

Income derived from sales is recognised in the consolidated income statement when risks and benefits attached to possession of the assets are transferred to the purchaser and the amount of the income can be reasonably quantified.

Sales are recognised net of taxes, discounts and other costs associated with their realisation, at the fair value of the amount received or receivable.

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

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

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

The differences between the amounts received and paid and the respective costs and income are recognised in the "Receivables and other current assets" and "Payables and other current liabilities" headings (Notes 24 and 32, respectively).

### **1.28 Contingent assets and liabilities**

Contingent liabilities in which there is probability of an outflow of funds affecting future economic benefits is only probable, are not recognised in the consolidated financial statements, and are disclosed in the notes, unless the probability of the outflow of funds affecting

future economic benefits is remote, in which case they are not the object of disclosure.

Provisions are recognised for liabilities which meet the conditions described in note 1.21.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when it is probable that a future economic benefit will arise from them (Note 42).

### **1.29 Subsequent events**

Events after the date of the statement of financial position which provide additional information about the conditions prevailing at the date of the statement of financial position are reflected in the consolidated financial statements.

Subsequent events which provide information about conditions which occur after the date of the statement of financial position are disclosed in the notes to the consolidated financial statements, if material.

### **1.30 New standards, changes and interpretations of existing standards**

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the IASB for the financial years that begin on or after 1 January 2011:

New standards	Effective date *
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards	1 January 2011
IFRS 3 (revised) - Business combinations	1 January 2011
IFRS 7 (revised) - Financial Instruments - Disclosure	1 January 2011
IAS 1 - Presentation of financial statements	1 January 2011
IAS 24 (revised) - Related Party Disclosures	1 January 2011
IAS 27 - Consolidated and separate financial statements	1 January 2011
IAS 32 (revised) - Financial Instruments: Presentation	1 January 2011
IAS 34 - Interim financial reporting	1 January 2011
IFRIC 13 - Customer loyalty programmes	1 January 2011
IFRIC 14 (revised) IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	1 January 2011

\*Periods beginning on or after

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

### **New standards and interpretations not mandatory as at 30 June 2011:**

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the periods starting on 1 July 2011 or further, as the Group decided not to adopt them in advance in the current period, as follows:

New Standards approved by the European Commission	Effective date *
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards	1 July 2011
IFRS 7 - Financial Instruments - Disclosure	1 July 2011
IFRS 9 - Financial Instruments - Classification and measurement	1 July 2011
IFRS 10 - Consolidated Financial Statements	1 July 2011
IFRS 11 - Joint Arrangements	1 July 2011
IFRS 12 - Disclosure of Interests in Other Entities	1 July 2011
IFRS 13 - Fair Value Measurement	1 July 2011
IAS 1 (revised) - Presentation of financial statements	1 July 2011
IAS 12 (revised) - Income Taxes	1 July 2011
IAS 19 (revised) - Employee Benefits	1 July 2011
IAS 27 (revised 2011) - Consolidated and separate financial statements	1 July 2011
IAS 28 (revised 2011) - Investments in Associates	1 July 2011

\*Periods beginning on or after

Up to the date of issuing this report, the Group had not concluded the estimate of the effects of the changes arising from the adoption of these standards, for which it decide not to early-adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

## 2. Risk management

### 2.1 Financial risk factors

Semapa, as a holding company develops direct and indirect managing activities over its subsidiaries. Therefore the fulfilment of the assumed obligations depends on the cash flow generated by its subsidiaries. Thus, the company depends on the eventual dividends distribution by subsidiaries, interests' payment, loans reimbursement and other cash-flows generated by those companies.

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

The Semapa group has a risk-management programme which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Semapa Group's financial performance. Risk management is undertaken by Financial Management of the holding and main subsidiaries, in accordance with the policies approved by the Board of Directors. An Internal Control Commission with specific functions over the operations risk control is established at Semapa level.

#### 2.1.1 Currency risk

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

Regarding Portucel Group, on one hand, it is customary to set the price of BEKP on the world market in US dollars, and, as such, the change of the Euro against the US dollar can have an impact on the Portucel sub-Group's future sales regardless of the currency used (Euro or any other). On the other hand, a significant portion of UWF paper sales is priced in currencies other than the Euro, namely in US dollar and other currencies with less relevance. The change of the Euro vis a vis these currencies can also have an impact on the Company's future sales.

Furthermore, once a sale is made in a currency other than the Euro, the Group takes on an exchange risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place, as it's been usual for the BEKP sales. Therefore, Portucel's assets present receivables exposed to currency risk permanently.

Occasionally, when considered appropriate, the Group manages foreign exchange risks through the use of derivative financial instruments, in accordance with a policy that is subject to periodic review, the prime

purpose of which is to limit the exchange risk associated with future sales and accounts receivable priced in currencies other than the euro.

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

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

The Group's exposure to foreign exchange rate risk as of 30 June 2011, based on the financial assets and liabilities that amounted to a net asset Euro 58,735,690 converted at the exchange rate as of that date (31 December 2010 Euro 56,910,770) as follows:

	United States	British Pound	Polish Zloty	Swedish	Czech Koruna	Swiss Franc
Amounts in Foreign Currency	Dollar			Krona		
As of 30 June 2011						
Assets						
Cash and cash equivalents	32,446,017	18,939	1,043,931	199,393	-	1,352
Receivables	55,926,696	15,445,864	3,314,551	955	4,429	4,038,089
Other assets	519,836	-	-	-	-	-
<b>Total Financial Assets</b>	<b>88,892,549</b>	<b>15,464,803</b>	<b>4,358,483</b>	<b>200,348</b>	<b>4,429</b>	<b>4,039,441</b>
Liabilities						
Bearing liabilities	(2,773,421)	-	-	-	-	-
Payables	(6,273,330)	(2,806,004)	(241,893)	(189,490)	(45,752)	(953,240)
<b>Total Financial Liabilities</b>	<b>(9,046,751)</b>	<b>(2,806,004)</b>	<b>(241,893)</b>	<b>(189,490)</b>	<b>(45,752)</b>	<b>(953,240)</b>
<b>Net financial position</b>	<b>79,845,797</b>	<b>12,658,799</b>	<b>4,116,590</b>	<b>10,858</b>	<b>(41,323)</b>	<b>3,086,201</b>
As of 31 December 2010						
Total Financial Assets	82,393,348	16,065,219	4,285,847	1,326,797	274	2,595,789
Total Financial Liabilities	(21,598,522)	(1,355,221)	(310,266)	(136,628)	(87,660)	(1,025,407)
<b>Net financial position</b>	<b>60,794,826</b>	<b>14,709,998</b>	<b>3,975,581</b>	<b>1,190,169</b>	<b>(87,386)</b>	<b>1,570,382</b>

	Danish Krone	Hungarian	Australian	NOK	MZM	000 Lebanese Pounds	Tunisian Dinar
Amounts in Foreign Currency		Florin	Dollar				
As of 30 June 2011							
Assets							
Cash and cash equivalents	147,357	-	-	284,462	-	233,506	2,675,123
Receivables	1,029,618	-	146,826	611,805	-	12,696,507	14,009,298
Other assets	-	-	-	-	-	275,680	572,413
<b>Total Financial Assets</b>	<b>1,176,975</b>	-	<b>146,826</b>	<b>896,267</b>	-	<b>13,205,693</b>	<b>17,256,834</b>
Liabilities							
Bearing liabilities	-	-	-	-	-	(8,539,303)	(31,014,278)
Payables	(441,740)	(636,134)	(8,840)	(245,312)	(482,378)	(25,640,316)	(114,474,248)
<b>Total Financial Liabilities</b>	<b>(441,740)</b>	<b>(636,134)</b>	<b>(8,840)</b>	<b>(245,312)</b>	<b>(482,378)</b>	<b>(34,179,619)</b>	<b>(65,488,520)</b>
<b>Net financial position</b>	<b>735,235</b>	<b>(636,134)</b>	<b>137,986</b>	<b>650,955</b>	<b>(482,378)</b>	<b>(20,973,926)</b>	<b>(28,231,682)</b>
As of 31 December 2010							
Total Financial Assets	1,526,510	5,160,001	96,887	-	-	15,008,522	13,716,938
Total Financial Liabilities	(622,428)	(87,508)	(3,042)	-	-	(18,703,829)	(29,014,513)
<b>Net financial position</b>	<b>904,082</b>	<b>5,072,493</b>	<b>93,845</b>	<b>-</b>	<b>-</b>	<b>(3,795,307)</b>	<b>(15,297,575)</b>

As of 30 June 2011 a negative variation of 5% of all currency rates to euro would have a negative impact on results of Euro 2,796,938 (as of 31 December 2010 Euro 2,710,037 negative).

#### 2.1.2 Interest rate risk

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

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

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

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

The cost of the Group's financial debt is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt) added of negotiated risk premiums. Hence, changes in interest rates can have an impact on the Company's earnings. Where the Board considers appropriate, the Group relies on the use of derivative financial instruments, including interest rate swaps and collars to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters.

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

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

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

On 30 June 2011 and 31 December 2010, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturity or the next settlement date was as follows:

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2011						
<b>Assets</b>						
Current						
Cash and cash equivalents	255,034,563	16,890,417	-	-	-	271,924,980
<b>Total Financial Assets</b>	<b>255,034,563</b>	<b>16,890,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>271,924,980</b>
<b>Liabilities</b>						
Non-current						
Bearing liabilities	155,785,712	204,383,333	598,194,078	51,735,872	248,989,984	1,259,088,979
Current						
Bearing liabilities	11,641,130	24,195,157	49,629,052	-	-	85,465,339
<b>Total Financial Liabilities</b>	<b>167,426,842</b>	<b>228,578,490</b>	<b>647,823,130</b>	<b>51,735,872</b>	<b>248,989,984</b>	<b>1,344,554,318</b>
<b>Difference</b>	<b>87,607,721</b>	<b>(211,688,073)</b>	<b>(647,823,130)</b>	<b>(51,735,872)</b>	<b>(248,989,984)</b>	<b>(1,072,629,338)</b>

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2010						
<b>Assets</b>						
Current						
Cash and cash equivalents	211,722,675	53,368,636	-	-	-	265,091,311
<b>Total Financial Assets</b>	<b>211,722,675</b>	<b>53,368,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,091,311</b>
<b>Liabilities</b>						
Non-current						
Bearing liabilities	65,400,000	31,200,000	133,079,000	691,977,190	336,226,733	1,257,882,924
Current						
Bearing liabilities	90,667,342	46,938,993	12,872,302	-	-	150,478,637
<b>Total Financial Liabilities</b>	<b>156,067,342</b>	<b>78,138,993</b>	<b>145,951,302</b>	<b>691,977,190</b>	<b>336,226,733</b>	<b>1,408,361,561</b>
<b>Difference</b>	<b>55,655,333</b>	<b>(24,770,357)</b>	<b>(145,951,302)</b>	<b>(691,977,190)</b>	<b>(336,226,733)</b>	<b>(1,143,270,250)</b>

Semapa uses the sensibility analysis technique that measures impacts on earnings and equity of increase or decrease on interest rates maintaining the other variables constant. This analysis is only for theoretical reasons since interest rate rarely changes alone in the market.

Thus, an increase of 0.5% on the interest rates for all currencies where the Group has loans as of 30 June 2011 would have had an positive impact in the income statement of Euro 6,722,772 (Euro 5,363,147 for net interest-bearing debt) excluding the effect of the derivative financial instruments contracted to hedge this risk (Note 33).

### 2.1.3 Credit risk

The deterioration in global economic conditions or adverse situations which only affect economies at the local level could give rise to situations in which customers are unable to meet their commitments stemming from the sales of products.

Credit insurance has been one of the instruments adopted by the Semapa Group to mitigate the negative impact of this type of risk.

Sales that are not covered by credit insurance are subject to rules which ensure that sales are made to customers with a satisfactory credit history and are within reasonable exposure limits and approved for each customer.

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

As of 30 June 2011 and 31 December 2010, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances:

Amounts in Euro	Paper	Cement	Environment	30-06-2011	31-12-2010
Not overdue	170,945,721	30,325,704	3,701,633	204,973,058	158,319,992
1 to 90 days	1,122,767	15,279,551	2,721,881	19,124,200	41,225,953
91 to 180 days	87,199	2,197,282	569,080	2,853,561	5,406,369
181 to 360 days	2,743	1,266,352	249,582	1,518,677	3,141,423
361 to 540 days	2,300	1,144,634	11,606	1,158,540	1,202,747
541 to 720 days	9,857	419,696	267,142	696,695	948,478
more than 721 days	279,613	7,432,622	233,864	7,946,099	6,184,486
	<b>172,450,200</b>	<b>58,065,841</b>	<b>7,754,789</b>	<b>238,270,830</b>	<b>216,429,448</b>
Litigation - doubtful debts	2,255,639	3,337,189	-	5,592,828	5,627,567
Impairments (Note 22)	(2,161,601)	(12,785,641)	(427,404)	(15,374,646)	(13,689,539)
<b>Net clients balance (Note 24)</b>	<b>172,544,238</b>	<b>48,617,389</b>	<b>7,327,385</b>	<b>228,489,012</b>	<b>208,367,476</b>

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



These are identified using the information periodically collected about the financial behavior of the Group customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the share not attributable to the insurance company, to define the amount of losses to recognise in the period.

The existing guarantees for a significant part of the open and old balances, justify the fact that no impairment has been recorded related to those amounts.

The table below represents the quality of the Group's credit risk, as of 30 June 2011 and 31 December 2010, for financial assets (cash and cash equivalents), whose counterparts are financial institutions:

	30-06-2011	31-12-2010
AA	1,658,897	1,064,538
AA-	1,087,747	93,491,476
A+	2,287,922	-
A	288,046	3,549,044
A-	19,619,971	16,573,192
BBB+	118,451,783	125,423,058
BBB-	107,348,095	-
B	-	1,783,478
Outros	21,182,519	23,206,526
	<b>271,924,980</b>	<b>265,091,311</b>

The caption "Others" concern the Angola's financial institutions with which there are transactions relatively to which it was not possible to obtain the ratings with reference to the presented dates.

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

Amounts in Euro	30-06-2011		31-12-2010	
	Gross amount	Credit Insurance	Gross amount	Credit Insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	20,410,960	7,703,608	41,031,041	7,171,492
Overdue - more than 3 months	4,720,410	348,321	8,900,139	2,164,185
	<b>25,131,369</b>	<b>8,051,929</b>	<b>49,931,180</b>	<b>9,335,677</b>
Accounts receivable overdue and impaired				
Overdue - less than 3 months	222,680	-	194,912	-
Overdue - more than 3 months	15,075,709	-	13,640,720	-
	<b>15,298,389</b>	<b>-</b>	<b>13,835,632</b>	<b>-</b>

It should be noted that, in accordance with the above-mentioned, the Group adopted a policy of credit insurance for all accounts receivable from costumers and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings.

Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and within acceptable levels.

The maximum exposure to the credit risk as at 30 June 2011 and 31 December 2010 is detailed in the following schedule:

Amounts in Euro	30-06-2011	31-12-2010
<b>Non-current</b>		
Available-for-sale financial assets	912,855	677,180
Investment in associates and Other non-current assets	4,712,098	3,322,155
<b>Current</b>		
Receivables and other current assets	292,692,209	298,322,782
Cash and cash equivalents	271,924,980	265,091,311
	<b>564,617,189</b>	<b>563,414,093</b>
<b>Credit risk exposures relating to off-balance sheet items</b>		
Warranties (Note 40)	71,269,106	59,996,236
	<b>71,269,106</b>	<b>59,996,236</b>

## 2.1.4 Liquidity risk

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

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

Amounts in Euro	Until 1 mth	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2011						
<b>Liabilities</b>						
Interest-bearing liabilities						
Bond loans	815,714	1,815,028	20,598,960	828,881,017	20,400,000	872,510,719
Commercial paper	290,143	180,332	2,778,022	124,105,120	-	127,353,617
Bank loans	7,452,458	8,851,590	69,562,388	266,017,546	111,895,104	463,779,076
Financial leases payables	89,352	152,230	409,768	720,248	1,662,869	3,054,467
Accounts payable and other liabilities	139,362,442	128,615,963	44,111,479	20,678,726	-	332,768,610
<b>Total liabilities</b>	<b>148,010,110</b>	<b>139,615,133</b>	<b>137,460,616</b>	<b>1,240,402,657</b>	<b>133,957,973</b>	<b>1,799,446,486</b>
As of 31 December 2010						
<b>Liabilities</b>						
Interest-bearing liabilities						
Bond loans	-	2,488,522	18,440,041	610,010,328	248,081,967	879,020,858
Commercial paper	50,402,763	173,856	995,749	66,987,447	47,678,291	166,238,106
Bank loans	41,097,448	604,502	48,773,791	294,605,586	103,333,587	488,414,914
Financial leases payables	80,491	182,261	601,147	860,361	790,623	2,533,883
Accounts payable and other liabilities	140,999,868	91,382,053	50,946,359	26,402,576	-	309,730,856
<b>Total liabilities</b>	<b>232,580,570</b>	<b>94,831,194</b>	<b>119,757,087</b>	<b>998,875,298</b>	<b>399,884,468</b>	<b>1,845,928,617</b>

As of 30 June 2011 and 31 December 2010, bank loans granted and not withdrawn amounts to Euro 329,591,634 and Euro 338,178,006 respectively

## 2.1.5 Carbon emission allowances risk

The Group promotes the active management of its portfolio of carbon-emission rights allocated to it within the ambit of phase 2 of the EU-ETS, performing transactions on the market with the purpose of eliminating or reducing price risk.

## 2.2 Operational risk factors

### 2.2.1 Supply of raw materials

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

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, so that increases in forested areas, or the substitution of some of the currently used areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed of the responsible authorities in approving the new projects.

If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on the importation of wood.

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

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

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

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

## 2.2.2 Market price

Regarding group Portucel, market prices for BEKP and UWF paper are settled in the world market within a globally competitive environment and have a significant impact on Group's revenues and its profitability.

Fluctuations over the price of both BEKP and UWF paper mainly arise from changes in the global supply and demand and from the financial situation of each one of the different players intervening in these markets (producers, traders, distributors, customers, etc.) worldwide, which lead to different and successive levels of price equilibrium increasing global market's volatility.

