

Directors' Report  
Consolidated Financial Statements  
1<sup>st</sup> Half 2012

**Directors' Report**

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## 1 Group Business Highlights

As duly disclosed to the market, Semapa acquired 100% control of Secil during the course of the first half. In order therefore to provide a clearer picture of the Group's performance, and so as to facilitate the comparability of financial indicators between periods, two distinct scenarios are presented: i) Real – including the effects in the period of incorporation of the 49% holding in Secil previously owned by CRH, with effect from the 2nd quarter; and ii) Adjusted – with proportional consolidation of Secil's accounts, on the basis of a 51% holding, in line with the method followed in the same period in 2011.

As may be seen in the following table, the Semapa Group recorded positive performance, with both turnover and net income higher than in the same period in 2011, in both of the scenarios presented.

1st Half 2012 million euros	Real	Var. %	Adjusted*	Var. %
<b>Turnover</b>	<b>947.4</b>	<b>7.2%</b>	<b>887.2</b>	<b>0.4%</b>
<b>EBITDA</b>	<b>228.9</b>	<b>4.6%</b>	<b>195.2</b>	<b>-10.8%</b>
<b>EBITDA margin</b>	<b>24.2%</b>	<b>-0.6 p.p.</b>	<b>22.00%</b>	<b>-2.7 p.p.</b>
<b>Net profit</b>	<b>82.3</b>	<b>37.1%</b>	<b>63.9</b>	<b>6.5%</b>
<b>Net Debt</b>	<b>1,625.4</b>		<b>1,052.9</b>	

\* unaudited figures

### Business Indicators

IFRS - accrued amounts (million euros)	H1 2012	H1 2011	Var. (%)
<b>Turnover</b>	<b>947.4</b>	<b>884.0</b>	<b>7.2%</b>
Other income	55.2	23.6	134.0%
Costs and losses	(773.7)	(688.8)	-12.3%
<b>Total EBITDA</b>	<b>228.9</b>	<b>218.7</b>	<b>4.6%</b>
Recurrent EBITDA	202.1	218.7	-7.6%
Depreciation and impairment losses	(79.2)	(86.6)	8.5%
Provisions (increases and reversals)	5.2	(8.2)	163.3%
<b>EBIT</b>	<b>154.9</b>	<b>124.0</b>	<b>24.9%</b>
Net financial profit	(22.5)	(18.5)	-21.4%
<b>Pre-tax profit</b>	<b>132.4</b>	<b>105.5</b>	<b>25.5%</b>
Tax on profits	(26.8)	(22.9)	-17.0%
Retained profits for the period	105.6	82.6	27.8%
<b>Attributable to Semapa equity holders</b>	<b>82.3</b>	<b>60.0</b>	<b>37.1%</b>
Attributable to minority interests	23.3	22.5	3.2%
Cash-flow	179.6	177.3	1.3%
Total Investments	133.4	129.7	2.8%
<b>EBITDA margin (% Sales)</b>	<b>24.2%</b>	<b>24.7%</b>	<b>-0.6 p.p.</b>
EBIT margin (% Sales)	16.3%	14.0%	2.3 p.p.
	<b>30-06-2012</b>	<b>31-12-2011</b>	<b>Jun12 vs. Dec11</b>
Equity (before MI)	765.0	1,048.8	-27.1%
<b>Net debt</b>	<b>1,625.4</b>	<b>913.1</b>	<b>78.0%</b>

Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions
- Cash flow = retained earnings + 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 own shares and other securities held
- Comparability is affected by: i) inclusion of 50% of the recent acquisition in Brazil (Supremo SA), consolidated on a proportional basis, and by ii) full consolidation of Secil as from 22 March 2012 (100% integration of Secil in balance sheet items, as compared to 51% in the comparative figures for 31 December 2011; income accounts include 51% of Secil's results in the 1<sup>st</sup> quarter and 100% in the 2<sup>nd</sup> quarter of 2012, as compared to 51% for the entire first half of 2011)

**Segment Reporting (IFRS)**

IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
<b>Sales</b>	<b>742.7</b>	<b>188.1</b>	<b>16.5</b>	<b>(0.0)</b>	<b>947.4</b>
<b>Total EBITDA</b>	<b>187.1</b>	<b>21.8</b>	<b>4.3</b>	<b>15.6</b>	<b>228.9</b>
Recurrent EBITDA	186.9	21.5	4.3	(10.7)	202.1
Depreciation and impairment losses	(60.0)	(17.6)	(1.4)	(0.1)	(79.2)
Provisions (increases and reversals)	6.5	0.4	(0.6)	(1.2)	5.2
<b>EBIT</b>	<b>133.6</b>	<b>4.6</b>	<b>2.4</b>	<b>14.3</b>	<b>154.9</b>
Net financial profit	(8.4)	(3.3)	(0.8)	(10.0)	(22.5)
<b>Pre-tax profits</b>	<b>125.2</b>	<b>1.3</b>	<b>1.5</b>	<b>4.4</b>	<b>132.4</b>
Tax on profits	(25.0)	(1.5)	(0.3)	0.0	(26.8)
<b>Retained profits for period</b>	<b>100.3</b>	<b>(0.2)</b>	<b>1.2</b>	<b>4.4</b>	<b>105.6</b>
<b>Attributable to Semapa equity holders</b>	<b>78.7</b>	<b>(1.9)</b>	<b>1.1</b>	<b>4.4</b>	<b>82.3</b>
Attributable to minority interests	21.5	1.6	0.1	-	23.3
<b>Cash-flow</b>	<b>153.8</b>	<b>17.0</b>	<b>3.1</b>	<b>5.7</b>	<b>179.6</b>
EBITDA margin (% Sales)	25.2%	11.6%	26.1%	-	24.2%
EBIT margin (% Sales)	18.0%	2.4%	14.2%	-	16.3%
<b>Net debt</b>	<b>488.3</b>	<b>295.5</b>	<b>21.3</b>	<b>820.3</b>	<b>1,625.4</b>

**Notes:**

- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments
- The Cement Segment includes 51% of Secil's results for the 1<sup>st</sup> quarter and 100% of its results for the 2<sup>nd</sup> quarter of 2012, together with 50% of the results of Supremo SA for the period from January to March, given that the accounts for this group at 30 June are still under analysis

## Analysis of Results

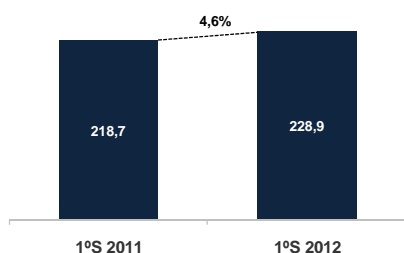


Figures in million euros

Consolidated turnover grew by 7.2% over the same period in 2011 (0.4% in the adjusted scenario), thanks to the results from the following business areas:

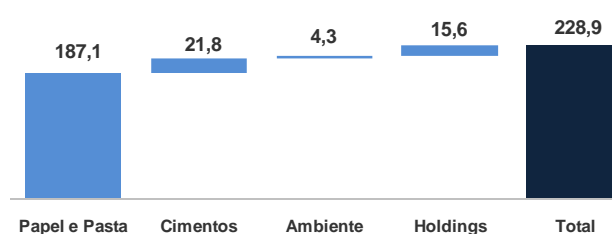
- Pulp and Paper Area: 742.7 million euros, up 0.4% on the 1<sup>st</sup> half of 2011.
- Cement Area: 188.1 million euros (127.9 million euros in the adjusted scenario), up 46.6% on the figure recorded in the same period in 2011 (reflecting the change which occurred this half in the set of interests included in the consolidated accounts and the incorporation of the Supremo Group in Semapa's consolidated accounts).
- Environment Area: 16.5 million euros, up 3.3% on the same period in 2011.