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

Group Secil's turnover is dependent on the level of activity in the building sector in each one of the geographic markets in which it operates.

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

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

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

## 2.2.3 Demand for Group's products

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

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

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

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

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

A decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, pet food and biodiesel may have a significant impact on group ETSA's turnover.

## 2.2.4 Competition

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

Paper markets where sub-group Portucel acts are highly competitive, so that, in the present situation, the coming on stream of new capacity could have a strong influence on world market prices.

These factors have encouraged the Group to follow the defined marketing and branding strategy and to invest in relevant capital expenditures to increase the quality of goods sold.

The main factor of threat for the competitiveness of the eucalyptus forest sector is the low productivity of the Portuguese forest and in the worldwide search of

certified products, as only a small part of the forest is certified, being predictable that this competitive pressure will be held in the future.

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

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

### 2.2.5 Environmental legislation

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

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

### 2.2.6 Energy costs

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

The Group protects itself to a certain degree against the risk of an increase in energy prices by virtue of the fact that some of its factories are able to use alternative fuels and can resort to long-term electric-power supply contracts for certain of their energy requirements.

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

### 2.2.7 Context risks

The lack of efficiency in the Portuguese economy may have a negative effect on the Group's ability to compete. This is more so, but not exclusively, in the following areas:

- i) Infra-structures: ports and railroads; roads, particularly those providing access to Group's plants;
- ii) Rules regarding territory and the subsequent additional risk of forest fires;
- iii) Low productivity of the country's forests.

## 3. Important accounting estimates and judgments

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

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

The estimates and assumptions which present a significant risk of engendering a material adjustment to the book value of assets and liabilities in the following financial year are presented below:

### 3.1 Impairment of Goodwill

The Group tests annually whether has been any impairment in goodwill, in accordance with the accounting policy described in Note 1.10. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use. These calculations require the use of estimates.

### 3.2 Income tax

The Group recognizes additional tax assessments resulting from inspections undertaken by tax authorities. When the final outcome of the above reviews is different from the amounts initially recorded, the differences will have an impact on corporate income tax and deferred taxes in the periods where such differences are identified.

### 3.3 Actuarial assumptions

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

As of 30 June 2011, a decrease on the discount rate by 0.25% would increase liabilities related with defined-benefit plans by Euro 10,195,090.

### 3.4 Fair value of biological assets

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

As of 30 June 2011, an increase of 0.5% in the discount rate (6%) used to value those assets, would decrease their value by Euro 30,000.

### **3.5 Recognition of provisions and adjustments**

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

Impairment in accounts receivable are calculated essentially based on accounts receivable's ageing, customers' risk profile and customers' financial situation.

## 4. Segment reporting

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

### Segmental report

Financial data by operational segment for six month period ended 30 June 2011 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
<b>REVENUE</b>					
REVENUE	739,571,965	128,315,632	16,012,047	50,723	883,950,367
Operational results	117,644,919	14,804,687	2,044,939	(10,464,905)	124,029,640
Net financial results	(9,427,053)	(1,600,338)	(429,172)	(7,801,972)	(19,258,535)
Group share of (loss) / gains of associated companies	384,817	341,515	-	-	726,332
Income tax	(16,416,604)	(4,684,840)	(100,635)	(1,718,391)	(22,920,470)
<b>Ordinary activities results</b>	<b>92,186,079</b>	<b>8,861,024</b>	<b>1,515,132</b>	<b>(19,985,268)</b>	<b>82,576,967</b>
Non-controlling interest	(20,880,508)	(1,603,745)	(50,665)	-	(22,534,918)
<b>Net profit for the period</b>	<b>71,305,571</b>	<b>7,257,279</b>	<b>1,464,467</b>	<b>(19,985,268)</b>	<b>60,042,049</b>
<b>OTHER INFORMATION</b>					
Segment assets	2,665,620,070	547,388,623	88,373,612	335,694,971	3,637,077,276
Investments in associates	1,569,723	1,864,817	-	-	3,434,540
Total segmental liabilities	1,397,067,826	276,548,820	37,213,388	624,069,616	2,334,899,650
Depreciation, amortization and impairment losses	74,649,220	10,705,080	1,098,261	99,034	86,551,595
Provisions	6,904,901	130,701	634,267	485,001	8,154,870
Capital expenditures	16,328,780	16,108,716	6,999,010	599,154	40,035,660

Financial data by operational segment for six month period ended 30 June 2010 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
<b>REVENUE</b>					
REVENUE	657,068,897	139,260,335	14,721,974	56,094	811,107,300
Operational results	113,332,247	20,683,903	3,213,168	(9,168,306)	128,061,012
Net financial results	(12,077,978)	(551,588)	(368,526)	(14,323,867)	(27,321,959)
Group share of (loss) / gains of associated companies	-	288,504	-	-	288,504
Income tax	(29,522,511)	(7,821,746)	(815,494)	(42,061)	(38,201,812)
<b>Ordinary activities results</b>	<b>71,731,758</b>	<b>12,599,073</b>	<b>2,029,148</b>	<b>(23,534,234)</b>	<b>62,825,745</b>
Non-controlling interest	(16,485,264)	(2,453,307)	(406,217)	-	(19,344,788)
<b>Net profit for the period</b>	<b>55,246,494</b>	<b>10,145,766</b>	<b>1,622,931</b>	<b>(23,534,234)</b>	<b>43,480,957</b>
<b>OTHER INFORMATION</b>					
Segment assets	2,596,240,069	510,296,690	27,015,292	301,396,744	3,434,948,795
Investments in associates	130,074	1,765,263	-	-	1,895,337
Total segmental liabilities	1,404,861,263	228,360,494	22,056,375	578,565,284	2,233,843,416
Depreciation, amortization and impairment losses	85,602,047	10,692,208	1,026,864	81,355	97,402,474
Provisions	(20,711,869)	707,442	-	2,005,001	(17,999,426)
Capital expenditures	64,268,957	12,583,703	450,001	171,914	77,474,575

## Geographical segment

1st Semester 2011	Pulp and paper	Cement	Environment	Total
<b>Sales and services rendered:</b>				
Portugal	79,965,621	70,065,778	12,386,373	162,417,772
Rest of Europe	512,370,266	536,786	3,493,950	516,401,002
America	51,989,565	-	-	51,989,565
Africa	-	24,856,498	131,724	24,988,222
Asia	-	19,523,035	-	19,523,035
Overseas	95,246,513	13,333,532	-	108,580,045
<b>739,571,965</b>	<b>128,315,629</b>	<b>16,012,047</b>	<b>883,899,641</b>	

1st Semester 2010	Pulp and paper	Cement	Environment	Total
<b>Sales and services rendered:</b>				
Portugal	118,090,911	79,306,701	9,718,703	207,116,315
Rest of Europe	404,457,510	750,436	4,834,062	410,042,008
America	46,617,599	-	-	46,617,599
Africa	-	25,947,011	169,208	26,116,219
Asia	-	19,402,951	-	19,402,951
Overseas	87,902,877	13,853,236	-	101,756,113
<b>657,068,897</b>	<b>139,260,335</b>	<b>14,721,973</b>	<b>811,051,205</b>	

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

## 5. Other income

"Other income" is detailed as follows for the six month periods ended 30 June 2011 and 2010:

Amounts in Euro	1st Semester 2011	1st Semester 2010
Grants - CO2 Emission allowances	13,399,998	15,401,801
Reversion of impairment (Note 22)	800,803	360,370
Swap - CO2 Emission licences	4,352,880	-
Supplementary income	143,787	482,775
Gains on disposals of non-current assets	141,032	3,959,092
Gains on inventories	595,777	610,089
Gains on current assets	77,079	17,699
Operating government grants	294,806	392,042
Own work capitalised	27,163	-
Revenues from waste management	425,651	308,398
Other operating income	3,333,609	2,099,453
	<b>23,592,585</b>	<b>23,631,719</b>

The amount presented in section "Grants – CO2 emissions allowances" is the recognition of the grant, originated in the allocation of free allowances (Note 1.6.1).

## 6. Costs, expenses and losses

Costs, expenses and losses are detailed as follows for the six month periods ended 30 June 2011 and 2010:

Amounts in Euro	1st Semester 2011	1st Semester 2010
<b>Cost of sales and service rendered</b>		
Cost of inventories sold and consumed	(321,026,083)	(290,473,272)
Cost of materials and services consumed	(221,962,468)	(215,219,074)
<b>Variation in production</b>	<b>(29,579,392)</b>	<b>(6,155,973)</b>
<b>Payroll costs</b>		
Statutory bodies	(9,583,118)	(8,367,367)
Other remunerations	(61,412,039)	(57,606,511)
Pension costs	(5,240,726)	(6,276,517)
Other payroll costs	(21,415,423)	(21,909,829)
	<b>(97,651,306)</b>	<b>(94,160,224)</b>
<b>Other costs and losses</b>		
Own work for the company	-	15,259
Membership fees	(418,024)	(355,620)
Donations	(270,027)	(274,002)
Cost with emission allowances	(10,990,733)	(10,122,242)
Inventories and other receivables impairment	(1,184,175)	(2,021,405)
Losses on inventories	(160,030)	(41,186)
Indirect taxes	(3,607,944)	(2,761,826)
Losses on disposal of non-current assets	(83,584)	(37,022)
Other operating costs	(882,808)	(1,006,766)
	<b>(17,597,325)</b>	<b>(16,604,810)</b>
<b>Provisions (Note 30)</b>	<b>(8,154,870)</b>	<b>17,999,426</b>
<b>Cost, expenses and losses</b>	<b>(695,971,444)</b>	<b>(604,613,927)</b>

## 7. Remuneration of Statutory bodies

For the six month periods ended 30 June 2011 and 2010, this heading refers to the fixed remuneration of the members of the corporate bodies and it is detailed as follows:

Amounts in Euro	1st Semester 2011	1st Semester 2010
<b>Board of directors</b>		
Semapa SGPS, S.A.	3,191,387	1,561,630
Members of Semapa board in other companies	1,722,752	1,770,896
Corporate bodies from other group companies	4,668,979	5,034,841
	<b>9,583,118</b>	<b>8,367,367</b>

Additionally, Semapa's Board of Directors, as well as Portugal's, benefit from a pension plan as described in Note 29.

The amount related to Semapa SGPS SA Board of directors, in the 1<sup>st</sup> semester of 2010, includes an accrual reversal of the variable remunerations, due to a payment below the accrued amount in the previous year.

## 8. Depreciation, amortisation and impairment losses

For the six month periods ended 30 June 2011 and 2010, depreciation, amortisation and impairment losses were as follows:

Amounts in Euro	1st Semester 2011	1st Semester 2010
<b>Depreciation of property, plant and equipment</b>		
Land	(564,268)	(810,540)
Buildings	(7,642,588)	(12,891,264)
Other tangible assets	(78,341,734)	(83,468,460)
	<b>(86,548,590)</b>	<b>(97,170,264)</b>
<b>Depreciation of intangible assets</b>		
Industrial property and other rights	(3,005)	(232,210)
	<b>(3,005)</b>	<b>(232,210)</b>
	<b>(86,551,595)</b>	<b>(97,402,474)</b>

Depreciations are net of recognised government grants of Euro 4,089,540 (first semester of 2010: Euro 3,993,870).



## 9. Group share of associates' net profits

For the six month periods ended 30 June 2011 and 2010, the Group recorded its share of the net income/ (loss) of associated companies as follows:

Amounts in Euro	1st Semester 2011	1st Semester 2010
<b>Sub-group Portucel</b>		
Soporgem, S.A.	384,817	-
<b>Sub-group Secil</b>		
Chryso - Aditivos de Portugal, S.A.	3,280	(2,076)
Setefrete, SGPS, S.A.	338,741	295,399
J.M. Henriques, Lda.	(556)	(4,819)
Secil Algérie, S.P.A.	50	-
	<b>726,332</b>	<b>288,504</b>

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

## 10. Net financial results

For the six month periods ended 30 June 2011 and 2010, "Net financial results" comprise:

Amounts in Euro	1st Semester 2011	1st Semester 2010
Interest paid on loans from shareholders	(356,356)	(60,862)
Interest paid on borrowings	(19,428,254)	(16,963,187)
Interest paid on loans from associates companies	32,417	40,180
Other interest earned	5,039,091	973,825
Compensatory interest	36,556	(25,115)
Fair value in available-for-sale financial assets	(39,325)	(209,793)
Financial assets at fair value through profit and loss	(827,838)	(3,564,141)
Gains / (losses) on financial instruments - hedging	(4,067,052)	(2,514,514)
Gains / (losses) on financial instruments - trading	385,629	(5,871,094)
Foreign exchange gains / (losses)	1,708,237	2,360,870
Other financial expenses	(2,428,492)	(2,260,986)
Other financial income	686,852	772,858
	<b>(19,258,535)</b>	<b>(27,321,959)</b>

The caption "Financial assets at fair value through profit or loss" comprise gains and losses from fair value changes in listed securities held by the Group, as described in note 20.

Gains / (losses) on trading and hedging financial instruments comprise the results from the instruments detailed in note 33.

## 11. Income tax

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

Companies included within the consolidation scope of the group of companies subject to this regime calculate and recognise income tax (IRC) as though they were taxed on an individual basis.

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

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

Dividends are considered when determining the taxable income in the year in which they are received, if the assets are held for less than one year or if investments represent less than 10% of the share capital.

For the six month periods ended 30 June 2011 and 2010, income tax comprises:

Amounts in Euro	1st Semester 2011	1st Semester 2010
Current tax	26,894,724	34,533,059
Provision for current tax	(3,965,466)	(3,712,160)
Deferred tax	(8,788)	7,380,913
	<b>22,920,470</b>	<b>38,201,812</b>

The reconciliation of the effective tax rate in the six month periods ended 30 June 2011 and 2010 is as follows:

Amounts in Euro	1st Semester 2011	1st Semester 2010
Profit before tax	105,497,437	101,027,557
Expected income tax	27,956,821	26,772,303
State Surcharge	3,131,524	13,992,966
Differences (a)	(3,872,281)	3,429,647
Prior year tax adjustments	256,515	(401,898)
Recoverable tax losses carried forward	-	(128,922)
Non recoverable tax losses	4,081,398	2,988,384
Impact of the change in the income tax rate	(231,164)	(824,301)
Provision for current tax	(3,965,481)	(3,712,159)
Tax benefits	(5,879,436)	(2,412,905)
Adjustments to taxable income	1,442,574	(1,501,303)
	<b>22,920,470</b>	<b>38,201,812</b>
Effective tax rate	21.73%	37.81%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(341,516)	(288,504)
Capital gains / (losses) for tax purposes	(22,153,662)	1,468,573
Capital gains / (losses) for accounting purposes	(9,697,803)	(1,510,106)
Provisions not allowed for tax purposes	3,690,503	8,516,458
Tax benefits	(694,556)	(691,696)
Dividends received from non EU companies	4,159,889	4,212,146
Decrease in taxed provisions	(7,712,444)	(21,057,409)
Intra-group earnings subject to taxation	-	714,000
Effect of pension funds	1,886,655	2,825,378
Others	16,250,554	18,753,223
	<b>(14,612,380)</b>	<b>12,942,063</b>
Tax effect (26,50%)	<b>(3,872,281)</b>	<b>3,429,647</b>

The annual tax returns in Portugal are subject to review and possible adjustment on the part of the tax authorities during a period of 4 years. However, where there are tax losses, these may be subject to review and additional assessment by the tax authorities for a longer period.

In the other countries in which the Group carries on its operations, the periods differ (as a general rule, they are longer).

The Board of Directors is of the opinion that any corrections to those tax returns as a result of assessments by the tax authorities will not have a material impact on the consolidated financial

statements at 30 June 2011. Additionally, the periods until 2008 have already been reviewed

## 12. Earnings per share

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

Amounts in Euro	1st Semester 2011	1st Semester 2010
Profit attributable to Semapa's shareholders	60,042,049	43,480,957
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	0.532	0.385
Diluted earnings per share	0.532	0.385

The weighted average number of shares is shown after deducting 5,447,975 treasury shares owned by Semapa, SGPS, S.A.

## 13. Non-controlling interests

For the six month periods ended 30 June 2011 and 2010, non-controlling interests shown in the Income statement comprise:

Amounts in Euro	1st Semester 2011	1st Semester 2010
Portucel - Empresa de Pasta e Papel, SA	20,898,046	16,541,416
Raiz - Instituto de Investigação da Floresta e Papel	(17,538)	(56,152)
Secil Betões e Inertes Group	4,936	9,815
Société des Ciments de Gabés	183	14,210
Secil Martingança	862	4,670
Secil - Companhia de Cimento do Lobito, S.A.	(243,979)	(56,348)
Cimentos de Sibilne, S.A.L.	1,776,872	2,386,666
Cimentos Madeira Group	48,056	91,066
ETSA - Investimentos, SGPS, SA	50,665	406,217
Other	16,815	3,228
	<b>22,534,918</b>	<b>19,344,788</b>

As at 30 June 2011 and December 31, 2010, non-controlling interests in the Consolidated Statement of Financial Position comprise:

Amounts in Euro	30-06-2011	31-12-2010
Portucel - Empresa de Pasta e Papel, SA	282,904,524	273,913,139
Raiz - Instituto de Investigação da Floresta e Papel	197,127	216,754
Secil Betões e Inertes Group	66,697	134,992
Société des Ciments de Gabés	639,388	685,077
Secil Martingança	168,132	167,269
Secil - Companhia de Cimento do Lobito, S.A.	3,801,043	4,367,609
Cimentos de Sibilne, S.A.L.	21,727,882	25,481,508
Cimentos Madeira Group	2,950,886	3,085,408
ETSA - Investimentos, SGPS, SA	1,983,148	1,932,481
Abapor	-	-
Transportes Carvajal	-	-
Other	457,554	536,609
	<b>314,896,381</b>	<b>310,520,846</b>

The movement in the non-controlling interests' account in the periods ended 30 June 2011 and 2010 is as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Total
<b>Balance as of 1 January 2010</b>	<b>272,315,087</b>	<b>31,700,265</b>	<b>1,359,908</b>	<b>305,375,260</b>
Acquisitions / (disposals) to non-controlling interests	(232,029)	(64,397)	-	(296,426)
Dividends	(41,418,806)	(3,798,871)	(800,000)	(46,017,677)
Currency translation reserve	147,669	1,920,597	-	2,068,266
Financial instruments	353,565	-	-	353,565
Actuarial gains and losses	(12,141)	16,890	-	4,749
Other movements in equity	-	-	1,405,785	1,405,785
Net profit for the year	42,976,548	4,683,988	(33,212)	47,627,324
<b>Balance as of 31 December 2010</b>	<b>274,129,893</b>	<b>34,458,472</b>	<b>1,932,481</b>	<b>310,520,846</b>
Acquisitions / (disposals) to non-controlling interests	(11,267,900)	(68,589)	-	(11,336,489)
Dividends	-	(4,184,064)	-	(4,184,064)
Currency translation reserve	(760,155)	(1,995,558)	-	(2,755,713)
Financial instruments	551,063	-	-	551,063
Actuarial gains and losses	(428,109)	(2,424)	-	(430,533)
Other movements in equity	(3,650)	1	2	(3,647)
Net profit for the period	20,880,509	1,603,744	50,665	22,534,918
<b>Balance as of 30 June 2011</b>	<b>283,101,651</b>	<b>29,811,582</b>	<b>1,983,148</b>	<b>314,896,381</b>

## 14. Appropriation of previous year's profit

Amounts in Euro	2010	2009
Dividends distribution	29,481,174	29,481,174
Other reserves	97,239,056	49,368,150
Retained earnings	-	-
<b>Net profit for the year</b>	<b>126,720,230</b>	<b>78,849,324</b>
<b>Dividends per share</b>	<b>0.255</b>	<b>0.255</b>

As of 30 June 2011 and 31 December 2010, legal reserves are recorded at maximum amount, to which is added the share premiums reserve.

## 15. Goodwill

The following movements were registered in the caption "Goodwill" during the six months period ended June 30, 2011 and the year ended December 31, 2010:

Amounts in Euro	30-06-2011	31-12-2010
<b>Net amount at the beginning of the year</b>	<b>320,204,947</b>	<b>321,274,798</b>
Acquisitions	22,092,955	-
Transfers	-	(441,842)
Impairment losses (Note 8)	-	(757,110)
Foreign exchange differences	(1,003,450)	129,101
<b>Ending Balance</b>	<b>341,294,452</b>	<b>320,204,947</b>

Note: net of impairment losses (Note 22)

The amount recorded under the caption "Acquisitions" refers to Lafarge Betões S.A. acquisition by the subsidiary Secil S.A., as detailed in note 36. The purchase price acquisition is not yet concluded; therefore the booked amount can suffer changes in accordance with IFRS 3, during the second semester.

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

As of 30 June 2011 and 31 December 2010 Goodwill is made up as follows:



Entity	Aquisition date	30-06-2011	31-12-2010
<b>Acquisitions made by Semapa and holdings</b>			
Secil - Companhia Geral de Cal e Cimento, SA	1997	6,766,530	6,766,530
Cimentospar, SGPS, SA	2003	81,296,931	81,296,931
Portucel - Empresa Produtora de Pasta e Papel, SA	2004	135,565,059	135,565,059
ETSA - Investimentos, SGPS, SA	2008	35,866,358	35,866,358
		<b>259,494,878</b>	<b>259,494,878</b>
<b>Acquisitions made by Sub-group Secil (51%)</b>			
CMP - Cimentos Maceira e Pataias, S.A.	1994	24,906,178	24,906,178
Société des Ciments de Gabès	2000	15,921,553	16,382,555
Secil Betões e Inertes Group	2000	7,584,326	7,584,326
Sud-Béton-Société de Fabrication de Béton du Sud	2001	946,424	973,828
Tecnosecil, S.A.R.L.	2005	839,105	907,617
IRP- Indústria de Reboco de Portugal, S.A.	2005	1,611,226	1,611,226
Sicobetão - Fabricação de Betão, S.A.	2006	421,747	421,747
Secil Cabo Verde Comércio e Serviços, S.A.	2005	61,418	61,418
Cimentos Madeira, S.A.	2007	924,103	924,103
Ciments de Sibline, S.A.L.	2007	5,549,147	5,995,677
Taporsset, S.A.	2008	78,403	78,403
Collegra	2008	43,706	43,706
Quimpedra	2009	262,707	262,709
Lafarge Betões	2011	22,082,955	-
		<b>81,242,998</b>	<b>60,153,493</b>
<b>Acquisitions made by Sub-group ETSA</b>			
Abapor - Comércio e Indústria de Carnes, SA	2008	556,576	556,576
		<b>556,576</b>	<b>556,576</b>
		<b>341,294,452</b>	<b>320,204,947</b>

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

June 30, 2011				
Amounts in Euro	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	145,988,812	135,565,059	36,422,934	317,976,805
Tunisia	16,867,977	-	-	16,867,977
Lebanon	5,549,147	-	-	5,549,147
Angola	839,105	-	-	839,105
Cape Verde	61,418	-	-	61,418
	<b>169,306,459</b>	<b>135,565,059</b>	<b>36,422,934</b>	<b>341,294,452</b>

December 31, 2010				
Amounts in Euro	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	123,895,859	135,565,059	36,422,934	295,883,852
Tunisia	17,356,383	-	-	17,356,383
Lebanon	5,995,677	-	-	5,995,677
Angola	907,617	-	-	907,617
Cape Verde	61,418	-	-	61,418
	<b>148,216,954</b>	<b>135,565,059</b>	<b>36,422,934</b>	<b>320,204,947</b>

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

Goodwill is not amortised and is subject to impairment tests at least once a year.

## 16. Other intangible assets

Over the six months period ended June 30, 2011 and the year ended December 31, 2010, changes in "Other intangible assets" were as follows:

Amounts in Euro	Brands	Industrial property and other rights	CO2 emission licences	Total
<b>Acquisition costs</b>				
<b>Amount as of 1 January 2010</b>	<b>151,488,000</b>	<b>1,898,102</b>	<b>19,482,938</b>	<b>172,869,040</b>
Acquisitions	-	-	30,354,950	30,354,950
Disposals	-	-	(15,421,623)	(15,421,623)
Adjustments, transfers and write-off's	-	-	(14,749,546)	(14,749,546)
<b>Amount as of 31 December 2010</b>	<b>151,488,000</b>	<b>1,898,102</b>	<b>19,666,719</b>	<b>173,052,821</b>
Acquisitions	-	-	33,017,061	33,017,061
Disposals	-	-	(3,293,297)	(3,293,297)
Adjustments, transfers and write-off's	-	-	(23,590,471)	(23,590,471)
<b>Amount as of 30 June 2010</b>	<b>151,488,000</b>	<b>1,898,102</b>	<b>25,800,011</b>	<b>179,186,113</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>Amount as of 1 January 2010</b>	-	<b>(1,413,202)</b>	<b>(1,543,516)</b>	<b>(2,956,718)</b>
Amortizations and impairment losses	-	(465,729)	-	(465,729)
<b>Amount as of 31 December 2010</b>	-	<b>(1,878,931)</b>	<b>(1,543,516)</b>	<b>(3,422,447)</b>
Amortizations and impairment losses	-	(3,005)	-	(3,005)
<b>Amount as of 30 June 2010</b>	-	<b>(1,881,936)</b>	<b>(1,543,516)</b>	<b>(3,425,452)</b>
Net book value as of 1 January 2010	<b>151,488,000</b>	<b>484,900</b>	<b>17,939,422</b>	<b>169,912,322</b>
Net book value as of 31 December 2010	<b>151,488,000</b>	<b>19,171</b>	<b>18,123,203</b>	<b>169,630,374</b>
Net book value as of 30 June 2011	<b>151,488,000</b>	<b>16,166</b>	<b>24,256,495</b>	<b>175,760,661</b>

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

The impairment of this intangible asset is tested annually. Based on the assessment carried out by the Group in the first semester of 2011 there was no impairment. The assumptions to this conclusion are presented as follows:

Brand	Markets	Risk-free interest rate	Discount rate*	Inflation rate	Tax rate
Navigator	Europa	3.4%	7.2%	2.0%	29.0%
	EUA	2.4%	10.8%	2.5%	-
Soporset	Europa	3.4%	7.0%	2.0%	29.0%
	EUA	2.4%	11.4%	2.5%	-

\*The discount rates presented include the level of robustness of each brand

## 17. Property, plant and equipment

Over the six months period ended June 30, 2011 and the year ended December 31, 2010, changes in “Property, plant and equipment”, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and others tangibles	Assets under construction	Total
<b>Acquisition Cost</b>					
<b>Amount as of 1 January 2010</b>	<b>187,724,197</b>	<b>741,362,474</b>	<b>3,983,083,162</b>	<b>188,537,448</b>	<b>5,100,707,281</b>
Acquisitions	2,422,151	23,054,775	63,844,273	32,279,814	121,601,013
Disposals	(1,003,798)	(1,873,539)	(3,497,769)	-	(6,375,106)
Adjustments, transfers and write-off's	4,851,903	11,142,048	156,793,069	(176,599,440)	(3,812,420)
Exchange differences	(89,251)	1,239,139	3,128,871	337,762	4,616,521
<b>Amount as of 31 December 2010</b>	<b>193,905,202</b>	<b>774,924,897</b>	<b>4,203,351,606</b>	<b>44,555,584</b>	<b>5,216,737,289</b>
Change of perimeter	3,503,729	6,267,093	11,847,914	171,969	21,790,705
Acquisitions	82,956	212,178	9,709,061	30,031,465	40,035,660
Disposals	(53,648)	-	(97,284,011)	-	(97,337,659)
Adjustments, transfers and write-off's	242,149	151,860	17,587,072	(18,440,426)	(459,345)
Exchange differences	(1,608,581)	(2,000,809)	(6,520,793)	(531,884)	(10,662,067)
<b>Amount as of 30 June 2011</b>	<b>196,071,807</b>	<b>779,555,219</b>	<b>4,138,690,849</b>	<b>55,786,708</b>	<b>5,170,104,583</b>
<b>Accumulated depreciations and impairment losses</b>					
<b>Amount as of 1 January 2010</b>	<b>(15,318,776)</b>	<b>(417,539,212)</b>	<b>(2,515,843,863)</b>	<b>-</b>	<b>(2,948,701,851)</b>
Depreciations and impairment losses	(1,963,041)	(7,453,352)	(154,152,297)	(102,292)	(163,670,982)
Disposals	(6,097)	556,912	3,260,016	-	3,810,831
Adjustments, transfers and write-off's	873	1,233,449	5,590,202	-	6,824,524
Exchange differences	72,556	(519,253)	(1,346,579)	-	(1,793,276)
<b>Amount as of 31 December 2010</b>	<b>(17,214,485)</b>	<b>(423,721,456)</b>	<b>(2,662,492,521)</b>	<b>(102,292)</b>	<b>(3,103,530,754)</b>
Change of perimeter	(456,229)	(4,043,587)	(10,138,466)	-	(14,638,282)
Depreciations and impairment losses	(564,268)	(7,814,960)	(78,161,599)	-	(86,540,827)
Disposals	13,881	-	94,943,016	-	94,956,897
Adjustments, transfers and write-off's	-	208,046	157,125	-	365,171
Exchange differences	255,059	972,966	3,553,175	-	4,781,200
<b>Amount as of 30 June 2011</b>	<b>(17,966,042)</b>	<b>(434,398,991)</b>	<b>(2,652,139,270)</b>	<b>(102,292)</b>	<b>(3,104,606,595)</b>
Net book value as of 1 January 2010	172,405,421	323,823,262	1,467,239,299	188,537,448	2,152,005,430
Net book value as of 31 December 2010	176,690,717	351,203,441	1,540,859,085	44,453,292	2,113,206,535
Net book value as of 30 June 2011	178,105,765	345,156,228	1,486,551,579	55,684,416	2,065,497,988

The group holds a stake of 18% in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. (Soporgen), a company whose main activity is the production of electricity and steam sold mainly to the subsidiary Soporcel.

In 2010, with the start of operations in the new paper mill, the Group recognised as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new factory. This contract foresees the transfer of the ownership of the assets upon the end of the contract.

Following the above-mentioned agreements, the Group applies “IFRIC 4 – Determining whether an arrangement contains a lease”. By following this interpretation Property, plant and equipment – equipment and other tangibles was increased by Euro 58,003,950, from which the respective accumulated depreciation of Euro 36,385,011 (31 December 2010: Euro 34,161,456), was deducted as of 30 June 2011. As of 30 June 2011, the net book value of these equipments was Euro 21,618,939 (31 December 2010: Euro 23,842,494).

As of 30 June 2011 “Assets under construction” included Euro 5,298,018 (31 December 2010: Euro 3,919,787), related to advance payments and supplies of Property Plant and Equipment, under the scope of the investment projects being developed by the Group. These amounts are fully guaranteed by first demand bank guarantees, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policies for the mitigation of credit risk.

At 30 June 2011 and 31 December 2010, the caption “Equipments and other tangibles” comprised assets in others' property (piggeries) for temporary storage of bodies to collect, amounting a total, net of depreciation, of Euro 1,356,343 and Euro 1,547,293 respectively.

## 18. Biological assets

Over the six months period ended June 30, 2011 and the year ended December 31, 2010, changes in "Biological Assets", were as follows:

Amounts in Euro	30-06-2011	31-12-2010
<b>Amount as of 1 January</b>	<b>110,502,616</b>	<b>118,289,970</b>
Changes in fair value		
Logging in the period	(9,069,582)	(21,058,399)
Growth	5,508,231	6,950,100
New plantations	1,867,269	3,210,386
Other changes in fair value	703,809	3,110,559
<b>Total changes in fair value</b>	<b>(990,273)</b>	<b>(7,787,354)</b>
	<b>109,512,343</b>	<b>110,502,616</b>

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

## 19. Investment in associates

The following movements were registered over the six months period ended June 30, 2011 and the year ended December 31, 2010:

Amounts in Euro	30-06-2011	31-12-2010
Opening balance	2,039,513	1,855,433
Acquisitions	755,378	-
Appropriated net profit	726,332	291,941
Dividends received	-	(655,839)
Exchange differences	(37)	(26)
Other	(86,646)	548,004
	<b>3,434,540</b>	<b>2,039,513</b>

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

As of 30 June 2011 and 31 December 2010 "Investments in associates", including goodwill, comprises:

Associated Companies	% Held	Book Value	
		30-06-2011	31-12-2010
Chryso - Aditivos de Portugal, S.A.	40.00%	19,539	16,259
Setefrete, SGPS, S.A.	25.00%	1,649,129	1,310,388
MC - Materiaux de Construction	49.36%	1,288	1,276
J.M. Henriques, Lda.	100.00%	194,861	195,417
Soporgen, S.A.	18.00%	1,569,723	516,173
		<b>3,434,540</b>	<b>2,039,513</b>

This caption includes the 18% stake in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A.. This company holds a gas power plant at the Figueira da Foz site that the Group, as mentioned in note 17, considers to be a finance lease and recognises as such in the consolidated financial statements.

Although the share represents only 18% of the company's equity and respective voting rights, the Group recognizes this as an associated company as it can influence Soporgen's management decisions:

1 – One of the five directors of the company is nominated in representation of the Group.

2 – A significant part of Soporgen's sales is made to the Group (at least 10% of the associate's revenues), and the rest, corresponding to electric energy, is sold to the EDP Group.

3 – The Group, as well as the remaining shareholders, is responsible for Soporgen's contracted bank loan, in the same proportion as its share.

At 30 June 2011, the financial information relating to associated companies was as follows:

Amounts in Euro		Total Assets	Total Liabilities	Equity a)	Net Income	Revenue
Soporgen	c)	27,553,784	18,833,102	8,720,682	2,137,870	24,544,687
Chryso - Aditivos de Portugal, S.A.	b)	1,095,208	1,046,360	48,848	11,570	877,717
MC - Materiaux de Construction	c)	632,777	605,359	27,418	16,952	2,370,814
Intergrande Central de Beido, Lda.	c)	962,002	1,024,585	(42,582)	(1,670)	-
Viroc Portugal - Industrias de Madeira e Cimento, S.A.	b)	4,399,100	10,845,572	(7,282,446)	(271,833)	1,413,327
J.M.J. - Henriques, Lda.	c)	546,167	156,446	389,721	(1,113)	-
Setefrete, SGPS, S.A.	a)	2,522,430	452,725	2,051,912	1,354,966	49,913
a) Amounts related to 31.12.2010						
b) Amounts related to 31.05.2011						
c) Amounts related to 30.06.2011						

The share of equity held in Viroc Portugal, SA is provisioned under the caption "Others" as presented in note 30.