### Turnover



Figures in million euros

### Turnover by Business Area



Consolidated EBITDA totalled 228.9 million euros, 4.6% higher than the figure recorded in the first half of 2011 (10.8% lower in the adjusted scenario). The EBITDA margin dropped by 0.6 p.p., standing at 24.2% for the first 6 months of 2012 (2.7 p.p. in the adjusted scenario).

Financial results for the first half of 2012 worsened by 4.0 million euros in relation to the same period in 2011, standing at -22.5 million euros.

Consolidated net profit for the 1<sup>st</sup> half of 2012 totalled 82.3 million euros, up by 37.1% in relation to the same period in the previous year (+6.5% in the adjusted scenario).

At 30 June 2012, the Semapa Group's consolidated net debt stood at 1,625.4 million euros, 712.3 million euros higher than the figure recorded at year-end 2011 (139.8 million euros in the adjusted scenario).

## 2 Main Developments

- During the 1st quarter of 2012, the Semapa Group went ahead with acquisition of a 50% stake in Supremo Cimentos S.A., a cement manufacturer located in southern Brazil, in the state of Santa Catarina. The company operates an integrated clinker and cement mill in Pomerode, as well as aggregates and concrete operations. Supremo is currently implementing an expansion plan designed to increase its annual capacity for cement production to approximately 1.7 million tons. This holding has therefore been consolidated in Semapa's accounts on a proportional basis.
- In March, Semapa SGPS launched a bond issue, with financial settlement on 30 March 2012, providing it with gross funding of 300 million euros. The SEMAPA 2012-2015 issue has a maturity of 3 years and a fixed rate of 6.85%.
- As from the same month, the holding in Secil was included in the consolidated accounts on the full consolidation basis, insofar as the shareholders' agreement between Semapa and CRH ceased to have effect, with Semapa taking over control of the Secil Group.
- In April, the Semapa Group effected a bond issue in Brazil, through its wholly owned subsidiary NSOSPE. This is a 5-year floating rate issue with a total value of 128.1 million reais.
- Still in this month, Portucel paid out dividends totalling 164.7 million euros.
- In May, the Semapa Group acquired the 49% holding in Secil owned by CRH, for a price of 574 million euros.
- In June, Semapa paid out dividends of 28.8 million euros.
- On 28 June, Portucel acquired a bloc of 24.85 million own shares, representing 3.2% of its capital. As a result of this transaction, Portucel now owns 47.36 million shares, representing 6.17% of its capital.



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

#### 3.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2012	H1 2011	Var %
<b>Sales</b>	<b>742.7</b>	<b>739.6</b>	<b>0.4%</b>
Other income	13.4	9.8	37.2%
Costs and losses	(569.0)	(550.1)	-3.4%
<b>EBITDA</b>	<b>187.1</b>	<b>199.2</b>	<b>-6.1%</b>
Recurrent EBITDA	186.9	199.2	-6.2%
Depreciation and impairment losses	(60.0)	(74.6)	19.6%
Provisions (increases and reversals)	6.5	(6.9)	194.0%
<b>EBIT</b>	<b>133.6</b>	<b>117.6</b>	<b>13.6%</b>
Net financial profit	(8.4)	(9.0)	7.4%
<b>Pre-tax profit</b>	<b>125.2</b>	<b>108.6</b>	<b>15.3%</b>
Tax on profits	(25.0)	(16.4)	-52.1%
Retained profits for the period	100.3	92.2	8.8%
<b>Attributable to Portucel equity holders *</b>	<b>100.3</b>	<b>92.2</b>	<b>8.8%</b>
Attributable to minority interests (IM)	(0.0)	(0.0)	22.3%
<b>Cash-Flow</b>	<b>153.8</b>	<b>173.7</b>	<b>-11.5%</b>
<b>EBITDA margin (%)</b>	<b>25.2%</b>	<b>26.9%</b>	<b>-6.5%</b>
<b>EBT margin (%)</b>	<b>18.0%</b>	<b>15.9%</b>	<b>13.1%</b>
	<b>30-06-2012</b>	<b>31-12-2011</b>	<b>Jun12 vs. Dec11</b>
Equity (before MI)	1,243.6	1,353.0	-8.1%
<b>Net debt</b>	<b>488.3</b>	<b>422.8</b>	<b>15.5%</b>

\* of which 80.84% is attributable to Semapa

Note: Some of the indicators above differ from those presented separately by the Portucel Group, in view of consolidation adjustments made within Semapa as the holding company.

### 3.2 Business Overview: Portucel Group

Turnover generated by the Portucel Group in the first half of 2012 stood at 742.7 million euros, representing growth of 0.4% in relation to the first half of 2011, a particularly impressive achievement in the current economic climate. The growing volume of paper sales and excellent performance in energy operations were the factors which contributed positively to this growth.

**Paper** business over the first half performed well in relation to the same period in the previous year, thanks essentially to growth in the quantity of paper sold. Despite contraction in apparent paper consumption in Europe of 3.5%, the Group has successfully maintained a strong level of performance in sales, which grew by approximately 3%. Paper prices held steady, with the benchmark index for the sector, Pix Copy B, edging down by an average of close to 0.5%.

**Pulp** sales were down by 18.2% on the 1<sup>st</sup> half of 2011. This was due in part to maintenance stoppages which took place at the Group's two production centres at the start of the year, and also to the fact that less pulp is available for sale, due to increased integration in paper. In terms of prices, the market benchmark index, the PIX BHKP, presented an upward trend over the first half, but the average level of 567 euros/ton was still down by 7.6% on the figure of 614 euros/ton recorded in the first half of 2011.

Indicators for the **energy** sector are also positive, with gross power output up in 2012 to 936 GWh, up by almost 4% on the same period in 2011, thanks to the good performance and stability of the Group's various power plants, despite the planned stoppages referred to above. Sales of electricity to the national grid totalled 843 GWh, representing growth of more than 5% in relation to the same period in the previous year.

Costs worsened in relation to the 1<sup>st</sup> half of 2011, due essentially to significant hikes in power and natural gas prices, as well as in logistical costs, resulting in rising costs for production inputs across the board.

In this context, consolidated EBITDA stood at 187.1 million euros, down by 6.1% on the same period in the previous year and making for an EBITDA / Sales margin of 25.2%, down by 1.7 percentage points on that recorded in the previous year.