## 20. Financial assets at fair value through profit or loss

The following movements were registered in this caption during the six month periods ended 30 June 2011 and the year ended December 31, 2010:

Amounts in Euro	30-06-2011	31-12-2010
Fair value at the beginning of the year	13,128,488	14,871,574
Acquisitions	9,311	1,858,792
Disposals	(1,968,688)	-
Changes in fair value	(827,838)	(3,601,878)
	<b>10,341,273</b>	<b>13,128,488</b>

As at 30 June 2011 and 31 December 2010 "Financial assets at fair value through profit or loss" comprised:

Fair Value		
Amounts in Euro	30-06-2011	31-12-2010
Banco Comercial Português, SA	934,957	3,570,570
EDP - Energias de Portugal, SA	9,382,741	9,555,168
Other	23,575	2,750
	<b>10,341,273</b>	<b>13,128,488</b>

## 21. Available-for-sale financial assets

The following movements were registered in this caption during the six months period ended 30 June 2011 and the year ended December 31, 2010:

Amounts in Euro	30-06-2011	31-12-2010
Fair value at the beginning of the year	677,180	798,167
Acquisitions	275,000	-
Changes in fair value	-	126,074
Changes in fair value	(39,325)	(247,061)
	<b>912,855</b>	<b>677,180</b>

At 30 June 2011 and 31 December 2010, the fair value of available-for-sale financial assets comprises:

Amounts in Euro	Fair Value	
	30-06-2011	31-12-2010
Banco Espírito Santo, SA	289,703	324,648
Liaison Technologie	126,074	126,074
Ynvisible, SA	275,000	-
Others	222,078	226,458
	<b>912,855</b>	<b>677,180</b>

## 22. Impairment in non-current and current assets

In the six months period ended 30 June 2011 and the year ended December 31, 2010, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Goodwill*	Other non-current assets	Tangible Assets	Investments Assoc. Comp.	Total
As of 1 January 2010	10,033,225	946,547	4,838,615	8,301	15,826,688
Foreign exchange differences (147,730)		-	-	-	(147,730)
Increases	757,110	-	102,292	-	859,402
As of 31 December 2010	<b>10,642,605</b>	<b>946,547</b>	<b>4,940,907</b>	<b>8,301</b>	<b>16,538,360</b>
Foreign exchange differences (197,787)		-	-	-	(197,787)
Direct utilizations (757,110)		-	(4,747,338)	(7,243)	(5,511,691)
As of 30 June 2011	<b>9,687,708</b>	<b>946,547</b>	<b>193,569</b>	<b>1,058</b>	<b>10,828,882</b>

\* Goodwill impairment due to affiliates and associated companies

In the six months period ended 30 June 2011 and the year ended December 31, 2010, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts receivable	Receivables Assoc. Comp.	Other Receivables	Total
As of 1 January 2010	3,252,288	12,283,777	1,322,124	4,678,034	21,536,223
Foreign exchange differences	43,002	37,776	-	29,702	110,480
Increases	500,564	1,977,390	565,142	422,031	3,465,127
Reversals	(315,442)	(416,823)	(31,931)	(250,144)	(1,014,340)
Direct utilizations (6,516)		(300,187)	-	(51,885)	(358,588)
Transfers	-	107,606	-	981	108,587
As of 31 December 2010	<b>3,473,896</b>	<b>13,689,539</b>	<b>1,855,335</b>	<b>4,828,719</b>	<b>23,847,489</b>
Change of perimeter	-	1,201,548	-	24,093	1,225,641
Foreign exchange differences (132,570)		(89,444)	-	(16,472)	(238,486)
Increases (Note 5)	329,398	630,045	151,980	72,752	1,184,175
Reversals (Note 5)	(16,315)	(116,451)	(8,519)	(659,518)	(800,803)
Direct utilizations	-	59,411	-	-	59,411
As of 30 June 2011	<b>3,654,409</b>	<b>15,374,648</b>	<b>1,998,796</b>	<b>4,249,574</b>	<b>25,277,427</b>

## 23. Inventories

At 30 June 2011 and 31 December 2010, the caption "Inventories" comprised:

Amounts in Euro	30-06-2011	31-12-2010
Raw materials	133,663,862	119,426,026
Work in progress	15,400,035	22,684,829
Byproducts and waste	753,523	1,240,632
Finished and intermediate products	78,876,295	73,862,716
Goods for resale	6,161,836	6,069,230
Advances to inventories' suppliers	2,225,414	3,556,915
	<b>237,080,965</b>	<b>226,840,348</b>

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

## 24. Receivables and other current assets

As of 30 June 2011 and 31 December 2010, the caption "Receivables and other current assets":

Amounts in Euro	30-06-2011	31-12-2010
Accounts receivable	228,199,241	208,353,482
Accounts receivable - related parties	289,771	587,347
Derivative financial instruments	1,923,313	1,207,189
Other receivables	64,203,197	57,165,572
Accrued income	2,567,736	2,458,148
Deferred costs	18,969,572	2,470,906
	<b>316,152,830</b>	<b>272,242,644</b>

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

At 30 June 2011 and 31 December 2010, "Other receivables" comprised:

Amounts in Euro	30-06-2011	31-12-2010
<b>Others debtors</b>		
Advance payments to suppliers	11,384,423	856,686
AICEP - Financial incentives to receive	32,725,180	38,199,792
IMT	79,290	143,270
Others	20,014,304	17,965,824
	<b>64,203,197</b>	<b>57,165,572</b>

At 30 June 2011, the caption "Others debtors" includes notes receivable related to financial incentives to be received from AICEP regarding the group's investment on a new paper machine in Setubal.

The movements in the AICEP balance are detailed below:

Amounts in Euro	30-06-2011	31-12-2010
As of 1 January	38,199,792	6,891,182
Amounts received	(5,498,195)	-
Increase / (Rectification)	23,583	31,308,610
	<b>32,725,180</b>	<b>38,199,792</b>

At 30 June 2011 and 31 December 2010, captions "Accrued income" and "Deferred costs" comprised:

Amounts in Euro	30-06-2011	31-12-2010
<b>Accrued Income</b>		
Interest receivable	746,233	1,287,853
Discounts in acquisitions	116,863	118,550
Gains in Financial instruments	577,506	-
Grants	-	86,700
Other	1,127,134	965,045
	<b>2,567,736</b>	<b>2,458,148</b>
<b>Deferred costs</b>		
Insurance	3,966,264	150,795
Rents and leases	346,755	197,463
Other	14,656,553	2,122,648
	<b>18,969,572</b>	<b>2,470,906</b>
	<b>21,537,308</b>	<b>4,929,054</b>

## 25. State and other public entities

At 30 June 2011 and 31 December 2010, there were no arrear debts to the State and other public bodies.

The balances relating to these entities were as follows:

### Current assets

Amounts in Euro	30-06-2011	31-12-2010
State and other public entities		
Corporate Income Tax - IRC	6,463,529	2,242,503
Individual Income Tax - IRS	58,673	35,799
Value added tax	11,332,905	4,296,112
Value added tax - refunds requested	38,547,539	30,118,674
Other	259,942	106,317
	<b>56,662,588</b>	<b>36,799,405</b>

### Current liabilities

Amounts in Euro	30-06-2011	31-12-2010
State and other public entities		
Corporate Income Tax - IRC	40,021,313	13,437,268
Individual Income Tax - IRS	2,702,435	7,081,908
Value added tax	14,954,471	9,462,098
Social Security	4,488,744	2,894,674
Additional tax payment	25,364,162	31,279,497
Other	81,142	2,332,434
	<b>87,612,267</b>	<b>66,487,879</b>

At 30 June 2011 and 31 December 2010, the caption "Corporate Income tax - IRC" comprised:

Amounts in Euro	30-06-2011	31-12-2010
Year income tax	46,296,682	45,210,795
Foreign Exchange differences	(14,321)	(56,015)
Payments on account	(140,270)	(25,975,655)
Withholding tax	(3,068,108)	(3,466,809)
Prior years income tax	(3,052,670)	(2,275,048)
	<b>40,021,313</b>	<b>13,437,268</b>

## 26. Share capital and treasury shares

At 30 June 2011, Semapa's share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of 1 Euro.

At 30 June 2011 and 31 December 2010 the following entities had substantial holdings in the company's capital:

Name	Nº of Shares	30-06-2011	%	31-12-2010
Longapar, SGPS, S.A.	21,505,400	18.17	17.64	
Sodim, SGPS, S.A.	18,842,424	15.92	15.92	
Cimo - Gestão de Participações, SGPS, S.A.	14,568,441	12.31	11.92	
Banco BPI, SA	12,009,004	10.15	10.15	
Bestinvest Gestão, SGIC, S.A.	8,823,222	7.46	7.46	
Norges Bank (the Central Bank of Norway)	5,891,749	4.98	2.09	
Banco Espírito Santo, SA	3,871,957	3.27	3.27	
ESAF - Espírito Santo Fundos de Investimento Mobiliário, SA	2,569,232	2.17	2.17	
Sonaca - SGPS, S.A.	1,630,590	1.38	1.38	
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	
Omigest, SGPS, SA	100	0.00	0.93	
Seminv - Investimentos, SGPS, S.A.	-	-	2.31	
Treasury shares	5,447,975	4.61	2.30	
Other shareholders with less than 2% participation	22,012,152	18.59	21.49	
	<b>118,332,445</b>	<b>100.00</b>	<b>100.00</b>	

Additionally, as of 4 July 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., acquired in the stock market, 2,720,000 treasury shares, holding from its share capital.

During the first semester of 2011 Semapa SGPS SA acquired the 2,727,975 shares held by the subsidiary Seminv Investimentos, SGPS, S.A. and that were shown as treasury shares in the Group's consolidated financial statements.

## 27. Reserves and retained earnings

At 30 June 2011 and 31 December 2010 the captions "Fair value reserves", "Translation reserves" and "Other reserves" comprised:

Amounts in Euro	30-06-2011	31-12-2010
Fair value of available-for-sale financial assets	4,475	(4,339,853)
Control acquisition revaluation	(1,281,742)	(1,281,742)
<b>Total of fair value reserves</b>	<b>(1,277,267)</b>	<b>(5,621,595)</b>
Translation reserve	(23,481,432)	(15,078,437)
Legal Reserves	23,666,489	23,666,489
Others Reserves	834,557,230	737,318,173
<b>Total of other reservers</b>	<b>858,223,719</b>	<b>760,984,662</b>
<b>Total reserves</b>	<b>833,465,020</b>	<b>740,284,630</b>

### Fair value of financial instruments

The negative amount of Euro 4,475, net of deferred tax, shown under the caption "Fair value of available-for-sale financial assets", relates to the appropriation of financial instruments classified as hedging, which, on 30 June 2011, were negatively valued at Euro

2,461,142 (Note 33), accounted for in accordance with the policy described in Note 1.13.

### Control acquisitions revaluation

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

### Currency translation reserve

The negative figure of Euro 23,481,432 refers to the exchange differences appropriated by the Group, resulting from the financial statements translation of the companies operating outside the Euro zone, essentially Tunisia, Lebanon, Angola, USA and United Kingdom.

### Legal reserve

Commercial Company law prescribes that at least 5% of annual net income must be transferred to the legal reserve until this is equal to at least 20% of the issued capital, which is verified as of 30 June 2011.

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

### Other reserves

Correspond to free reserves for distribution to shareholders, constituted through the appropriation of prior years' earnings.

Following the purchases of 2,720,000 treasury shares during 2007 and the 2,727,975 shares during the first semester of 2011 to the subsidiary Seminv Investimentos, SGPS, S.A., a reserve with the same amount has been made unavailable, in accordance with the applicable trade law. This reserve should be kept until the disposal of the shares.

**Retained earnings***Additional stake acquisition on controlled entities*

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

As of 30 June 2011, the accumulated differences amounted to Euro 66,989,631.

*Actuarial gains or losses*

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

During the first semester of 2011, the group recorded actuarial gains amounting to Euro 638,698 (Note 29).



## 28. Deferred taxes

As of 30 June 2011, the following movement took place in the caption Deferred tax assets and liabilities:

Amounts in Euro	As of 1 January 2011	Exchange adjustement	Income Statement		Retained earnings	Tranfers	Changes in perimeter	As of 30 June 2011
			Increases	Decreases				
<b>Temporary differences originating deferred tax assets</b>								
Tax losses carried forward	24,767,801	-	1,312	-	-	-	-	24,769,113
Taxed provisions	18,894,080	(83,066)	116,901	(1,327,315)	-	861,638	-	18,462,238
Fixed assets adjustments	52,279,176	-	46,033,393	-	-	-	-	98,312,569
Retirement benefits	3,545,766	(2,176)	144,644	-	128,227	-	-	3,816,461
Derivative Financial Instruments	1,229,620	-	-	(31,541)	(121,494)	-	-	1,076,585
Deferred accounting gains on inter-group transactions	10,150,996	-	1,539,185	(2,021,162)	-	-	-	9,669,019
Valuation of biological assets	1,017,572	-	-	(8,157,968)	-	-	-	(7,140,396)
Depreciation of assets recognised under IFRIC 4	3,771,050	-	847,418	(4,478,969)	-	-	-	139,499
Liabilities with retirement benefits	608,837	(10,379)	-	(428,047)	-	-	-	170,411
Liabilities with long service award	709,385	-	-	(153,736)	-	-	-	555,649
Retirement benefits not covered by an autonomous fund	4,928,036	-	-	(165,968)	(44,559)	-	-	4,717,509
Derecognition of government grants	2,677,171	-	-	(83,400)	-	(180,043)	-	2,413,728
Liabilities for healthcare benefits	6,370,842	-	-	(84,426)	32,613	180,043	-	6,499,072
Other temporary differences	3,083,211	(106,390)	203,673	(36,344)	-	(861,638)	395,934	2,678,446
	<b>134,033,543</b>	<b>(202,011)</b>	<b>48,886,525</b>	<b>(16,968,876)</b>	<b>(5,213)</b>	<b>-</b>	<b>395,934</b>	<b>166,139,902</b>
<b>Temporary differences originating deferred tax liabilities</b>								
Revaluation of fixed assets	(12,193,318)	-	306,212	759,191	-	-	(15,760)	(11,143,675)
Retirement benefits	(993,803)	-	(68,637)	4,104,253	(4,346,508)	-	-	(1,304,695)
Derivative Financial Instruments	(1,076,338)	-	-	-	67,032	-	-	(1,009,306)
Fair Value of fixed assets - Soporcel	(215,642,953)	-	-	-	-	-	-	(215,642,953)
Tax Benefits	(82,938,221)	-	(7,090,321)	69,178,254	-	-	-	(20,850,288)
Extension of the useful life of the tangible fixed assets	(121,524,198)	52,381	(16,348,928)	(76,837)	-	-	-	(137,897,582)
Deferred accounting losses on inter-group transactions	(110,051,533)	395,380	(88,095,418)	-	-	-	-	(197,751,571)
Deferred tax gains	(541,150)	-	25,624	-	-	-	(211,201)	(726,727)
Harmonisation of depreciation criteria	(85,191,788)	224,077	-	(2,480,428)	-	-	-	(87,448,139)
Fair Value of intangible assets - Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Fair Value of tangible fixed assets - Portucel	(203,826,056)	-	-	7,635,775	-	-	-	(196,190,281)
Subsidiaries fair value	(71,061,523)	1,912,909	-	(59,131)	-	-	-	(69,207,745)
Fair value of biological assets	-	-	(6,706,320)	-	-	-	-	(6,706,320)
Other temporary differences	(31,443,096)	9	147,209	7,500,562	-	3,262,303	46,620	(20,486,393)
	<b>(1,087,971,977)</b>	<b>2,584,756</b>	<b>(117,830,579)</b>	<b>86,561,640</b>	<b>(4,279,476)</b>	<b>3,262,303</b>	<b>(180,341)</b>	<b>(1,117,853,674)</b>
<b>Deferred tax assets</b>	<b>37,157,841</b>	<b>(38,048)</b>	<b>13,886,086</b>	<b>(4,732,498)</b>	<b>97,237</b>	<b>-</b>	<b>12,908</b>	<b>46,383,526</b>
<b>Deferred tax liabilities</b>	<b>(313,340,341)</b>	<b>653,360</b>	<b>(34,802,575)</b>	<b>25,657,775</b>	<b>(1,230,455)</b>	<b>864,510</b>	<b>(47,790)</b>	<b>(322,245,516)</b>

As of 31 December 2010, the following movement took place in the caption Deferred tax assets and liabilities:

Amounts in Euro	As of 1 January 2010	Exchange adjustement	Income Statement		Retained earnings	Tranfers	Changes in perimeter	As of 31 December 2010
			Increases	Decreases				
<b>Temporary differences originating deferred tax assets</b>								
Tax losses carried forward	24,471,815	-	189,273	(112,187)	-	218,900	-	24,767,801
Taxed provisions	14,879,967	(39,889)	10,199,030	(6,145,028)	-	-	-	18,894,080
Fixed assets adjustments	36,991,010	-	15,288,166	-	-	-	-	52,279,176
Retirement benefits	2,864,220	(1,703)	451,688	(70,107)	7,403	294,265	-	3,545,766
Derivative Financial Instruments	2,317,069	-	1,203,855	-	(2,291,304)	-	-	1,229,620
Deferred accounting gains on inter-group transactions	5,507,032	-	4,740,447	(96,483)	-	-	-	10,150,996
Valuation of biological assets	10,127,672	-	(121,157)	(8,988,943)	-	-	-	1,017,572
Depreciation of assets recognised under IFRIC 4	3,983,424	-	295,904	(508,278)	-	-	-	3,771,050
Liabilities with retirement benefits	597,992	5,476	17,423	-	(12,054)	-	-	608,837
Liabilities with long service award	687,966	-	21,419	-	-	-	-	709,385
Retirement benefits not covered by an autonomous fund	5,233,861	-	-	(325,643)	19,818	-	-	4,928,036
Derecognition of government grants	2,895,940	-	-	(218,769)	-	-	-	2,677,171
Liabilities for healthcare benefits	5,754,960	-	72,427	-	543,455	-	-	6,370,842
Other temporary differences	2,662,263	121,339	933,604	(647,118)	13,123	-	-	3,083,211
	<b>118,975,191</b>	<b>85,223</b>	<b>33,292,079</b>	<b>(17,112,556)</b>	<b>(1,719,559)</b>	<b>513,165</b>	<b>-</b>	<b>134,033,543</b>
<b>Temporary differences originating deferred tax liabilities</b>								
Revaluation of fixed assets	(16,874,592)	-	-	4,679,595	1,679	-	-	(12,193,318)
Retirement benefits	(999,965)	-	(63,747)	-	69,909	-	-	(993,803)
Derivative Financial Instruments	(1,514,536)	-	-	-	438,198	-	-	(1,076,338)
Fair Value of fixed assets - Soporcel	(232,991,369)	-	-	17,348,416	-	-	-	(215,642,953)
Tax Benefits	(89,442,118)	-	-	6,503,897	-	-	-	(82,938,221)
Extension of the useful life of the tangible fixed assets	(148,757,332)	37,505	(158,556)	27,354,185	-	-	-	(121,524,198)
Deferred accounting losses on inter-group transactions	(33,462,192)	(379,582)	(76,209,759)	-	-	-	-	(110,051,533)
Deferred tax gains	(601,752)	-	-	60,602	-	-	-	(541,150)
Harmonisation of depreciation criteria	(81,182,313)	152,683	(4,162,158)	-	-	-	-	(85,191,788)
Fair Value of intangible assets - Brands	(151,488,000)	-	-	-	-	-	-	(151,488,000)
Fair Value of tangible fixed assets - Portucel	(223,900,762)	-	-	20,074,706	-	-	-	(203,826,056)
Subsidiaries fair value	(70,988,607)	269,246	-	245,787	-	-	(587,949)	(71,061,523)
Retirement benefits	(2,174,097)	-	-	836,355	1,632,007	(294,265)	-	-
Other temporary differences	(14,225)	-	(30,185,673)	-	-	(1,243,198)	-	(31,443,096)
	<b>(1,054,391,860)</b>	<b>79,852</b>	<b>(110,779,893)</b>	<b>77,103,543</b>	<b>2,141,793</b>	<b>(1,537,463)</b>	<b>(587,949)</b>	<b>(1,087,971,977)</b>
<b>Deferred tax assets</b>	<b>30,904,802</b>	<b>5,365</b>	<b>11,070,667</b>	<b>(4,513,931)</b>	<b>(467,427)</b>	<b>158,365</b>	<b>-</b>	<b>37,157,841</b>
<b>Deferred tax liabilities</b>	<b>(280,120,078)</b>	<b>109,790</b>	<b>(45,137,524)</b>	<b>11,761,278</b>	<b>642,471</b>	<b>(440,471)</b>	<b>(155,807)</b>	<b>(313,340,341)</b>



As of 31 December 2010 deferred taxes were recognised based on a corporate income tax rate of 29% (2009: 26.5%). Although the Groups' understanding that the reversal of the majority of the existing deferred taxes passed will take place after 2013, the period within the scope of the stability and growth plan (PEC), the corporate income tax includes the additional tax (state surcharge) introduced by the additional measures in the stability and growth plan (PEC), legislated by the Law 12-A/2010.

### Deferred tax assets on tax losses carried forward

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

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

Amounts in Euro	30-06-2011	31-12-2010	Expiry date
Interholding Investment BV	24,332,428	24,332,428	2013
Raiz - Instituto de Investigação da Floresta e Papel	408,173	408,173	2015
Teporset - Terminal Portuário de Setúbal, S.A.	28,512	27,200	2015
	<b>24,769,113</b>	<b>24,767,801</b>	

### Tax losses carried forward without a deferred income tax asset

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

Amounts in Euro	30-06-2011	31-12-2010	Data limite
<b>Semapa and Holdings</b>			
Semapa SGPS S.A.	114,068,570	96,839,182	2016
Seminv SGPS S.A.	-	7,743,074	2010
Seinpart SGPS S.A.	8,423,900	12,279,536	2014
ETSA - Invest. SGPS S.A.	-	1,566	2014
<b>Sub-Group Secil</b>			
Betomadeira, S.A.	760,378	652,890	2015
Cimentos Costa Verde	182,722	182,722	2014
Valcém, Lda.	278,453	278,453	2012
Florimar, SGPS, Lda	46,373	43,149	2016
I3 Participações e Serviços, Lda.	26,852	24,756	not defined
Madebritas, Lda.	55,167	55,109	2015
Parcim, B.V.	44,579	45,026	2019
Pedra Regional, S.A.	332,014	304,085	2015
Secil Pré-betão, S.A.	2,031,890	1,809,121	2016
Secil Unicon - S.G.P.S., Lda.	9,261	11,024	2015
Serife, Lda.	118,949	135,983	2015
Silonor, S.A.	4,836,945	4,432,543	not defined
Zarzis Béton	23,300	23,975	2017
	<b>131,239,353</b>	<b>124,862,194</b>	

## 29. Pensions and other post-employment benefits

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

The following is a breakdown of the obligations assumed and reflected in the Consolidated Statement of Financial Position at 30 June 2011 and December 31, 2010:

1st Semester 2011	Pulp and Paper	Cement and derivatives	Holdings	Total
Group liability for past services	116,007,912	20,656,213	98,049,924	234,714,049
Market value of the pension funds	(102,521,015)	(14,995,454)	-	(117,516,469)
Covered capital	-	704,808	-	704,808
Insurance policies	-	(1,122,539)	-	(1,122,539)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(309,542)	-	(309,542)
<b>Under/(overfunding) of pension funds liabilities</b>	<b>13,486,897</b>	<b>4,933,486</b>	<b>98,049,924</b>	<b>116,470,307</b>
<b>Other unfunded liabilities</b>				
Healthcare assistance	-	6,499,072	-	6,499,072
Retirement and death liabilities	3,232,413	170,411	-	3,402,824
Long-service award liabilities	-	555,649	-	555,649
<b>Total unfunded liabilities</b>	<b>16,719,310</b>	<b>12,158,619</b>	<b>98,049,924</b>	<b>126,927,852</b>
31 December 2010	Pulp and Paper	Cement and derivatives	Holdings	Total
Group liability for past services	113,455,153	21,828,808	99,931,260	235,215,221
Market value of the pension funds	(102,854,501)	(15,431,975)	-	(118,286,476)
Covered capital	-	(1,094,663)	-	(1,094,663)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(434,234)	-	(434,234)
<b>Under/(overfunding) of pension funds liabilities</b>	<b>10,600,652</b>	<b>4,867,936</b>	<b>99,931,260</b>	<b>115,399,848</b>
<b>Other unfunded liabilities</b>				
Healthcare assistance	-	6,550,885	-	6,550,885
Retirement and death liabilities	3,113,104	609,838	-	3,722,942
Long-service award liabilities	-	709,385	-	709,385
<b>Total unfunded liabilities</b>	<b>13,713,756</b>	<b>12,737,044</b>	<b>99,931,260</b>	<b>126,382,060</b>

During the year ended 31 December 2010 subsidiaries Portucel, Portucel Florestal and Secil ceased their share of the defined-benefit pension plans. The mentioned share was then used to create a new defined contribution plan for those workers who agreed.

Therefore, the amounts presented as curtailment or settlements that lead to a decrease over the liabilities and assets of the funds were Euro 36,775,923 and Euro 37,485,065 respectively. Additionally, a new reserve account had to be created, due to the change of the type of pension plans, which will be deducted through future contributions reduction

### Semapa

The Shareholders' General Meeting, held in 30 March 2005, approved the retirement directors' regulation, as foreseen in the article 17º of the Company's statutes.

As per the terms of the referred regulation, Semapa's directors are entitled to a lifetime allowance, paid 12 times per year, from the 55 years on, if they have, generally worked for the Company a minimum of 8 years, followed or interpolated, as directors, which can only be exercised when the directors resign.

This allowance reaches a maximum of 80% of directors' monthly salary at the date of ceasing functions, when they have worked at least 20 years for the company (8 of which as directors), and a minimum of 27.2%, corresponding to 8 years in that position being guaranteed survival pensions, to the spouse or direct descendants which are under aged or incapable, corresponding to 50% of the pension when the beneficiary deceases.

However, these amounts are deducted from the values received by the beneficiaries through the Social Security system. As determined in the articles of incorporation the Company's corporate bodies are assigned for a period of four years, the liability of this plan is recognised from the beginning of the second year.

As of 30 June 2011 the liabilities of the plan amount to Euro 98,049,924 (2010: Euro 99,931,260). No pension fund was established for the financing of this Group's obligation.

### Sub-Group Portucel

There are currently several retirement and survival pension supplement plans, and retirement bonus, in place in the companies included in the consolidation. For some categories of employees there are plans in addition to the ones described below, for which independent funds were also created to cover these additional liabilities.

Under the prevailing Social Benefits Regulation, permanent employees of Portucel and its main subsidiaries with more than five years' service (ten years for Soporcel, Aliança Florestal and Raiz) are entitled to a monthly retirement pension or disability supplement after retirement or disability.

This is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Soporcel, Aliança Florestal and Raiz), including a survivor pensions to the spouse and direct descendants.

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

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

As of 30 June 2011, the liability related with post employment benefit plans for five members of Portucel's Board was Euro 4,646,313 (2010: Euro 4,571,507).

### Sub-Group Secil

In September 2010, the constitutive contract of Secil's Pension Fund was amended, which is now designated by Pension Fund Group Secil, fully replacing the previous contract and in force as at 1 January 2010.

The Pension Fund Group Secil comprises Secil and the subsidiaries:

(i) CMP – Cimentos Maceira e Pataias, S.A. and Unibetão – Industrias de Betão Preparado, S.A. whose funds were incorporated (and simultaneously extinguished) into Secil Pension Fund;

(ii) Minerbetão – Fabricação de Betão Pronto, Lda., Britobetão – Central de Betão, Lda., Secil Britas, S.A. and Quimipiedra – Secil Britas, Calcários e Derivados, Lda..

The Pension Fund Group Secil is the financial support for the payment of the benefits predicted in each associate Pension Fund (now jointly managed).

### Defined contribution plan

The defined contribution plan, managed by the Pension Fund Group Secil and finance by the associates and

beneficiaries was implemented with effects as of 1 January 2010 as follows:

- i) Secil and CMP pension plans include all workers with a no-term contract as of 31 December 2009 (and who were covered by the defined-benefit plans) who opted for the transition to these plan and all employees hired under a permanent contract after 1 January 2010, also applied to board members.
- ii) Unibetão, Britobetão and Minerbetão pension plans include all workers with a no-term contract as of 31 December 2009, signed under the CTT agreement between APEB and FETESE and all employees hired under a permanent contract after 1 January 2010, with the exception of workers who are covered by CTT agreement between APEB and FETESE, which continue to benefit from the defined-benefit plan, also applied to board members;
- iii) Secil Britas and Quimipiedra pension plans include all workers with a no-term contract as of 31 December 2009 and all employees hired under a permanent contract after 1 January 2010, also applied to board members.

Regarding workers who had a no-term contract and who were covered by the defined-benefit plan, the initial fund contribution was based on their share of the defined-benefit pension plan liabilities as at 31 December 2009.

The companies with autonomous Pension Funds (Secil, CMP and Unibetão) allocated their share of assets to the defined contribution plan.

Additionally, the excess funds determined on 14 September 2010, after the allocation between defined-benefit and defined contribution, established with respect to 31 December 2009, was also transferred to a reserve account.

This account can be used to fund contributions, deal with management fees provided for in the pension plan or to improve benefits.

### Defined-benefit plans

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

#### LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

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

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

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

## (ii) Defined-benefit plans managed by the Group

### LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

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

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

### LIABILITIES FOR HEALTHCARE

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

Under this scheme, certain healthcare costs are subsidised:

- (i) at Secil through the Health Insurance scheme contracted by the company;
- (ii) at CMP, during the 1<sup>st</sup> semester of 2010 through "Cimentos - Federação das Caixas de Previdência" for the employees included therein, as well as through the prior approval of the company's medical services for the remaining employees, and after 1 July 2010 through the insurance scheme contracted by the company; and
- (iii) at the subsidiaries Cimentos Madeira e Brimade through the approval of expenses for medical services and medicines.

In the six months period ended June 30, 2011, the impact of an increase of 1% on healthcare expenses is as follows:

Amounts in Euro	Increase 1%	Decrease 1%
Impact on long services liabilities:		
- Active	(564,362)	754,468
- Retired	(430,993)	306,739
	(995,355)	1,061,207
Impact on interest costs and current services	(34,553)	50,279

### LIABILITIES FOR RETIREMENT AND DEATH BENEFITS

Secil and its subsidiaries, hereafter identified, assumed the commitment to its employees to pay an old-age retirement and disability subsidy and a death subsidy, with the following attribution criteria:

- (i) at Secil, a subsidy on death of current employee, equal to one month's last salary earned;
- (ii) at CMP – Cimentos Maceira e Pataias, S.A., an old-age retirement and disability subsidy, representing 3 months of the last salary earned and a subsidy on death of current employee, equal to one month's last salary earned;
- (iii) at Secil Angola, S.A.R.L. and Secil Lobito, S.A., (Angola) on retirement date and in terms of the General Labour Law no. 2/2000, a retirement subsidy equivalent to one quarter of the last salary multiplied by the number of years service within the company;
- (iv) at Société des Ciments de Gabes (Tunisia), on retirement date and in terms of the General Labour Agreement, article no. 52, a retirement subsidy representing: (i) 2 months of the last salary if the worker has less than 30 years service to the company, and (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

### LIABILITIES FOR LONG-SERVICE AWARDS

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

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

These liabilities are guaranteed directly by the company.

### ASSUMPTIONS USED IN THE VALUATION OF LIABILITIES

The actuarial studies conducted by independent entities with reference to 30 June 2011 and 31 December 2010 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	30-06-2011	31-12-2010
Social Benefits formula	Decret-Law nº 187/2007 of May 10th	Decret-Law nº 187/2007 of May 10th
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate - Group Secil	3.30%	3.30%
Wage growth rate - other companies	2.00%	2.00%
Technical interest rate	5.00%	5.00%
Pensions growth rate - Group Secil	2.25%	2.25%
Pensions growth rate - other companies	1.50%	1.50%
Semapa pensions reversability rate	50.00%	50.00%
Number of Semapa complement annual payments	12	12
Healthcare costs growth rate	4.60%	4.60%
Cost to the health insurance	518.79	518.79

Healthcare costs growth rate of 4.60% was calculated based on the following assumptions:

- Inflation rate: 2%
- Historical difference between general consumers' price index (initials in portuguese IPC) and the index for health: 0.10%
- Cost to health insurance (related to actual cost to health insurance increase, showing insurance companies' margin): 2.50%

For the year ended 31 December 2010 the Group used a technical rate of 5.50% to calculate costs related to current services. However, due to capital market's behaviour and its future expectations, liabilities with pensions were measured using a technical rate of 5.00% as of 31 December 2010.

The rate of the expected return on assets was determined based on the historical monthly returns over the last 20 years for the different types of assets integrating the strategic allocation of the pension's fund.

The following table presents five-year historical information on the present value of liabilities, funds' market value, non-financed liabilities and net actuarial gains/ (losses).

Information related to the last five years is as follows:

Amounts in Euro	2007	2008	2009	2010	1st Semester 2011
Present value of liabilities	269,285,974	265,662,626	272,313,818	246,204,576	245,876,402
Fair value of plan assets	146,677,690	140,519,777	151,828,873	119,815,373	118,948,550
Surplus / (deficit)	(122,608,284)	(125,142,849)	(120,484,945)	(126,389,203)	(126,927,852)
Net actuarial gains/(losses)	12,406,135	(312,926)	10,244,403	(4,990,550)	638,698

#### FUNDS LINKED TO BENEFIT PLANS' PENSIONS

In the six months period ended June 30, 2011 and the year ended December 31, 2010, fund's assets/insurance policies registered the following movements

Amounts in Euro	30-06-2011		31-12-2010	
	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	118,286,475	1,094,663	150,801,536	1,027,336
Curtailment and/or Settlement	-	-	(37,485,066)	-
Exchange differences	-	(2,463)	-	(1,669)
Endow ments made in the year	226,000	19,622	8,390,500	22,797
Actuarial return of funds	1,248,362	20,741	1,369,034	59,761
Pensions paid	(2,244,368)	(10,025)	(4,789,527)	-
Retirement charged	-	-	-	(13,561)
	<b>117,516,469</b>	<b>1,122,538</b>	<b>118,286,477</b>	<b>1,094,664</b>

As at June 30 2011 and December 31, 2010, fund's assets were made up as follows:

Amounts in Euro	30-06-2011	%	31-12-2010	%
Shares	24,627,236	21.0%	24,186,870	20.4%
Bonds	59,585,305	50.7%	58,818,345	49.7%
Public debt	5,990,054	5.1%	6,675,477	5.6%
Index Linked Bonds	-	0.0%	655,389	0.6%
Property	72,206	0.1%	214,612	0.2%
Liquidity	26,642,427	22.7%	27,735,754	23.4%
Other applications	599,241	0.5%	30	0.0%
	<b>117,516,469</b>	<b>100.0%</b>	<b>118,286,477</b>	<b>100.0%</b>

### Obligations for pensions and other post-employment benefits

As of 30 June 2011, Company's liabilities with pensions recognised on the consolidated statement of Financial Position were as follows:

Amounts in Euro	Opening Balance	Exchange differences	Costs and Income in FS	Actuarial gains and losses	Pensions Paid	Retirement Ended	Closing Balance
<b>Post-employment benefits</b>							
Assumed by the Group	104,859,296	-	2,964,305	(3,976,938)	(1,079,232)	-	102,767,431
Autonomous Fund	129,674,551	-	4,490,116	26,320	(2,244,369)	-	131,946,618
Insurance Policy	681,374	(4,638)	149,857	7,548	-	(10,026)	824,115
Retirement and Death	3,721,941	(10,380)	(399,219)	-	(28,826)	-	3,283,516
Healthcare assistance	6,550,886	-	127,055	32,613	(211,481)	-	6,499,073
Long-service award	709,385	-	(92,923)	-	(60,813)	-	555,649
	<b>246,197,433</b>	<b>(15,018)</b>	<b>7,239,191</b>	<b>(3,910,457)</b>	<b>(3,624,721)</b>	<b>(10,026)</b>	<b>245,876,402</b>

### Costs incurred in pensions and other post-employment benefits

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

Amounts in Euro	30-06-2011					30-06-2010			
	Current services	Interest cost	Expected return on the plan assets	Curtailments and/or Settlements	Impact in the profit for the period	Current services	Interest cost	Expected return on the plan assets	Impact in the profit for the period
<b>Post-employment benefits</b>									
Group liability for pensions	423,564	2,569,711	-	(28,970)	2,964,305	95,254	2,587,342	-	2,682,596
Autonomous Fund	1,255,517	3,234,599	(2,528,011)	-	1,962,105	2,650,369	4,734,535	(4,070,661)	3,314,243
Insurance Policy	12,257	18,292	(27,721)	-	2,828	21,222	5,323	(29,080)	(2,535)
Death and retirement	13,983	19,203	-	(432,405)	(399,219)	13,185	21,635	-	34,820
Healthcare assistance	71,318	162,625	-	(106,888)	127,055	48,607	162,780	-	211,387
Long-service award	18,392	21,403	-	(132,718)	(92,923)	16,196	19,810	-	36,006
Contributions for defined contribution plans	-	-	-	-	676,575	-	-	-	-
	<b>1,795,031</b>	<b>6,025,833</b>	<b>(2,555,732)</b>	<b>(700,981)</b>	<b>5,240,726</b>	<b>2,844,833</b>	<b>7,531,425</b>	<b>(4,099,741)</b>	<b>6,276,517</b>

### Actuarial gains or losses recognised on Equity

Actuarial gains and losses directly recognised in shareholders' equity during the six months period ended June 30, as described in Note 1.22, were as follows:

Amounts in Euro	Actuarial gains & (losses)		Gross value	Deferred tax	Impact in equity
	Others	Return of assets expected vs real			
<b>Post-employment benefits</b>					
Group liability for pensions	3,976,938	-	3,976,938	(12,901)	3,964,037
Autonomous Fund	(3,085,198)	(220,429)	(3,305,627)	1,290,467	(2,015,160)
Healthcare assistance	(32,613)	-	(32,613)	9,387	(23,226)
	<b>859,127</b>	<b>(220,429)</b>	<b>638,698</b>	<b>1,286,953</b>	<b>1,925,651</b>

### 30. Provisions

In the six months period ended 30 June 2011 and the year ended December 31, 2010, the following movements took place in the caption "Provisions:

Amounts in Euro	Legal claims	Environmental restoration	Others	Total
As of 1 January 2010	2,096,956	686,760	29,842,108	32,625,824
Changes of perimeter	-	-	-	-
Increases	2,361	-	25,462,332	25,464,693
Reversals	(667,610)	(77,706)	(21,263,421)	(22,008,737)
Direct utilisations	-	(17,420)	(2,271,370)	(2,288,790)
Exchange differences	-	-	49,058	49,058
Transfers	-	2,421,815	-	2,421,815
As of 31 December 2010	1,431,707	3,013,449	31,818,707	36,263,863
Changes of perimeter	-	506,164	-	506,164
Increases	478,845	-	23,129,431	23,608,276
Reversals	(175,684)	(35,944)	(15,241,778)	(15,453,406)
Direct utilisations	-	(12,828)	(34,866)	(47,694)
Exchange differences	-	-	(72,194)	(72,194)
Transfers	-	96,437	-	96,437
As of 30 June 2011	1,734,868	3,567,278	39,599,300	44,901,446

The amount shown as "Others" relates to a provision for risks with other public entities which may originate a cash outflow in the future.