Operating results stood at 133.6 million euros and compare favourably with the results for 2011, having been favourably influenced by the reversal of provisions of approximately 6.5 million euros, as

well as by a reduction in the value of depreciation over the period, due to the normal life cycle of the Group's industrial assets.

The Group again recorded a financial loss, but at 8.4 million euros it compares favourably with the loss of 9.0 million euros recorded in 2011. This improvement was due essentially to a reduction in the Group's net debt.

As a result, the consolidated net profit for the period stood at 100.3 million euros, representing an improvement of 8.8% over the same period in the previous year.

### 3.3 Business Overview

#### 3.3.1 Market Analysis

The first half of 2012 presented an estimated drop of 3.5% in apparent consumption of UWF, both in Europe and the US, although the reduction took place mostly in the first quarter, with consumption stabilizing in the last three months. Despite the difficult economic environment, visible in high and rising levels of unemployment, the demand for office paper once again proved significantly resilient, dropping by only 0.8% in relation to the same period in 2011. The impact during the first half of the reduction in capacity, due to closures by certain competitors in 2011, continued to have a positive effect on the market balance.

The strength of the US dollar against the Euro was another crucial factor in maintaining a balance on the European market, which was made less attractive to manufacturers in other geographical regions, at the same time as it improved the price in Euros of sales by European producers denominated in USD.

As a result, the industry as a whole operated at more than 93% of total capacity, and order books at European manufacturers fluctuated between 4 and 5 weeks, comfortable levels from a historic perspective.

The Portucel Group achieved a new quarterly record for output and the value of paper sales in euros, thanks to an all-time high in the volume of output placed over the quarters combined with rising average prices over the period.

The Group succeeded in expanding its market share in Europe by 68 thousand tones, with particular success in cut-size products, where the market share grew by approximately 48 thousand tons. The total gain in market share in Europe, from 2009 to the end of the first quarter of 2012, stands at more than 370 thousand tons.

The Group has pressed ahead with its strategy of diversifying its export destinations, following up on its success in recent years. Europe remains the main market, and the Group strengthened its presence in the region, thanks to the advantages of geographical proximity and the Group's established position in this market, despite the sharp economic contraction being suffered by certain countries in the region. This has required the Group to increase its penetration in more distant European markets, with the consequent negative impact on distribution costs.

Despite the adverse economic climate, the resulting strong pressure for quality downgrading in certain markets, falling consumption and the significant growth in the Group's capacity, the business model remains unscathed, with some 60% of total sales in premium products and Group brands.

The make-to-order operational model for the supply chain in the Group's paper business has allowed it to maintain a level of stocks of finished and intermediate products lower than that in the industry as a whole and in comparable companies. This made it possible to reduce total stocks further at the end of the period, in relation to the same period in the previous year.

The main benchmark index for UWF paper prices in Europe (PIX A4 Copy-B) stabilized over the first half at the level recorded in the same period in 2011, whilst the Group's overall net price also stabilized at the level experienced in the 1<sup>st</sup> half of 2011.

The **BEKP pulp** market saw confirmation in the 2<sup>nd</sup> quarter of 2012 of the recovery in listed prices, which rose as high as USD 800 / ton CIF in May, confirming expectations in the industry which pointed to a turnaround in the market in December 2011.

However, this recovery in the pulp market has been based on the extraordinary performance of the Chinese market which, as has become customary in recent years, acted as a crucial factor on the demand side. Following on from 2011, which was the best year ever in terms of pulp imports, figures for the 1<sup>st</sup> half of 2012 point to a continuation of this trend, with the months of February and March setting new all-time highs for the volume of pulp imports.

In contrast, the economic situation in the Euro Zone has caused not only a slowdown in the paper industry but also a certain amount of volatility on the foreign exchanges, generating instability in the industry.

The Group's BEKP pulp sales in the 1<sup>st</sup> half of 2012 were affected by a reduction in the quantity of pulp available for sale over the period, due to planned maintenance periods and increased incorporation into paper manufacture.

A breakdown of BEKP pulp sales by paper segment shows that the Group continues to strengthen its position in segments with higher value added, and in particular on the special papers segment, which accounted for 63% of all sales in quantity, as compared to a figure of 57% in the first half of 2011.

An analysis of sales by destinations shows that all pulp sales went to European markets, home to manufacturers of higher quality paper where technical demands are more stringent and where the intrinsic qualities of the *eucalyptus globulus* pulp produced by the Group generate substantial added value.

### 3.3.2 Development

In terms of international expansion, the Group is pressing ahead with the work envisaged in its investment plan for Mozambique. It is currently developing a network of trial plantations, testing new materials and extending these trials, in order to validate the forestry models and connected logistical issues. Work is also proceeding on studies of alternative logistical solutions for incoming and outgoing products for the production of paper pulp and energy.

In the forestry sector, work has proceeded as planned on forestation and protection of biodiversity, in addition to conclusion of a capital project worth 2.5 million euros designed to modernize and double the capacity for producing cloned eucalyptus saplings at the Espirra nurseries, which will now produce 12 million plants a year. Of these, 6 million will be eucalyptus clones which incorporate the benefits of the genetic improvement programme pursued by Raiz, the Group's internal research institute. This will enable us to offer forestry producers an increased number of improved and certified plants for forestry production in Portugal, with clear benefits for yields from the country's woodlands. The nurseries will also produce 4 million eucalyptus saplings from seed, 940 thousand conifer saplings (maritime pine, umbrella pine and cypress), 560 thousand deciduous saplings (primarily cork oak, holm oak and ash), 100 thousand olive tree saplings and 400 thousand ornamental plants.

In order to protect the country's woodlands, and in particular to combat the eucalyptus weevil, a pest that has affected the plantations of countless forest landowners, an integrated plan has been devised which includes the careful release of a natural predator to control the infestation.

In keeping with its policy of active engagement in preventing and fighting forest fires, the Portucel Group mobilizes a formidable array of resources during the peak danger season, coordinated by Afocelca, the forestry sector association in which has a majority holding. This year's efforts have been entrusted to a team of more than 270 people with specific training in fighting forest fires, supported by an operational command centre and a large array of resources.

This policy has assured that the forests managed by the Group have recorded a rate of fire damage well

below the national average, although it should be noted that the overwhelming majority of fires tackled are located on property not owned by the Group, where it supports the national fire fighting system.

In the field of forest certification, the Group has continued to implement and develop its forestry management system and has taken the first steps in the process of renewing its forest management certificates.

#### 4 Cement and Derivatives Business Area – SECIL Group

As reported above, the Secil Group was included in Semapa's consolidated accounts on the full consolidation basis as from the end of 2012.

This chapter of the 1st Half Report includes 100% of Secil's accounts after consolidation adjustments, but does not include the operations of the Supremo Group, as this is deemed to provide a clearer picture of the real course of affairs within Secil Group. We will present Supremo Group's main indicators separately.