### 31. Interest-bearing liabilities

At 30 June 2011 and 31 December 2010, Group's net debt was as follows:

Amounts in Euro	30-06-2011	31-12-2010
<b>Interest-bearing liabilities</b>		
Non-current	1,259,088,979	1,257,882,924
Current	85,465,339	150,478,637
	<b>1,344,554,318</b>	<b>1,408,361,561</b>
<b>Cash and cash equivalents</b>		
Cash	327,390	221,441
Short term bank deposits	18,625,657	13,324,273
Other	252,971,933	251,545,597
	<b>271,924,980</b>	<b>265,091,311</b>
Market Value	87,649,172	79,372,952
<b>Interest-bearing net debt</b>	<b>984,980,166</b>	<b>1,063,897,298</b>

#### Non-current interest-bearing liabilities

At 30 June 2011 and 31 December 2010, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2011	31-12-2010
<b>Non-current</b>		
Bond loans	795,400,000	795,400,000
Commercial paper	88,750,000	80,600,000
Bank Loans	374,398,580	383,318,013
Expenses with bond loans issuing	(5,088,127)	(5,797,553)
<b>Interest-bearing bank debt</b>	<b>1,253,460,453</b>	<b>1,253,520,460</b>
Financial leases	2,371,078	1,641,588
Other loans - POE's	14,335	28,669
Other loans - QREN	3,243,113	2,692,207
<b>Other interest-bearing debts</b>	<b>5,628,526</b>	<b>4,362,464</b>
<b>Non-current interest-bearing liabilities</b>	<b>1,259,088,979</b>	<b>1,257,882,924</b>

#### Bond loans

At 30 June 2011 and 31 December 2010, non-current interest-bearing liabilities – bond loans were as follows:

Amounts in Euro	30-06-2011	31-12-2010
<b>Bond loans</b>		
Portucel 2005 / 2012	150,000,000	150,000,000
Portucel 2005 / 2013	200,000,000	200,000,000
Portucel 2010 / 2015	100,000,000	100,000,000
Portucel 2010 / 2015 - 2nd emission	100,000,000	100,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
SBI 2007	20,400,000	20,400,000
	<b>795,400,000</b>	<b>795,400,000</b>

Amounts in Euro	Amount	Maturity	Reference rate
<b>Bond loans</b>			
Portucel 2005 / 2012	150,000,000	Oct 2012	Euribor 6m
Portucel 2005 / 2013	200,000,000	May 2013	Euribor 6m
Portucel 2010 / 2015 - 2nd emission	100,000,000	Feb 2015	Euribor 6m
Portucel 2010 / 2015	100,000,000	Mar 2015	Euribor 3m
Semapa 2006 / 2016	175,000,000	Apr 2016	Euribor 6m
Semapa 2006 / 2016	50,000,000	May 2016	Euribor 6m
SBI 2007	20,400,000	Dec 2017	Euribor 6m
	<b>795,400,000</b>		

The loan amounting to Euro 150,000,000 is quoted in the Euronext Lisbon under the heading "Obrigações Portucel 2005/2012". As of 30 June 2011 the unit value of this bond was Euro 99.79 (31 December 2010: Euro 99.40).

Additionally, Semapa SGPS, SA have restructured its debt, issuing two bond loans amounting Euro 50,000,000 and Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", whose unit value is, as of 30 June 2011, Euro 95.25 (31 December 2010: Euro 95).

#### Commercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 47,400,000 as at 30 June 2011.

During the year ended 31 December 2008, Semapa and holdings contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years, which is fully used by Semapa in the amount of Euro 41,350,000 as of 30 June 2011.

#### Maturity of bond loans and other loans

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

Amounts in Euro	30-06-2011	31-12-2010
1 to 2 years	536,077,062	336,229,165
2 to 3 years	69,129,444	228,687,811
3 to 4 years	191,024,453	71,735,507
4 to 5 years	27,143,562	187,278,452
More than 5 years	438,431,507	438,107,954
	<b>1,261,806,028</b>	<b>1,262,038,889</b>

#### Current interest-bearing liabilities

At 30 June 2011 and 31 December 2010, current interest-bearing liabilities were as follows:



Amounts in Euro	30-06-2011	31-12-2010
<b>Current</b>		
Loans from financial institutions	74,761,384	130,312,353
<b>Interest-bearing bank debt</b>	<b>74,761,384</b>	<b>130,312,353</b>
Shareholders short term loans	10,043,867	19,298,227
Financial leases	631,419	839,388
Other loans - POE	28,669	28,669
<b>Other interest-bearing debts</b>	<b>10,703,955</b>	<b>20,166,284</b>
<b>Current interest-bearing liabilities</b>	<b>85,465,339</b>	<b>150,478,637</b>

At 30 June 2011 and 31 December 2010, current and non-current loans from financial institutions were as follows:

Amounts in Euro	30-06-2011	31-12-2010	Reference rate
<b>Non - current</b>			
<b>Holdings</b>			
Caixa Galicia	14,000,000	16,000,000	Euribor 3m
Caixa Geral de Depósitos	133,079,000	133,079,000	Euribor 6m
<b>Cement and derivatives segment</b>			
Amen Bank	2,793,986	2,311,340	TMM
Banco Espírito Santo	11,730,000	1,232,449	Euribor
Banco Santander Totta	19,380,000	-	Euribor 3M
Banque Mediterranee	772,270	799,927	Several
UBCI Credit	3,362,383	3,366,949	TMM
Other	4,289,474	31,104,034	Several
<b>Paper and pulp segment</b>			
BEI	175,357,143	180,000,000	Euribor 6m
Caja Duero	-	3,125,000	Euribor 6m
<b>Environment segment</b>			
Banco BBVA	295,074	440,229	Euribor 3m
Banco BPI	6,250,000	7,000,000	Euribor 3m
Banco Espírito Santo	-	2,000,000	Euribor 3m
Banco Santander Totta	2,250,000	2,750,000	Euribor 3m
Finbanco	750,000	-	Euribor 6m
Other	89,250	109,085	Euribor 6m
	<b>374,398,580</b>	<b>383,318,013</b>	
<b>Current</b>			
<b>Holdings</b>			
Banco BPI	2,500,000	-	Euribor 1m
Caixa Galicia	4,000,000	4,003,907	Euribor 12m
Caixa Geral de Depósitos	431,799	81,799	Euribor 3m
Finbanco	5,000,000	-	Euribor 3m
Fortis Bank	25,000,000	25,000,000	Euribor 3m
<b>Cement and derivatives segment</b>			
Banco Espírito Santo	1,412,856	304,153	Euribor 3m
Banque Mediterranee	-	4,217,830	TMM
Other	17,670,512	3,802,675	Several
<b>Paper and pulp segment</b>			
Caja Duero	10,892,857	91,250,000	Euribor 6m
<b>Environment segment</b>			
Banco BBVA	285,865	287,260	Euribor 3m
Banco BPI	2,370,138	-	Euribor 3m
Banco Espírito Santo	2,000,000	-	Euribor 3m
Banco Santander Totta	2,000,000	1,000,000	Euribor 3m
Caixa Geral de Depósitos	607,687	325,062	Euribor 3m
Finbanco	550,000	-	Euribor 3m
Other	39,670	39,667	Euribor 3m
	<b>74,761,384</b>	<b>130,312,353</b>	
	<b>449,159,964</b>	<b>513,630,366</b>	

### Liabilities related to financial leasing

At 30 June 2011 and 31 December 2010, the Group's debt-repayment terms relating to finance leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), are shown as follows:

Amounts in Euro	30-06-2011	31-12-2010
Less than 1 year	637,003	843,781
1 to 2 years	2,078,036	416,734
2 to 3 years	267,420	283,380
3 to 4 years	33,639	154,394
4 to 5 years	-	-
More than 5 years	-	790,622
	<b>3,016,098</b>	<b>2,488,911</b>
Future interests	(13,601)	(7,935)
<b>Liabilities' present value</b>	<b>3,002,497</b>	<b>2,480,976</b>

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

Amounts in Euro	Acquisition value	30-06-2011 Accumulated depreciation	Net book value
Machinery and equipment	3,860,845	(1,638,167)	2,222,678
Machinery and equipment - IFRIC 14	58,003,950	(36,385,011)	21,618,939
Transport equipment	2,227,523	(1,148,738)	1,078,785
Administrative Equipment	88,939	(88,939)	-
	<b>64,181,257</b>	<b>(39,260,855)</b>	<b>24,920,402</b>

The group holds 18% of Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A, a company whose main activity is the production of electricity and steam, sold mainly to the subsidiary Soporcel.

Soporcel has a purchase option for the capital that does not hold in Soporgen, until the contract of steam electricity supply between Soporgen and Soporcel expires. This option is exercisable for pre-assigned values during 2010 at 2015, on the 1st of January of each year.

In 2010, with the launch of the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About The Future, S.A., upon its termination.

### Bank credit facilities granted and not drawn

At 30 June 2011 and 31 December 2010, bank credit facilities granted and not drawn amounted to Euro 329,591,634 and Euro 338,178,006 respectively.

### Financial Covenants

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

The Board of Directors believes the company is not exposed to risk of default regarding its covenants and believes probability of default is extremely low.

The existing covenants are clauses of Cross default, *Pari Passu*, Negative pledge, Ownership-clause, clauses related to group's activities maintenance, financial ratios and fulfilment of regular financial contracts' obligations (operational, legal and tax obligations). As of 30 June 2011 the Groups' compliance with the fulfilment of its covenants is higher than the double.

## 32. Payables and other current liabilities

At 30 June 2011 and 31 December 2010, the caption "Payables and other current liabilities" comprised:

Amounts in Euro	30-06-2011	31-12-2010
Accounts payable to suppliers	137,582,493	139,855,488
Accounts payable to associated companies	1,779,949	1,144,380
Accounts payable to suppliers of fixed assets	33,750,765	42,002,605
Accounts payable to suppliers of fixed assets - leases	3,882,464	2,115,500
Instituto do Ambiente - CO2 Emission allow ances	11,591,019	21,383,272
Derivative financial instruments	4,384,455	6,834,160
Other creditors	60,836,507	15,479,272
Accrued costs	58,282,233	54,513,605
Deferred income	75,889,640	65,141,477
	<b>387,979,525</b>	<b>348,469,759</b>

The amount presented in the caption "Instituto do Ambiente – CO2 emission allowances", as 30 June 2011, related to the fair value of gases emission licences to be delivered by the emissions carried through that year, which were allocated free of charge to the Group under the National Plan for the Allocation of CO2 Emission Licences.

At 30 June 2011 and 31 December 2010, the captions "Accrued costs" and "Deferred income" comprised:

Amounts in Euro	30-06-2011	31-12-2010
<b>Accrued costs</b>		
Insurance costs	81,126	42,115
Payroll expenses	32,520,461	29,563,088
Interests payable	6,824,473	6,439,532
Energy costs	6,230,088	8,043,267
Forest aquisitions	-	221,812
Commitments to settle the sale of paper	117,834	403,551
Others	12,508,251	9,800,240
	<b>58,282,233</b>	<b>54,513,605</b>
<b>Deferred income</b>		
Government grants	57,070,041	60,826,740
Grants - CO2 Emission allow ances	17,515,099	2,980,929
Others	1,304,500	1,333,808
	<b>75,889,640</b>	<b>65,141,477</b>

### 33. Financial assets and liabilities

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

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

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

As at 30 June 2011 and 31 December 2010 the reconciliation of the consolidated statement of financial position with the various categories of financial assets and liabilities included therein is detailed as follows:

	FI-trading	FI-hedging	Loans and other receivables	FA at fair value through profit or loss	FA held-for-sale	Other interest-bearing liabilities	Non financial assets and liabilities
30 June 2011	Note 33	Note 33	Note 24	Note 20	Note 21	Note 32	
Amounts in Euro							
<b>Assets</b>							
Financial assets at fair value through profit or loss	-	-	-	10,341,273	-	-	-
Financial assets held-for-sale	-	-	-	-	912,855	-	-
Other non-current assets	-	-	1,277,558	-	-	-	-
Current assets	1,644,872	278,441	294,015,948	-	-	-	20,213,569
Cash and cash equivalents	-	-	271,324,380	-	-	-	-
<b>Total assets</b>	<b>1,644,872</b>	<b>278,441</b>	<b>867,218,486</b>	<b>10,341,273</b>	<b>912,855</b>	-	<b>20,213,569</b>
<b>Liabilities</b>							
Non-current interest-bearing liabilities	-	-	-	-	-	1,259,882,979	-
Other liabilities	-	-	-	-	-	85,465,310	20,678,726
Current interest-bearing liabilities	-	-	-	-	-	-	-
Current liabilities	-	-	4,384,455	-	-	258,930,369	123,964,710
<b>Total liabilities</b>	-	-	<b>4,384,455</b>	-	-	<b>1,594,168,658</b>	<b>144,643,436</b>
FI - Financial Instruments							
FA - Financial Assets							
31 December 2010	Note 33	Note 33	Note 24	Note 20	Note 21	Note 32	
Amounts in Euro							
<b>Assets</b>							
Financial assets at fair value through profit or loss	-	-	-	13,128,468	-	-	-
Financial assets held-for-sale	-	-	-	-	677,180	-	-
Other non-current assets	-	-	1,282,841	-	-	-	-
Current assets	130,880	1,076,339	387,384,453	-	-	-	3,641,202
Cash and cash equivalents	-	-	365,081,511	-	-	-	-
<b>Total assets</b>	<b>130,880</b>	<b>1,076,339</b>	<b>523,764,458</b>	<b>13,128,468</b>	<b>677,180</b>	-	<b>3,641,202</b>
<b>Liabilities</b>							
Non-current interest-bearing liabilities	-	-	-	-	-	1,259,882,924	-
Other liabilities	-	-	-	-	-	148,478,637	20,402,576
Current interest-bearing liabilities	-	-	-	-	-	-	-
Current liabilities	200,000	6,000,000	-	-	-	223,961,149	118,248,452
<b>Total liabilities</b>	<b>200,000</b>	<b>6,000,000</b>	-	-	-	<b>1,432,312,590</b>	<b>138,651,028</b>
FI - Financial Instruments							
FA - Financial Assets							

At 30 June 2011 and 31 December 2010 the fair value of these assets and liabilities is nearly the same as presented in the Consolidated Statement of Financial Position.

On the following table are presented the assets and liabilities at fair value as of 30 June 2011 in accordance with hierarchic levels on IFRS 7:

- Level 1: Fair value of financial instruments is based on prices ruling on active, liquid markets at the date of the statement of financial position;
- Level 2: financial instruments' fair value based on evaluation models where main inputs can be observed in the market; and
- Level 3: financial instruments' fair value based on evaluation models where main inputs cannot be observed in the market.

#### Assets measured at fair value

Amounts in Euro	30-06-2011	Level 1	Level 2	Level 3
<b>Financial assets at fair value recognized in earnings</b>				
Hedging	278,441	-	278,441	-
<b>Financial assets at fair value through profit or loss</b>				
Trading	1,644,872	-	1,644,872	-
<b>Financial assets at fair value through profit or loss</b>				
Shares	10,341,273	10,341,273	-	-
<b>Financial assets held-for-sale</b>				
Shares	912,855	912,855	-	-

#### Liabilities measured at fair value

Amounts in Euro	30-06-2011	Level 1	Level 2	Level 3
<b>Financial assets at fair value recognized in earnings</b>				
Hedging	(4,384,455)	-	(4,384,455)	-
<b>Financial liabilities at fair value through profit or loss</b>				
Trading	-	-	-	-

#### Derivative Financial Instruments

The Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). Since the Group's financial statements are translated into Euro, it runs an economic risk on the conversion of these currency flows to the Euro.

The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of the statement of financial position items denominated in foreign currencies against the respective currency fluctuations.