##### 4.1 Leading Business Indicators

<b>IFRS - accrued amounts (million euros)</b>	<b>H1 2012</b>	<b>H1 2011</b>	<b>Var. (%)</b>
<b>Sales</b>	<b>241.2</b>	<b>251.6</b>	<b>-4.1%</b>
Other income	17.5	26.5	-34.1%
Costs and losses	(230.5)	(227.8)	-1.2%
<b>EBITDA</b>	<b>28.2</b>	<b>50.3</b>	<b>-43.9%</b>
Recurrent EBITDA	27.6	50.3	-45.2%
Depreciation and impairment losses	(22.8)	(21.0)	-8.5%
Provisions (increases and reversals)	0.3	(0.3)	226.4%
<b>EBIT</b>	<b>5.7</b>	<b>29.0</b>	<b>-80.2%</b>
Net financial profit	(4.9)	(2.5)	-100.4%
<b>Pre-tax profit</b>	<b>0.8</b>	<b>26.6</b>	<b>-97.0%</b>
Tax on profits	(1.9)	(9.2)	79.8%
Retained profits for the period	(1.1)	17.4	-106.1%
<b>Attributable to Secil equity holders</b>	<b>(2.7)</b>	<b>14.2</b>	<b>-118.8%</b>
Attributable to minority interests (IM)	1.6	3.1	-48.9%
<b>Cash-flow</b>	<b>21.4</b>	<b>38.6</b>	<b>-44.6%</b>
<b>EBITDA Margin (%)</b>	<b>11.7%</b>	<b>20.0%</b>	<b>-41.5%</b>
EBIT Margin (%)	2.4%	11.5%	-79.4%
	<b>30-06-2012</b>	<b>31-12-2011</b>	<b>Jun12 vs. Dec11</b>
Equity (before MI)	495.5	499.3	-0.8%
<b>Net debt</b>	<b>290.2</b>	<b>142.4</b>	<b>103.8%</b>

Activity in the construction industry and cement consumption have continued on their downward course in Portugal, the Secil Group's main market. Combined with rising power prices (which hit the cement business unit in Portugal particularly hard, with average costs up in the order of 27%), this led to a decline in the performance of the Secil Group's various business units.

In this difficult environment, the Secil Group's turnover in the 1st half of 2012 stood at 241.2 million euros. This performance represented a reduction of 4.1% in relation to the same period in 2011, reflecting poorer performance in sales on the domestic market by the cement business unit in Portugal, partially offset by a substantial rise in export business by the same business unit and growth in business activities in Lebanon and Tunisia.

EBITDA stood at 28.2 million euros. This represented a reduction of approximately 43.9% in relation to the same period in 2011, due essentially to worsening performance in business segments located in Portugal, as a direct result of the severe crisis affecting the construction sector, and in the cement business segment in Lebanon.

Mention should be made of the retention on the Group's books of nearly all the CO<sub>2</sub> surpluses generated in the period. In the first half of 2011, the Secil Group sold CO<sub>2</sub> surpluses with a value of 8.4 million euros, as compared to sales of only 1.1 million euros in 2012.

The EBITDA margin stood at 11.7% for the period, down by 8.3 p.p. from the margin recorded in the same period in 2011.

The Group recorded a net loss of 2.7 million euros.

Investment in the period totalled 37.2 million euros, breaking down into 12.8 million euros in operational investment and 24.2 million euros relating to acquisition of part of the stake in Supremo Cimentos.

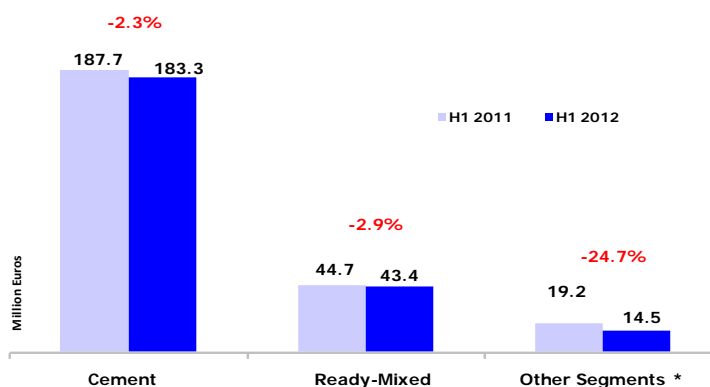
At the end of the first half of 2011, net debt stood at approximately 290.2 million euros. The increase versus the amount recorded at year-end 2011 is essentially due to the investments and the debt reallocation within Semapa group.



## 4.2 Business Overview

### Turnover by Segment and Country

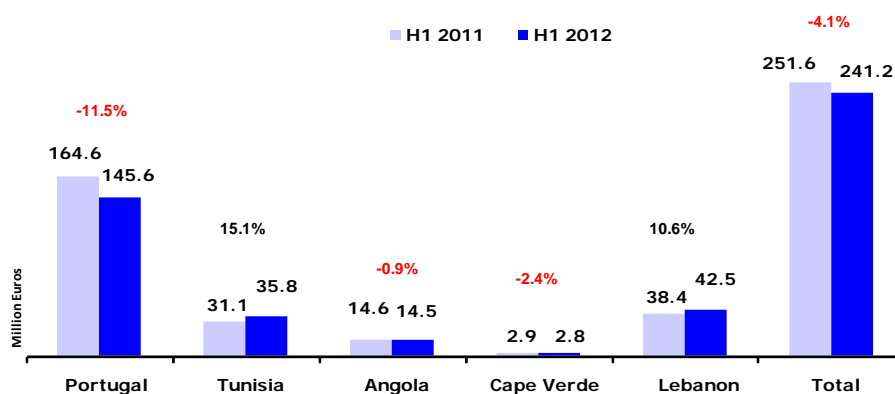
#### Segments



\* includes Aggregates, Mortars and Pre-cast

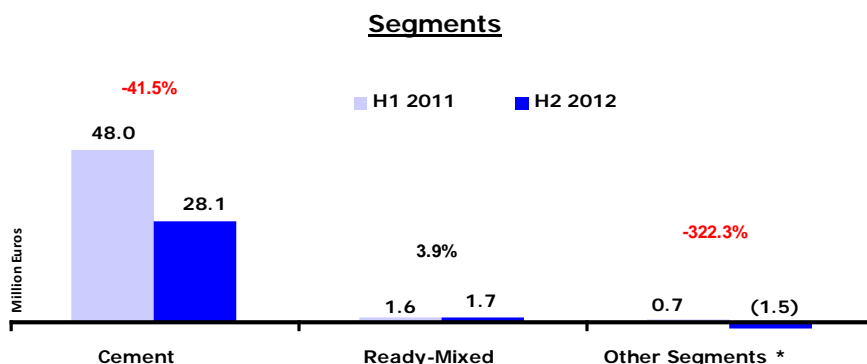
Turnover in the cement and clinker segment dropped by 2.3% in relation to the first six months of 2011, due to a reduction in cement sales on the home market in Portugal. Other segments also presented a decline in relation to figures for the 1<sup>st</sup> half of 2011.

#### Geographical Region



Turnover from operations outside Portugal and exports from Portugal accounted for a larger share of total turnover: 39.6% in the first 6 months of 2012, as compared to 34.6% in the first six months of 2011.

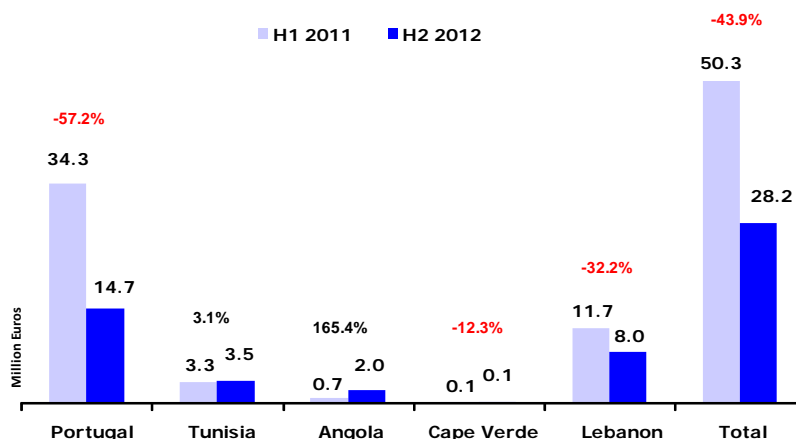
### **Breakdown of EBITDA by Segment and Country**



\* includes Aggregates, Mortars and Pre-cast

Although EBITDA generated by the Cement and Clinker segment fell in absolute terms in relation to the 1st half of 2011, it represented a larger share of total EBITDA, contributing approximately 99.6% of the Secil Group's total EBITDA, as compared with 95.4% in the 1<sup>st</sup> half of 2011.

### **Geographical Region**



In terms of geographical distribution, EBITDA was more widely dispersed than in the same period in 2011, with operations outside Portugal accounting for 47.8% of the Secil Group's total EBITDA, as compared to 31.7% recorded in the first half of 2011.

#### **4.2.1 Portugal**

The Portuguese economy is thought to have contracted by 0.1% in the first half of 2012, exceeding the estimate published by the Bank of Portugal in April. At the same time, economic data available for the second quarter point to a quickening in the pace of reduction of GDP, in relation to the corresponding

periods in previous years, due to falling internal demand and a slowdown in exports.

The latest forecasts from the Bank of Portugal (Economic Bulletin, July 2012) point to a reduction in GDP in the order of 3%, slightly less severe than the previous forecast of 3.4%, published in April.

The construction industry in Portugal continues in decline, and the rate of decline worsened significantly in the 1<sup>st</sup> quarter. In the period from January to May, output in the construction sector dropped by 15.2% (production index in construction and public works – INE July 2012). Demand for cement has continued to plummet, estimated to be down by around 26% in relation to the 1<sup>st</sup> half of 2011.

In this particularly harsh environment, cement operations in Portugal recorded turnover of 96.9 million euros in the 1st half of 2012, down by 11.1% on the same period in the previous year, due essentially to the crisis in the construction sector.

Exports business has increased, with sales up by 33.3% in relation to the 1<sup>st</sup> half of 2011, partially offsetting a reduction of 25.4% in sales on the domestic market.

Turnover in non-cement business segments (concrete, aggregates, mortars and pre-cast) operating from Portugal stood at 48.7 million euros, down by 12.4% on the same period in the previous year.

Positive performance was recorded in exports by the mortar segment, whilst the other segments were directly hit by the adverse business climate, resulting in a decline in performance in relation to the same period in 2011.

EBITDA from cement operations based in **Portugal** stood at approximately 15.7 million euros, down by 52.1% on the 1<sup>st</sup> half of 2011.

The following factors hampered performance in this business unit:

- i) a reduction in the average sales price, caused by decreased sales on the domestic market which offers higher prices and margins than the export market;
- ii) increased production costs as a result of a substantial rise in power costs (up by 27%); and,
- iii) retention on the Group's books of nearly all the CO2 surpluses generated in the period. In the first half of 2011, the Secil Group sold CO2 surpluses with a value of 8.4 million euros, as compared to sales of only 1.1 million euros in 2012.

Factors which had a positive impact on performance included continued tight control of production

overheads, and also of structural costs and distribution costs on the domestic market. Secil has various projects underway with a view to achieving significant savings by streamlining production and logistical operations and resizing supporting departments in order to bring the company's structure into line with the new situation created by the reduction in domestic demand.

Other business segments operating in Portugal, (concrete, aggregates, mortars, pre-cast) recorded performance down on the first half of 2011 due to the difficult business environment described, and EBITDA for these business segment stood at -14 thousand euros (-100.6% down on the same period in 2011).

#### 4.2.2 Tunisia

Although the second quarter saw an improvement in the general security situation, the Tunisian economy and the country's society still bear the marks of the revolution of January 2011 and of the subsequent events, and there remains considerable uncertainty as to the political, social and economic future of the country.

Figures published by the IMF point to expected growth in the Tunisian economy of 2.2% in 2012, recovering from the negative growth of 0.8% recorded in 2011 (World Economic Outlook, IMF April 2012).

As regards operations in Tunisia, the construction industry and demand for cement both grew over the course of the 1<sup>st</sup> half of 2012, with demand up by around 10% for the country as a whole and 14% for the southern region which is the natural market for Secil's operations.

In this context, the cement business unit in Tunisia recorded turnover of around 31.1 million euros, up by 15.0% on the figures for the 1<sup>st</sup> half of the previous year. This improvement was due essentially to growth in quantities sold and to the fact that production and sales have proceeded without interruptions, in contrast with the situation in 2011.

EBITDA from cement operations stood at 2.7 million euros, down by 6.5% on the 1<sup>st</sup> half of 2011. Despite growing turnover, as reported above, a shortfall in clinker output meant that substantial quantities of clinker had to be imported, at higher prices, in order to satisfy to domestic demand.

In an important development, the start-up of a new cement mill will allow for an increase in production capacity of approximately 800.000 tons.

The concrete and pre-cast sectors performed better than in the 1st half of 2011, with EBITDA of 772,000 euros, up by 60% on the same period in the previous year.

#### 4.2.3 Lebanon

According to data published by the IMF, the Lebanese economy is expected to grow by around 3% in 2012, up from the figure of 1.5% recorded in 2011 (World Economic Outlook IMF April 2012).

Despite the slight growth forecast for the economy as a whole, cement consumption may be expected to hold steady at the previous year's levels.

Turnover from cement operations in **Lebanon** stood at approximately 38.5 million euros, representing an increase of 11.2% over the same period in the previous year, due fundamentally to an increase in average sale prices, insofar as quantities sold were down by 4.4%.

Despite an upturn in performance in the second quarter, accrued results through to June show total EBITDA of 7.7 million euros, down by 33.2% in relation to the 1<sup>st</sup> half of 2011.