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

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

Over the six months period ended June 30, 2011, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Fair value variation (Trading)	Fair value variation (Hedging)	Total
<b>As of 1 January 2010</b>	<b>(112,824)</b>	<b>(5,514,147)</b>	<b>(5,626,971)</b>
Maturity	261,996	1,536,131	1,798,127
Variation in fair value at earnings	385,629	(4,067,052)	(3,681,423)
Variation in fair value at equity	-	5,049,125	5,049,125
<b>As of 30 June 2011</b>	<b>534,801</b>	<b>(2,995,943)</b>	<b>(2,461,142)</b>

*Movement occurred in Derivative Financial Instruments caption*

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

The balance amounts presented at the six months period ended June 30, 2011 and 31 December 2010, relating to financial instruments was as follows:

Amounts in Euro	Currency	Notional	Maturity	30-06-2011	31-12-2010
Financial Instruments - trading					
	EUR	612,000	31-12-11	-	(19,275)
Foreign exchange forwards	USD	31,066,000	25-10-11	219,521	123,396
	GBP	6,454,000	14-09-11	207,047	7,455
	USD	8,530,000	31-08-11	6,328	(268,405)
	GBP	2,700,000	13-09-11	60,672	78,787
	USD	14,362,000	24-08-11	124,430	-
	GBP	4,405,000	14-09-11	17,567	-
CO2 emissions allowances			31-12-11	1,009,307	-
Collar interest rate	EUR	175,000,000	30-11-15	(54,557)	34,079
Collar interest rate	EUR	25,000,000	30-11-15	70,608	2,353
Collar interest rate	EUR	25,000,000	30-11-15	(116,818)	(36,432)
				1,544,105	(78,042)

Amounts in Euro	Currency	Notional	Maturity	Fair value	
				30-06-2011	31-12-2010
Financial instruments - hedging					
Foreign exchange options	CHF	13,000,000	31-12-11	(419,121)	-
Subsidiaries investments	USD	25,050,000	28-11-11	278,441	109,529
Foreign exchange forwards	EUR	20,400,000	28-02-17	(935,906)	(262,810)
Collar interest rate	EUR	175,000,000	30-11-15	(2,269,254)	(4,274,039)
Collar interest rate	EUR	25,000,000	30-11-15	(416,500)	(585,883)
Collar interest rate	EUR	25,000,000	30-11-15	(242,907)	(535,726)
				(4,005,247)	(5,548,929)
Total financial instruments				(2,661,142)	(5,626,971)

<b>Total financial instruments</b>				<b>(2,461,142)</b>	<b>(5,626,971)</b>
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On 5 September and 19 November 2008, the Group entered into swap agreements of "Emission EU Allowances (EUA) and Certified Emission Reductions "(CER) with a financial institution.

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

The Group views this transaction as a swap of similar goods with similar value in use, not exposed to future volatility in market prices of the allowances and consequently not regarded as a transaction which

generates revenue in the current period. Revenue arising from this transaction is recognised in the income statement on its maturity date.

### Financial assets at fair value through earnings

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

### Available-for-sale financial assets

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

### Loans and receivables

These amounts are recognised at fair value which corresponds to their nominal value, after deducting any impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Notes 2.1.3, 22 and 24).

### Other financial liabilities

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

## 34. Balances and transactions with related parties

At 30 June 2011 and 31 December 2010, related parties receivables and payables comprised:

Amounts in Euro	Interest-bearing liabilities	
	30-06-2011	31-12-2010
<b>Shareholders</b>		
Cimo SGPS, SA	3,428,770	4,600,244
Longapar, SGPS, SA	6,128,254	14,123,140
Sonaca SGPS, SA	486,843	574,843
	<b>10,043,867</b>	<b>19,298,227</b>

Amounts in Euro	30-06-2011		31-12-2010	
	Other Receivables	Other Payables	Other Receivables	Other Payables
<b>Associated companies</b>				
Cofit Sicar	-	11,307	-	11,634
Serbo, S.A.	-	94,737	-	94,737
J.M. Henriques, Lda.	54,189	-	54,189	-
Omentispor	-	-	35	-
Socil Unicon - S.G.P.S., Lda	105,794	154	102,805	-
Setefrete	-	95,107	245,310	283,576
Chryso Portugal, S.A.	-	199,918	35,646	146,601
Socil Prebetão - Pré-Fabricados de Betão, S.A.	17,885	27,841	15,961	18,148
Viroc Portugal - Indústria de Madeira e Cimento, S.A.	1,193	-	20,511	67
Integrande	104,141	-	104,141	-
Other related parties	6,569	1,350,885	8,749	589,617
<b>Total</b>	<b>289,771</b>	<b>1,779,949</b>	<b>587,347</b>	<b>1,144,380</b>

At the six months period ended June 30, 2011 and 2010, related parties transactions between related parties comprised:

	30-06-2011		30-06-2010	
Amounts in Euro	Service Purchase	Financial Losses	Service Purchase	Financial (losses) / gains
<b>Shareholders</b>				
Cimigest SGPS, SA	53,870	-	53,870	-
Cimo SGPS, SA	-	47,935	-	2,312
Longapar, SGPS, SA	-	304,100	-	55,416
Sonaca SGPS, SA	-	4,321	-	3,134
	<b>53,870</b>	<b>356,356</b>	<b>53,870</b>	<b>60,862</b>

	30-06-2011		30-06-2010	
Amounts in Euro	Service Purchase	Financial Losses	Service Purchase	Financial (losses) / gains
<b>Subsidiaries shareholders and Joint ventures</b>				
Viroc Portugal, S.A.	-	305,759	28,249	(30,484)
Chryso Portugal, S.A.	378,658	-	-	-
Setefrete, S.A.	607,461	-	5,346	-
Secil Prebetão, S.A.	13,790	178,253	1,139	-
Other	-	-	383	(5)
	<b>999,909</b>	<b>484,012</b>	<b>35,117</b>	<b>(30,489)</b>

	30-06-2010		30-06-2010	
Amounts in Euro	Service Purchase	Financial Losses	Service Purchase	Financial (losses) / gains
<b>Subsidiaries shareholders and Joint ventures</b>				
Viroc Portugal, S.A.	-	208,972	35,922	(26,053)
Chryso Portugal, S.A.	254,379	-	-	-
Setefrete, S.A.	834,234	-	-	-
Secil Prebetão, S.A.	11,743	157,907	33,857	1,512
Other	-	-	2,235	(14,127)
	<b>1,625,657</b>	<b>366,879</b>	<b>72,014</b>	<b>(38,668)</b>

## 35. Interests in joint ventures

Semapa Group holds 51% of Secil having included Secil's assets, liabilities, revenues and costs under the proportional consolidation method in the Consolidated Financial Statements.

Thus, total non-current and current assets, non-current and current liabilities, revenues, costs and net income corresponding to 51% of Secil are presented in the following table:

Amounts in Euro	30-06-2011	31-12-2010
<b>Assets</b>		
Non-current assets	393,952,545	367,417,488
Current assets	153,436,066	131,219,780
	<b>547,388,611</b>	<b>498,637,268</b>

<b>Liabilities</b>		
Non-current liabilities	129,383,571	126,043,902
Current liabilities	147,165,240	84,032,135
	<b>276,548,811</b>	<b>210,076,037</b>

<b>Net</b>	<b>270,839,800</b>	<b>288,561,231</b>
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Amounts in Euro	1st Semester 2011	1st Semester 2010
Revenue	128,315,629	139,260,335
Operational results	14,804,686	20,683,903
Profit before tax	13,545,864	20,420,819
Net profit for the period*	7,257,278	10,145,766

\*Attributable to Secil shareholders

## 36. Changes in Consolidation perimeter

In the six months periods ended June 30, 2011 changes in consolidation perimeter comprise:

Amounts in Euro	100.0% Solenreco, Lda.	9.0% Britobetão	100.0% Lafarge Group	Total
<b>Non-Current Assets</b>				
Plant, property and equipment	-	-	7,152,423	7,152,423
Investment properties	-	-	2,688	2,688
Deferred tax assets	-	-	106,025	106,025
<b>Current Assets</b>				
Inventories	-	-	556,891	556,891
State and other public entities	-	-	316,022	316,022
Receivable and other current assets	-	-	11,096,738	11,096,738
<b>Non-current liabilities</b>				
Non-controlling interests	(51)	68,641	-	68,590
Provisions	-	-	(506,164)	(506,164)
Deferred taxes liabilities	-	-	(47,790)	(47,790)
Other non-current liabilities	-	-	(7,929,632)	(7,929,632)
<b>Current liabilities</b>				
State and other public entities	-	-	(272,197)	(272,197)
<b>Total acquired / (integrated)</b>	<b>(51)</b>	<b>68,641</b>	<b>10,475,004</b>	<b>10,543,594</b>
Goodwill	-	-	22,092,952	22,092,952
Fair value in equity	-	-	18,059	18,059
<b>Net cost of acquisition</b>	<b>(51)</b>	<b>86,700</b>	<b>32,567,956</b>	<b>32,654,605</b>
Cash and cash equivalents	2,550	-	1,103,280	1,105,830
<b>Net assets acquired</b>	<b>2,499</b>	<b>86,700</b>	<b>33,671,236</b>	<b>33,760,435</b>

On December 27, 2010 Secil – Companhia Geral de Cal e Cimento, S.A. signed a contract for the acquisition of the entire share capital of Lafarge Betões, S.A., a company operating in the concrete and aggregates market, and the owner of thirty concrete plants and four aggregates facilities, which was pending on the approval by the Competition Authority.

During the first half of 2011 the Competition Authority ruled in favor of the transaction which was completed on June 30, 2011

## 37. Environmental related expenditures

As part of its business operations, the Group incurs in several environmental expenditure which, depending on their nature, are capitalised or recognised as costs in the operating results for the period.

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

Expenditures capitalised and recognised as costs in the first semester of 2011 comprise:

Areas	Expenses of the period	Capitalisation in the period	Total
Atmospheric emissions	299,815	771,301	1,071,116
Management of residual waters	8,735	58,882	67,617
Residual managements	550,077	687,201	1,237,278
Waste/residual management	1,239,291	2,295	1,241,586
Protection of soils and underground waters	237,678	47	237,725
Generator oil boiler	-	36,777	36,777
Liquid effluent treatment	3,639,260	28,349	3,667,609
Materials recycling	889,580	-	889,580
Sew age netw ork	273,515	-	273,515
Solid waste embankment	15,575	-	15,575
Solid waste landfill	135,785	-	135,785
Other environmental protection activities	697,555	197,653	895,208
	<b>7,986,866</b>	<b>1,782,505</b>	<b>9,769,371</b>

Expenditures capitalised and recognised as costs in the year ended 31 December 2010 comprise:

Areas	Expenses of the period	Capitalisation in the period	Total
Atmospheric emissions	691,982	841,860	1,533,842
Management of residual waters	9,567	24,770	34,337
Residual managements	1,093,525	1,190,790	2,284,315
Waste/residual management	1,025	165,364	166,389
Protection of soils and underground waters	273,845	4,121	277,966
Generator oil boiler	-	576,931	576,931
Liquid effluent treatment	7,543,581	18,731	7,562,312
Materials recycling	1,699,098	-	1,699,098
Sew age network	548,023	-	548,023
Solid waste embankment	103,150	-	103,150
Solid waste landfill	286,241	-	286,241
Other environmental protection activities	647,856	161,861	809,717
	<b>12,897,893</b>	<b>2,984,428</b>	<b>15,882,321</b>

## CO2 emission rights

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

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

## 38. Audit fees

At the six months period ended June 30, 2011 and 2010, expenses pertaining to statutory audit and audit services, comprised:

Amounts in Euro	1st Semester 2011	1st Semester 2010
Statutory auditors services		
Statutory audit services	252,262	260,468
Audit services to foreign subsidiaries	124,504	86,672
Tax consultancy services and others	149,805	53,693
Other reliability assurance services	85,191	93,353
	<b>611,762</b>	<b>494,186</b>

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

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors through the audit committee process analysis of the work proposed and careful definition of the work to be performed by the auditors.

## 39. Number of employees

At 30 June 2011 and 31 December 2010, the number of employees in service of the Group's various companies per business segment, was as follows:

30-06-2011	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Total
Portugal	2,246	1,520	201	21	3,988
Rest of Europe	76	3	10	-	89
Angola	-	276	-	-	276
Lebanon	-	509	-	-	509
Tunisia	-	401	-	-	401
Cape Verde	-	36	-	-	36
	<b>2,322</b>	<b>2,745</b>	<b>211</b>	<b>21</b>	<b>5,299</b>

31-12-2010	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Total
Portugal	2,253	1,372	180	21	3,826
Rest of Europe	78	2	10	-	90
Angola	-	289	-	-	289
Lebanon	-	516	-	-	516
Tunisia	-	415	-	-	415
Cape Verde	-	36	-	-	36
	<b>2,331</b>	<b>2,630</b>	<b>190</b>	<b>21</b>	<b>5,172</b>

## 40. Commitments

At 30 June 2011 and 31 December 2010, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	30-06-2011	31-12-2010
<b>Warranties</b>		
IA PMEI (in the perimeter of POE)	15,060	15,060
IA PMEI (in the perimeter of QREN)	2,703,443	1,923,818
VAT refunds request	3,596,378	3,531,019
Portuguese tax authorities (DGCI)	34,820,671	37,100,231
Soporgen financing	333,333	333,333
Câmara Municipal de Setúbal	492,101	492,101
APSS - Adm. dos Portos de Setúbal e Sesimbra	1,249,378	1,246,355
Direcção Geral de Alfândegas	435,751	435,751
APDL - Administração do Porto de Leixões	324,404	322,505
Lafarge	5,100,000	5,100,000
Simria	327,775	340,005
Instituto de Conservação da Natureza - Arrábida	202,450	508,188
IFAP	1,038,236	1,520,820
BankMed for SOIME (Lebanon)	-	1,034,362
IA PMEI (in the perimeter of PEDIP)	50,878	50,878
Comissão de Coord. e Desenv. Reg. Centro	431,038	421,858
Comissão de Coordenação e Desenv. Regional LVT	507,112	446,950
Rogério Leal, S.A.	13,530,000	-
Other	6,111,098	5,173,002
	<b>71,269,106</b>	<b>59,996,236</b>
<b>Other commitments</b>		
Purchase commitments with suppliers	44,126,787	73,195,329
Operating lease - rent due less than 12 months	1,894,343	2,626,794
Mortgage loan guarantee	2,123,120	3,656,811
	<b>48,144,250</b>	<b>79,478,934</b>
	<b>119,413,356</b>	<b>139,475,170</b>

Semapa SGPS concluded a promise of a credits granting contract with a financial institution, in order to finance the acquisition of listed shares on the Euronext Lisbon and that integrate PSI 20 and / or acquisition of Portucel shares.

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

This credit line was used up, on 30 June 2011 by the amount of Euro 133,079,000, having been given as security 68,866,199 Portucel shares.

### Liabilities assumed due to operating leases

At 30 June 2011 and 31 December 2010, debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	30-06-2011	31-12-2010
No more than one year	1,894,343	1,533,114
More than one and less than five years	4,967,920	2,301,654
	<b>6,862,263</b>	<b>3,834,768</b>

## 41. Other commitments of the Group

### Promissory liens

The associated company Secil Martingança, S.A., contracted in April 2005 a loan from a bank with maturity in 2012 for the acquisition of the subsidiaries IRP – Industrias de Rebocos de Portugal, S.A. and Lusocil – Sociedade Portuguesa de Cimento Cola, S.A. In terms of this financing facility, Secil Martingança issued an irrevocable power of attorney to the financial institution, enabling it to place a lien over the aforesaid companies' shares in the event of defaulting on its obligations.

In December 2008 the subsidiary Ciments de Sibline, S.A.L. renegotiated with a Lebanese bank a medium/long-term loan (financing operation) and a bank overdraft of USD 15,000,000 and USD 10,000,000, respectively. Under the terms of these facilities, the subsidiary Ciments de Sibline, S.A.L. registered two mortgages over property, plant and equipment owned by it in favour of the bank in the amounts of USD 57,500,000 and USD 12,270,000. At 31 December 2010, the amount recognised in the Consolidated Statement of Financial Position relating to the medium/long-term was USD 11,050,714 while the bank overdraft had not yet been utilised.

### Comfort letters

Secil has issued comfort letters to two financial institutions as security for compliance with the obligations under the financing facilities contracted by the associate Viroc Portugal, S.A. in amount of Euro 2,574,082.

### Investment in a new plant in Angola

In terms of the Memorandum of Understanding signed between the Angolan Government and the subsidiary Secil in April 2004, Secil – Companhia de Cimentos do Lobito, S.A. – approximately 51% held by the SECIL Group and, indirectly, 49% by the Angolan State - was incorporated on 29 November 2005 and commenced operations on 1 January 2006. Accordingly, the contract for the operation of the Encime do Lobito plant, between the Angolan State and Tecnosecil (now called Secil Angola) and which has been in force since September 2000, has now terminated.

Secil Lobito's share capital of USD 21,274,286 was paid up through the transfer of the tangible and intangible assets of Secil Angola and Encime U.E.E. respectively by the SECIL Group and by the Angolan Government at the amount resulting from the valuation carried out in October 2003 by an independent international audit firm.

In this Memorandum of Agreement, it was estimated that within a time horizon of 36 months commencing from the date the respective share capital was paid up,

Secil Lobito would erect cement and clinker factory in Lobito.

On 26 October 2007, the Angolan Cabinet approved the Private Investment Project called the "Lobito New Cement Factory" involving an amount of USD 91,539,000, contracted on 14 December 2007, by Secil Lobito and by "ANIP – Agência Nacional para o Investimento Privado", the latter representing the Angolan state.

Furthermore, in 2008, an electric-power generating plant costing USD 18,000,000 was added to the investment.

However, at this time it has not yet been possible to commence the construction of the new plant by Secil Lobito.

## 42. Contingent assets

### Non-tax matters

#### CMP Pension Plan

The Group recorded in its financial statements for the year ended 31 December 1995, EUR 5,598,358 (which is fully adjusted) due by the Portuguese Government as a result of an actuarial valuation of retirement obligations as at 31 December 1993, valued by a specialised and independent entity in the reprivatisation of the subsidiary CMP.

As a result of the aforesaid valuation, errors were detected, with the Portuguese Government being requested in 1996 to settle the abovementioned amount. Secil filed a legal action against the Portuguese State, claiming settlement of the aforesaid amount and respective interest. The Supreme Administrative Court judged the lawsuit as having no legal grounds, ruling in the Government's favour.

Secil is studying the recourse to alternative means at its disposal, namely through the Public debt settlement fund, in order to obtain a settlement of the amount in question.

#### Public debt settlement fund

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

In addition to the tax matters described above, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totaling Euro 136,243,939. These amounts related to adjustments in the financial statements of the group after its privatization, that had not been considered in formulating the price of such privatization as they were not included in the documentation made available for consultation by the bidders.