The decline in performance was due essentially to lengthy stoppages on production lines due to frequent power cuts and other technical problems. In order to respond to market demands, the company was obliged to buy in sizeable quantities of clinker and cement from other manufacturers, with a consequent loss of margin. At the same time, successive stoppages led to increased maintenance costs and added thermal fuel consumption due to repeated kiln start-ups.

In contrast, the concrete segment performed well with results up from 2011. EBITDA stood at 213,000 euros, up by 44.2%.

#### 4.2.4 Angola

The Angolan economy continues to pick up speed, thanks to a recovery in the oil sector. Gross domestic product is expected to grow by 9.7% in 2012, well up from the growth rate of 3.4% recorded in 2011 (World Economic Outlook IMF May 2012).

The cement business unit in Angola recorded performance largely unchanged from the 1<sup>st</sup> half of 2011, with turnover of approximately 14.5 million euros, due essentially to an increase in average sale prices, given that sales quantities were down by 19.7%.

EBITDA totalled approximately 2 million euros, representing an increase of 165.4% over the 1<sup>st</sup> half of 2011. This improvement was due essentially to improving average sale prices and streamlining of costs.

## 5 Cement and Derivatives Business Area – Supremo Group

During the 1st quarter of 2012, the Semapa Group went ahead with acquisition of a 50% stake in Supremo Cimentos S.A., a cement manufacturer located in southern Brazil, in the state of Santa Catarina. The company operates an integrated clinker and cement mill in Pomerode, as well as aggregates and concrete operations.

Supremo is currently implementing an expansion plan designed to increase its annual capacity for cement production to approximately one million seven hundred thousand tons.

This holding has therefore now been consolidated in Semapa's accounts on a proportional basis. Considering the recent nature of this acquisition in Brazil, the Supremo Group's accounts at 30 June are still under analysis, and accordingly the accounts consolidated are those for the period ended 31 March 2012.

Leading business indicators at this date:

- Turnover of 9.7 million euros;
- EBITDA of 0.5 million euros;
- Net debt of 10.6 million euros.

## 6 Environment Business Area – ETSA GROUP

### 6.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2012	H1 2011	Var. (%)
<b>Sales</b>	<b>16.5</b>	<b>16.0</b>	<b>3.3%</b>
Other income	0.8	0.1	1277.9%
Costs and losses	(13.0)	(12.3)	-5.7%
<b>EBITDA</b>	<b>4.3</b>	<b>3.8</b>	<b>14.2%</b>
Recurrent EBITDA	4.3	-	-
Depreciation and impairment losses	(1.4)	(1.1)	-27.4%
Provisions (increases and reversals)	(0.6)	(0.6)	11.7%
<b>EBIT</b>	<b>2.4</b>	<b>2.0</b>	<b>15.2%</b>
Net financial profit	(0.8)	(0.4)	-96.0%
<b>Pre-tax profit</b>	<b>1.5</b>	<b>1.6</b>	<b>-6.2%</b>
Tax on profits	(0.3)	(0.1)	-245.3%
Retained profits for the period	1.2	1.5	-23.0%
<b>Attributable to ETSA equity holders *</b>	<b>1.1</b>	<b>1.5</b>	<b>-27.8%</b>
Attributable to minority interests (MI)	0.1	(0.0)	756.4%
<b>Cash-Flow</b>	<b>3.1</b>	<b>3.2</b>	<b>-3.8%</b>
<b>EBITDA margin (%)</b>	<b>26.1%</b>	<b>23.6%</b>	<b>10.5%</b>
<b>EBIT margin (%)</b>	<b>14.2%</b>	<b>12.8%</b>	<b>11.5%</b>
	<b>30-06-2012</b>	<b>31-12-2011</b>	<b>Jun12 vs. Dec11</b>
Equity (before MI)	53.7	52.6	2.1%
<b>Net debt</b>	<b>21.3</b>	<b>22.7</b>	<b>-5.9%</b>

\* of which 96% is attributable to Semapa

Note: Some of the indicators above differ from those presented separately by the ETSA Group, in view of consolidation adjustments made within Semapa as the holding company

## 6.2 Business Overview: ETSA Group

The economic recession currently affecting Portugal and Spain has had a constraining effect on the ETSA Group's turnover, which in the first half of 2012 totalled 16.5 million euros, up by 3.3% on the figure recorded in the same period in 2011. The change in stocks for the same period stood at approximately 4.3 million euros, up by around 249% over the same period in the previous year, thanks to dynamic programming of sales and stocks.

The reporting period also witnessed a highly significant increase in transport costs, due to soaring fuel costs. The decline in the cost of goods sold per ton of raw material processed was due essentially to rising unit prices for naphtha and slops (offset by the effect of ITS consuming category 1 fats, as reported above) and to the increased cost of raw material from Spain, in order to attract new suppliers and reacquire some former suppliers.

As a result, at 30 June 2012, consolidated EBITDA totalled 4.3 million euros, representing growth of 14.2% over the same period in 2011, thanks essentially to (i) increased turnover and change in stocks and (ii) the pressure exerted throughout operations by cost control systems, despite the penalizing effect of soaring unit costs for the main energy needs.

The increase in depreciation was caused entirely by the volume of investment in April 2011, relating essentially to acquisition of assets from another operator in the market.

At the same time, as a result of the uncertainty surrounding an abattoir with which SEBOL established a commercial contract in late 2010, additional provisions have been recorded in the consolidated accounts with a value of 450 thousand euros, bolstering the provisions already made in 2011.

Financial charges increased significantly over the period, due to an increase in gross borrowing, as a result of the investments made in 2011 and the repricing of the respective main conditions.

Pre-tax profits were down by 6.2% on those recorded in the same period in 2011, despite a significant increase in the tax burden in 2012, due to programmes of fiscal incentives included in the accounts for the first half of 2011, but not repeated in 2012. The combination of the effects described meant that Net Income for the period stood at approximately 1.1 million euros, down by around 27.8% on the same period in 2011.

At 30 June 2012, the ETSA Group recorded net debt of 21.3 million euros, representing a reduction of approximately 4.9%, or 1.4 million euros in relation to the net debt recorded at 31 December 2011.



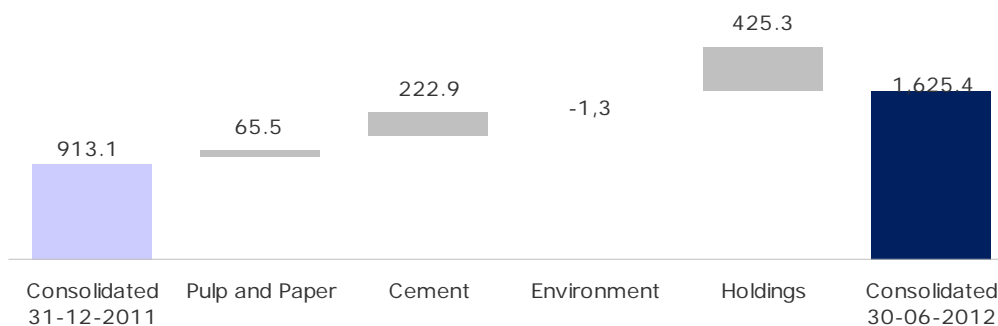
## 7 Semapa Group: Financial Area

### 7.1 Indebtedness

At 30 June 2012, consolidated net debt stood at 1,625.4 million euros, representing an increase of 712.3 million euros over the figure recorded at year-end 2011.

	Million Euros		
	30-06-2012	31-12-2011	Var
Pulp and Paper	488.3	422.8	65.5
Cement	295.5	72.6	222.9
Environment	21.3	22.7	-1.3
Holdings	820.3	395.0	425.3
<b>Total</b>	<b>1,625.4</b>	<b>913.1</b>	<b>712.3</b>

#### Consolidated Net Debt



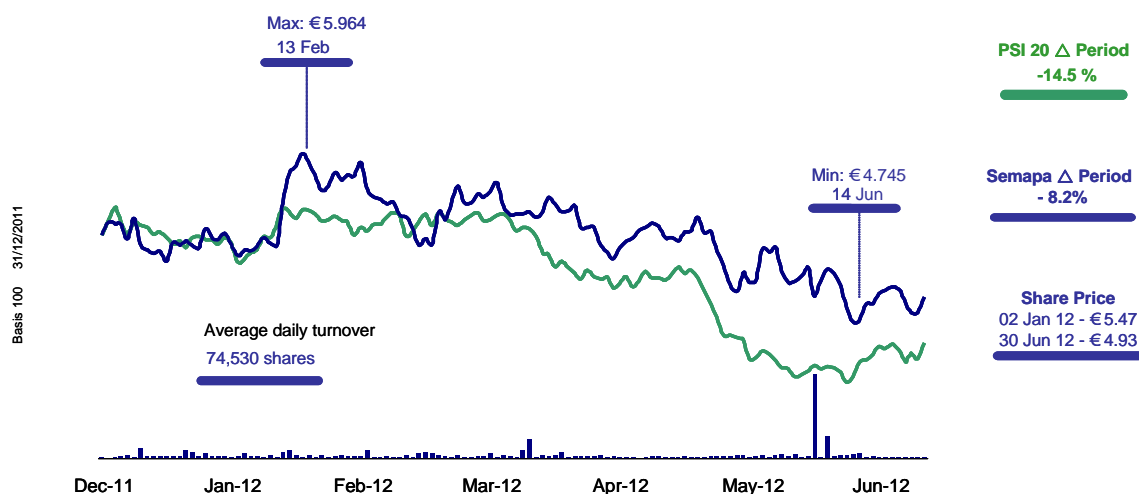
This increase was due essentially to a combination of effects:

- i) Cash flow generation was very significant in the paper and pulp segment: although Portucel paid out a total dividend of 164.7 million euros in April, its indebtedness rose by only 65.5 million euros. It should also be noted that cash generation in the first half was also held in check by efforts to step up support to raw material suppliers, by disbursement of the final payments on capital projects from previous periods and the adoption of supplier payment practices in line with suppliers' needs;
- ii) An increase of 222.9 million euros in the cement segment, due to incorporation of 49% of the net debt of the Secil Group and consolidation in the Semapa Group's accounts of 50% of Supremo's debt;

- iii) A reduction of 1.3 million euros in the Environment segment (ETSA Group);
- iv) An increase of 425.3 million euros at holding company level, due to acquisition of Supremo, acquisition of 49% of Secil, receipt of dividends from Portucel and payment of dividends to Semapa's shareholders.

## 7.2 Listed Share Prices

The second quarter was particularly bleak in the capital markets: the leading European share indexes recorded significant losses, wiping out part of the gains built up in the first three months of the year. The Lisbon and Madrid stock exchanges suffered the heaviest losses, in both quarterly and accrued terms, with the IBEX and the PSI20 dropping 17.1% and 14.5% over the first half. Other European markets performed better, ending the first half in positive territory.



Note: Closing prices

Against this backdrop, Semapa shares dropped by 8.2%, falling significantly less steeply than the PSI20 over the period in question.

### 7.3 Net Profit for the first half of 2012

Consolidated net profit for the first half of 2012 totalled 82.3 million euros, representing an increase of 37.1% in relation to the same period in 2011 (6.5% in the adjusted scenario). This was achieved thanks essentially to the following factors:

- An increase in EBITDA of approximately 10.1 million euros;
- A reduction of 7.4 million euros in depreciation and impairment losses;
- An improvement in reserves of 13.3 million euros. In the 1st half of 2011, the provisions account presented a negative balance of 8.2 million euros, contrasting with a positive accrued figure for the first six months of 2012 of 5.2 million euros;
- A worsening of financial results by 4.0 million euros in relation to the same period in 2011;
- An increase in taxes of 3.9 million euros.

In line with the revised IFRS 3, Semapa recorded its holding in Secil (51%) at its fair value at the date of gaining control in the end of the 1<sup>st</sup> quarter, resulting in recognition in the consolidated net profit for the period of a gain of 16.3 million euros.

## 8 Basis of consolidation

- Comparability between periods is affected by: i) inclusion of 50% of the recent acquisition in Brazil (Supremo SA), consolidated on a proportional basis, and by ii) full consolidation of Secil as from the end of March 2012 (100% integration of Secil in balance sheet items, as compared to 51% in the comparative figures for 31 December 2011; income accounts include 51% of Secil's results in the 1st quarter and 100% in the 2nd quarter of 2012, as compared to 51% for the entire first half of 2011).
- As reported above, in May, the Semapa Group acquired the 49% holding in Secil owned by CRH, for a price of 574 million euros. As a result of this acquisition, Semapa's consolidated accounts drawn up under the IFRS rules record the premium paid on retained earnings, causing a reduction of 335 million euros in consolidated equity as presented under the IFRS rules. In the course of this process,

in its separate financial statements, to which the SNC rules apply, and due to the differences between the IFRS and SNC rules, and to the revaluation of the recoverable value of this subsidiary, the amount in question was recorded in part under income for the period (221 million euros). As a result of this, the separate financial statements drawn up for the period under the SNC rules show negative net income of 155 million euros.

## 9 Outlook

Most available indicators point to a slowdown in the main world economies and to a continued climate of extreme uncertainty, although the dynamic varies widely between countries and regions. In the more developed economies, structural issues continue to hamper economic growth, whilst the emerging economies continue to enjoy a fairly high level of growth, although still subject to widespread cooling.

In the Euro Zone, economic growth remains limited by strong tensions in the sovereign debt market and the knock-on effect of a severe contraction in lending to individuals and businesses. Other factors holding back growth include the public spending cuts underway in most European countries and the high level of unemployment in the region. Even in Germany, until now the powerhouse of the region, the export sector is starting to feel the effects of the global slowdown, which means that a degree of shrinkage may also be expected.

In the US, although the economy is still expanding, estimates of growth are moderate, at slightly more than 2% according to most analysts. The leading business indicators in fact point to a degree of deceleration, caused by the influence of foreign markets and the continuing weakness of the labour market, with a consequent impact on internal consumption. Great uncertainties remains as to the fiscal policy for the coming years, which will have to include some degree of budgetary consolidation, and in relation to the political scenario after the presidential elections to be held this year.