### Tax matters

## Public Debt Settlement Fund

Portucel submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date.

In this context, the aforementioned Fund is liable for Euro 31,018,150, detailed as follows:

Amounts in Euro	Period	Amounts Requested	1st refund	Outstanding
<b>Portucel</b>				
Value added tax - Germany	1998-2004	5,850,000	(5,850,000)	-
Corporate Income Tax	2001	314,340	-	314,340
Corporate Income Tax	2002	625,033	(625,033)	-
Value added tax	2002	2,697	(2,697)	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-
Corporate Income Tax	2003	197,394	(157,915)	39,479
Corporate Income Tax	2004	3,324	-	3,324
Corporate Income Tax	2004	766,395	-	766,395
Corporate Income Tax	2005	1,736	(1,736)	-
Corporate Income Tax	2005	11,754,680	-	11,754,680
Corporate Income Tax	2006	9,238,171	-	9,238,171
		<b>30,326,934</b>	<b>(8,210,545)</b>	<b>22,116,389</b>
<b>Soporcel</b>				
Corporate Income Tax	2002	169,220	-	169,220
Corporate Income Tax (Replacement)	2003	5,725,771	-	5,725,771
Value added tax	2003	2,509,101	-	2,509,101
Stamp Tax	2004	497,669	-	497,669
		<b>8,901,761</b>	<b>-</b>	<b>8,901,761</b>
		<b>39,228,695</b>	<b>(8,210,545)</b>	<b>31,018,150</b>

## Municipal surcharge (RETGS) 2008 / 2010 – Euro 3,641,223

In 2008 and 2010 Portucel presented the Income Tax form with a Municipal surcharge corresponding to the sum of the individual municipal surcharge of the companies included in the special tax regime applicable to groups of companies (RETGS) in accordance with the tax authorities' understanding, (Circular Letter No. 20132 as of 14 April 2008).

Nevertheless, Portucel believes this municipal surcharge should correspond to 1.5% of the Group's taxable income, as stated by the Law nº2/2007 (Local Finance Law).

Due to this, Portucel presented a tax claim in order to collect the refund of the excess amounts paid amounting to Euro 173,868 and Euro 888,200.

Following the initial rejection of the claim, Portucel appealed to the Court on 14 May 2010 and 6 January 2011.

As at 2 February 2011 the Supreme Administrative Court decided in favour of Portucel's views, in a similar case. Therefore, a successful outcome is expected for this claim.

For 2010, being the amount payable in excess of 2,829,353 Euros, the Group decided not to pay and presented the corresponding administrative appeal on the amount resulting from the excess of liquidation and requested, when partial settlement, the establishment of bank guarantee against the corresponding value is which is not settled.

## Investment contract – AICEP

Regarding the contracts signed with AICEP (note 9) and up to 30 June 2011, a total amount of Euro 33,319,638 of tax incentives is yet to be recognised

## 43. Exchange Rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 30 June 2011.

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

The rates used in June 2011 and December 2010 against the euro, were as follows:

	30-06-2011	2010	Valuation/ (depreciation)
<b>TND (tunisian dinar)</b>			
Average exchange rate for the period	1.9552	1.8950	(3.18%)
Exchange rate at the end of the period	1.9794	1.9237	(2.90%)
<b>LBN (libanese pound)</b>			
Average exchange rate for the period	2,115.40	1,998.50	(5.85%)
Exchange rate at the end of the period	2,178.80	2,014.30	(8.17%)
<b>USD (american dollar)</b>			
Average exchange rate for the period	1.4032	1.3257	(5.85%)
Exchange rate at the end of the period	1.4453	1.3362	(8.16%)
<b>GBP (sterling pound)</b>			
Average exchange rate for the period	0.8682	0.8579	(1.20%)
Exchange rate at the end of the period	0.9026	0.8572	(5.30%)
<b>PLN (polish zloty)</b>			
Average exchange rate for the period	3.9527	3.9896	0.92%
Exchange rate at the end of the period	3.9903	3.9580	(0.82%)
<b>SEK (swedish krona)</b>			
Average exchange rate for the period	8.9394	9.5365	6.26%
Exchange rate at the end of the period	9.1739	8.9809	(2.15%)
<b>CZK (czech koruna)</b>			
Average exchange rate for the period	24.3524	25.2550	3.57%
Exchange rate at the end of the period	24.3450	25.0000	2.62%
<b>CHF (swiss franc)</b>			
Average exchange rate for the period	1.2697	1.3807	8.04%
Exchange rate at the end of the period	1.2071	1.2488	3.34%
<b>DKK (danish krone)</b>			
Average exchange rate for the period	7.4561	7.4470	(0.12%)
Exchange rate at the end of the period	7.4587	7.4532	(0.07%)
<b>HUF (hungarian forint)</b>			
Average exchange rate for the period	269.4771	275.0925	2.04%
Exchange rate at the end of the period	266.1100	277.9800	4.27%
<b>AUD (australian dollar)</b>			
Average exchange rate for the period	1.3581	1.4424	5.84%
Exchange rate at the end of the period	1.3485	1.3074	(3.14%)
<b>MZM (mozambique metical)</b>			
Average exchange rate for the period	43.4168	47.7740	9.12%
Exchange rate at the end of the period	42.5200	46.5900	8.74%
<b>BRL (brazilian real)</b>			
Average exchange rate for the period	2.2572	2.2419	(0.68%)
Exchange rate at the end of the period	2.2438	2.2077	(1.63%)

#### 44. Companies included in the consolidation

Name	Head Office	Direct and Indirect % of equity held by subsidiary Semapa		
		Direct	Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon	-	-	-
Subsidiaries:				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
Cimentospar - Participações Sociais, SGPS, Lda.	Lisbon	-	100.00	100.00
Seinpart, SGPS, S.A.	Lisbon	49.00	51.00	100.00
ETSA - Investimentos, SGPS, SA	Lisbon	96.00	-	96.00
Seinpar Investments, B.V.	Amsterdam	100.00	-	100.00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amsterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Great Earth, SA	Lisbon	100.00	-	100.00
NSOSPE - Empreendimentos e Participações, SA	Rio de Janeiro	100.00	-	100.00

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

Name	Head Office	Direct and indirect % of equity held by subsidiary ETSA			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
ETSA - Investimentos, SGPS, SA	Stº Antão do Tojal	96.00	-	96.00	96.00
Subsidiaries:					
ETSA, SGPS,S.A.	Loures	100.00	-	100.00	96.00
ABAPOR – Comércio e Industria de Carnes, S.A	Stº Antão do Tojal	100.00	-	100.00	96.00
SEBOL – Comércio e Industria de Sebo, S.A.	Stº Antão do Tojal	100.00	-	100.00	96.00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100.00	-	100.00	96.00
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Stº Antão do Tojal	95.00	5.00	100.00	96.00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100.00	-	100.00	96.00
Transportes Carvajal, S.L.	Huelva	-	80.00	80.00	76.80



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

Name	Head Office	Direct and indirect % of equity held by subsidiary Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	14.56	63.13	77.70	77.70
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	77.70
Soporgen - Sociedade Portuguesa de Geração de Electricidade e Calor, S.A.	Figueira da Foz	-	18.00	18.00	13.99
Soporcel Pulp - Sociedade Portuguesa de Celulose, SA	Figueira da Foz	100.00	-	100.00	77.70
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	
Naturfundi, ACE	Setúbal	-	50.00	50.00	38.85
CountryTarget SGPS SA	Setúbal	100.00	-	100.00	77.70
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	77.70
PortucelSoporcel Florestal – Sociedade para o Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	77.70
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios ACE	Portugal	-	64.80	64.80	50.35
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	77.70
Atlantic Forests, SA	Setúbal	-	100.00	100.00	77.70
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	77.70
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	77.70
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	77.70
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00	73.03
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	77.70
Bosques do Atlantico, SL	Spain	-	100.00	100.00	77.70
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100.00	-	100.00	77.70
EPFF - Empresa de Pasta de Figueira da Foz, S.A.	Figueira da Foz	-	100.00	100.00	77.70
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100.00	100.00	77.70
CELCA CIA - Celulose de Cacia, S.A.	Aveiro	-	100.00	100.00	77.70
Portucel International GmbH	Germany	-	100.00	100.00	77.70
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	77.70
Portucel Soporcel North America Inc.	USA	-	100.00	100.00	77.70
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100.00	100.00	77.70
Portucel Papel Setúbal, S.A.	Setúbal	-	100.00	100.00	77.70
PortucelSoporcel Sales & Marketing NV	Belgium	25.00	75.00	100.00	77.70
PortucelSoporcel Fine Paper, S.A.	Setúbal	-	100.00	100.00	77.70
PortucelSoporcel España, SA	Spain	-	100.00	100.00	77.70
PortucelSoporcel International, BV	Netherlands	-	100.00	100.00	77.70
PortucelSoporcel France, EURL	France	-	100.00	100.00	77.70
PortucelSoporcel United Kingdom, Ltd	United Kingdom	-	100.00	100.00	77.70
PortucelSoporcel Italia, SRL	Italy	-	100.00	100.00	77.70
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	77.70
PortucelSoporcel Deutschland, GmbH	Germany	-	100.00	100.00	77.70
PortucelSoporcel Handels, GmbH	Austria	-	100.00	100.00	77.70
PortucelSoporcel Afrique du Nord	Morocco	-	100.00	100.00	77.70
PortucelSoporcel Poland SPZ O	Poland	-	100.00	100.00	77.70
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	77.70
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100.00	100.00	77.70
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	77.70
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	77.70
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	77.70
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	77.70
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100.00	100.00	77.70
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	77.70
Outpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	38.85
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	77.70
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	77.70
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15	70.82
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	71.91
Ema Figueira da Foz - Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	71.07
EucaliptusLand, SA	Setúbal	-	100.00	100.00	77.70
ImpactValue - SGPS, SA	Setúbal	100.00	-	100.00	77.70
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	25.00	75.00	100.00	77.70
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25.00	75.00	100.00	77.70
PortucelSoporcel Logística de Papel, ACE	Figueira da Foz	33.33	66.67	100.00	77.70

**Subsidiary companies of sub-group Secil – under proportional consolidation**

Name	Head Office	Direct and indirect % of equity held by subsidiary Secil			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	10.86	40.14	51.00	51.00
Subsidiaries:					
Parcim Investments, B.V.	Amsterdam	100.00	-	100.00	51.00
Secilpar, SL	Madrid	-	100.00	100.00	51.00
Somera Trading Inc.	Panama	-	100.00	100.00	51.00
Hew bol, SGPS, Lda.	Funchal	-	100.00	100.00	51.00
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	51.00
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	31.88
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100.00	-	100.00	51.00
Seciment Investments, B.V.	Amsterdam	100.00	-	100.00	51.00
Serife - Sociedade de Estudos e Realizações Industriais e de Silonor, S.A.	Lisbon	100.00	-	100.00	51.00
Société des Ciments de Gabés	Dunkerque - France	100.00	-	100.00	51.00
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	98.72	-	98.72	50.35
Zarzis Béton	Tunis	-	98.72	98.72	50.35
Secil Angola, SARL	Tunis	-	98.52	98.52	50.25
Secil - Companhia de Cimento do Lobito, S.A.	Luanda	100.00	-	100.00	51.00
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Lobito	-	51.00	51.00	26.01
Britobetão - Central de Betão, Lda.	Setúbal	91.85	8.15	100.00	51.00
Unibetão - Indústrias de Betão Preparado, S.A.	Évora	-	91.00	91.00	46.41
Sicobetão - Fabricação de Betão, S.A.	Lisbon	-	100.00	100.00	51.00
Secil Britas, S.A.	Lisbon	-	100.00	100.00	51.00
Quimpedra - Secil Britas, Calcários e Derivados, Lda.	Lisbon	-	100.00	100.00	51.00
Colegra - Exploração de Pedreiras, S.A.	Lisbon	-	100.00	100.00	51.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	51.19	45.81	97.00	49.47
IRP - Industria de Rebocos de Portugal, S.A.	Santarém	-	97.00	97.00	49.47
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	50.00	50.00	100.00	51.00
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	-	100.00	100.00	51.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.87	90.87	46.34
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	70.00	70.00	35.70
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisbon	-	100.00	100.00	51.00
Solenreco-Produção e Comercialização de Combustíveis, Lda.	Porto	-	98.00	98.00	49.98
Valcem - Produtos Cimentícios, Lda.	Setúbal	50.00	50.00	100.00	51.00
Prescor Produção de Escórias Moídas, Lda.	Lisbon	-	100.00	100.00	51.00
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	100.00	-	100.00	51.00
Ciments de Sibline, S.A.L.	Beirute	28.64	22.41	51.05	26.04
Soime, S.A.L.	Beirute	-	51.05	51.05	26.04
Premix Liban, S.A.L	Beirute	-	51.05	51.05	26.04
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	29.14
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57.14	57.14	29.14
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57.14	57.14	29.14
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57.14	57.14	29.14
Madebritas - Sociedade de Britas da Madeira, Lda.	Funchal	-	29.14	29.14	14.86
Pedra Regional - Transformação e Comercialização de Rochas Ornamentais	Funchal	-	29.14	29.14	14.86
Serefcom-Refinação Secagem e Comercialização de Combustíveis Derivados de Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos	Leiria	100.00	-	100.00	51.00
Probicom - Produção de Compostos e Biomassa, S.A.	Setúbal	100.00	-	100.00	51.00
Unibritas, Unipessoal	Lisbon	100.00	-	100.00	51.00
Uniconcreto - Betão Pronto, S.A.	Lisbon	-	100.00	100.00	51.00
Eurobetão - Betão Pronto, S.A.	Lisbon	-	100.00	100.00	51.00



## 45. Subsequent events

### CRH Plc process

At the beginning of August 2011, Semapa was notified of the award rendered by the Arbitral Tribunal in connection with the dispute with CRH Plc in relation to their subsidiary Secil – Companhia Portuguesa de Cal e Cimento, S.A., in which Semapa has a direct and indirect holding of 46.97% of the share capital and CRH an indirect holding of 45.13%, which holdings correspond, when treasury stock is excluded, to 51% and 49% respectively of Secil's share capital.

The Arbitral Tribunal considered that CRH had committed breaches of obligations deriving from the shareholders' agreement in connection with new investments and with the organization of the management of Secil. The Arbitral Tribunal consequently recognized Semapa's right to acquire CRH's entire holding in Secil, through the exercise of a call option enshrined in the shareholders' agreement. The Tribunal also considered that Semapa had committed a breach of a specific obligation deriving from the shareholders' agreement, but in its overall assessment of the breaches of CRH, it did not deem this to undermine Semapa's right to acquire CRH's entire holding in Secil. CRH was also ordered to pay 60% of the arbitration costs and half of Semapa's legal costs relating to the arbitration procedure, specifically its lawyer's fees.

In accordance with the arbitral award, acquisition by Semapa of CRH's holding in Secil under this right is to be effected for a price of EUR 574,280,000, the figure resulting from a set of valuations of Secil conducted by three independent experts.

Under the terms of the arbitration agreement, the award is final and the sale of CRH's holding in Secil under the call option must take place within 120 business days, which may be extended to 180 business days.

Semapa is still analyzing the award and considering how to proceed in the exercise of its rights upheld in the referred arbitral award.

### *Portucel Treasury shares*

Through stock market operations on 4 and 5 July, Portucel acquired several lots of treasury shares, amounting to 18,000 titles. Following these acquisitions, Portucel now holds directly and indirectly through its subsidiaries, 19,238,814 shares representing 2.507% of its share capital.

## 46. 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.

Vitor Manuel Galvão Rocha Novais Gonçalves

**BOARD OF DIRECTORS****Chairman:**

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Pedro Mendonça de Queiroz Pereira**Members:**

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Maria Maude Mendonça de Queiroz Pereira Lagos

---

José Alfredo de Almeida Honório

---

Francisco José Melo e Castro Guedes

---

Carlos Maria Cunha Horta e Costa

---

José Miguel Pereira Gens Paredes

---

Paulo Miguel Garcês Ventura

---

Rita Maria Lagos do Amaral Cabral

---

António da Nóbrega de Sousa da Câmara

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Joaquim Martins Ferreira do Amaral

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António Pedro de Carvalho Viana Baptista

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***Limited Review Report Prepared by an Auditor Registered in the Securities Market Commission (CMVM) of the Consolidated Half Year Information***

***(Free translation from the original in Portuguese)***

***Introduction***

1 As required by the Portuguese Securities Market Code, we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2011 of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. included in the Report of the Board of Directors, Consolidated Statement of Financial Position (which shows total assets of €3,637,077 thousand and a total shareholders' equity of €1,302,178 thousand, including Non-controlling interests of €314,896 thousand and a net profit of €60,042 thousand), Consolidated Separate Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the six-month period then ended and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

***Responsibilities***

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present truly and fairly the financial position of the companies included in the consolidation and the consolidated results of its operations; (b) to prepare historical financial information in accordance with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union and which is complete, true, timeliness, clear, objective and licit as required by the Portuguese Securities Market Code; (c) to adopt adequate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant facts that have influenced the operations, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely if it is complete, true, timeliness, clear, objective and licit as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our work.

***Scope***

5 Our work was performed with the objective of obtaining moderate assurance as to whether the financial information referred to above is free of material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Portuguese Institute of Statutory Auditors, planned according to that objective, and consisted, primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted taking into account the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the consolidated financial statements; and (v) as to whether the consolidated financial information is complete, true, timeliness, clear, objective and licit.

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

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Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000



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6 Our work also covered the verification of the consistency of the consolidated financial information included in the Report of the Board of Directors with the remaining documents referred to above.

7 We believe that the work performed provides an acceptable basis for the issue of our limited review report in respect of the half year information.

***Conclusion***

8 Based on the work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the six-month period ended June 30, 2011 is not free of material misstatements that affect its conformity with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union and the information contained therein is not complete, true, timeliness, clear, objective and licit.

***Report on other legal requirements***

9 Based on the work, nothing came to our attention that leads us to believe that that the information included in the Directors' Report is not consistent with the consolidated financial statements for the six-month period year ended June 30, 2011.

August 30, 2011

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda  
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077  
represented by:

António Alberto Henrique Assis, R.O.C.

**(This is a translation, not to be signed)**