A degree of cooling may also be observed in emerging markets, especially in China, as a result of lower demand from the developed economies.

The outlook for the Portuguese economy remains wholly dependent on the process of economic and financial adjustment being undertaken under the aid programme agreed between the Portuguese State, the European Union and the International Monetary Fund.

Bank of Portugal forecasts point to a reduction in GDP in 2012 in the order of 3%, slightly less severe than the prediction of shrinkage of 3.4% as published in April (Summer Economic Bulletin, July 2012).

### Paper and Pulp

In keeping with the measures set out in the memorandum agreed between Portugal, the European Union, the European Central Bank and the International Monetary Fund in May 2011, the Portuguese Government has legislated to reduce the tariffs applicable to power produced under special rules at co-generation facilities, from renewable and non-renewable sources. The Portucel Group is affected by this

change which, in the case of non-renewable cogeneration, will be gradual, as the end of the guaranteed tariff period is reached by each of its facilities in turn. The effect of these measures cannot yet be quantified, and further information has been requested from the relevant authorities.

In the **paper** market, despite this difficult environment, the cut-size paper segment in Europe has proved fairly resilient, with demand falling at a very moderate rate considering the present economic situation and in comparison with the performance of demand for consumer goods in general. This trend in demand, combined with the impact of the significant capacity closures which took place in 2011, whose full effects will only be felt in 2012, the strength of the dollar against the euro and the recovery in pulp prices, which should keep non-integrated manufacturers under strong pressure, are factors which may help to support the market over the course of 2012.

In the US, the economic outlook, increased consolidation in the sector, reflected in an improved capacity to adjust supply to demand, and the likely increase in paper consumption associated with the presidential campaign due to take place this year, could all help to keep the market buoyant.

Significantly, the Group continues to operate at full capacity, placing almost all its output on foreign markets, thanks to the strong perception of the quality of its value proposition, and the excellent penetration and awareness ratings enjoyed by its own brands.

The BEKP **pulp** market continues to be supported by strong demand from Asian markets, and in particular from China, despite the economic slowdown in the region, which demand has been stimulated by investment in non-integrated paper mills, especially for tissue paper. This positive performance in the Chinese market has served to offset a more recessionary situation in Europe and the US, meaning that expectations point to a certain balance being maintained in the market during 2012. However, expectations point to a worsening of business in the 3<sup>rd</sup> quarter of the year, as this is traditionally a cooling-off period for the paper industry and consumption in the northern hemisphere, and also because of a possible lull as the Chinese market draws on its existing stocks. The surge in supply to be expected as from the end of this year, as new capacity in Brazil and Uruguay comes on line, could disrupt the balance between supply and demand in subsequent years.

## Cement

The current economic climate remains unfavourable to Secil's main business activities, considering the geographical location of its main operations.

In **Portugal**, which is the Group's main market, the implementation of the Adjustment Programme currently underway is causing sharp contraction of the economy. The prospects are therefore negative for the various segments operated by the Secil Group.

Accordingly, as already mentioned, Secil is implementing a broad array of measures to cut costs, in order to bring its operations in Portugal and the respective structure into line with the new reality created by the drastic reduction in demand. The first effects of these measures will be felt before the end of 2012.

In relation to **Tunisia**, instability remains rife, meaning that the country's political, social and economic future is still uncertain. Despite this situation, figures published by the IMF point to expected growth in the Tunisian economy of 2.2% in 2012, recovering from the negative growth of 0.8% recorded in 2011 (World Economic Outlook, FMI April 2012).

In **Lebanon**, economic growth is estimated at 3.0%, up from the figure of 1.5% in 2011 (World Economic Outlook, FMI April 2012).

The Angolan economy is now picking up speed. According to figures issued by the IMF, gross domestic product is expected to grow by 9.7% in 2012, well up from the rate of 3.4% recorded in 2011 (Angola Country Report IMF May 2012).

The Group's investment in the acquisition of Supremo and the construction of a new cement mill in **Brazil** will mean an increase in indebtedness. This will penalize financial results and consequently the Group's net income until the start-up of the new plant.

## Environment

In the current economic environment, in which a clear tendency towards a downturn in the European economy, especially visible in Portugal, is expected to lead to a sharp drop in internal consumption, no significant improvement is anticipated in the short term in the sector in which the ETSA Group operates, insofar as decreased consumption means a reduction in the level of animal slaughter, and consequently a reduction in the quantity of by-products generated and increased competition between operators.

The Group's prime objectives in the short term include: (i) concentrating on outwards expansion of its markets, insofar as estimates point to exports accounting for around one third of total turnover in 2012; and (ii) focusing on identifying fresh opportunities for vertical growth, paying particular attention

to investment in improving operational efficiency, extracting maximum value from the channels operated and locking in the main conventional and alternative collection centres.

In the meantime, the Ministry of Agriculture, the Sea, the Environment and Territorial Planning is planning a new Open Tendering procedure, to run from 1 January 2013 to 31 December 2015, for contracting integrated collection and transport of animal carcasses for destruction (SIRCA). The Ministry has also made it known that it intends to settle all its outstanding debts to ITS relating to SIRCA by the end of the 2nd half of 2012. In effect, as may be understood, the accumulation of the State's debt to ITS and the severe cash restraints resulting from this will make it impossible to continue the daily management of operations if the debt is not settled in the near future.

Lisbon, 30 August 2012



**The Board of Directors**

Pedro Mendonça de Queiroz Pereira

**Chairman**

Maria Maude Mendonça de Queiroz Pereira Lagos

**Director**

José Alfredo de Almeida Honório

**Director**

Francisco José Melo e Castro Guedes

**Director**

José Miguel Pereira Gens Paredes

**Director**

Paulo Miguel Garcês Ventura

**Director**

Rita Maria Lagos do Amaral Cabral

**Director**

António da Nóbrega de Sousa da Câmara

**Director**

Joaquim Martins Ferreira do Amaral

**Director**

António Pedro de Carvalho Viana-Baptista

**Director**

Vitor Manuel Galvão Rocha Novais Gonçalves

**Director**

**DECLARATION 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 2012, 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
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 2012)

**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 and 500 bonds in the company;
- José Miguel Pereira Gens Paredes – 180 bonds in the company;
- Paulo Miguel Garcês Ventura – 125 bonds in the company;
- Vítor Manuel Galvão Rocha Novais Gonçalves – 50 bonds in the company;
- Miguel Camargo de Sousa Eiró – 50 bonds in the company;
- Duarte Nuno d'Orey da Cunha – 2,907 shares in the company, 25 bonds in the company and 16,000 shares in Portucel, S.A.;
- Gonçalo Nuno Palha Picão Caldeira – 5 bonds in the company e 20,000 shares in Portucel, S.A.

**2. In the course of the first half, the following company officers acquired, disposed of, encumbered or transferred securities issued by the company, controlled or controlling companies or companies in the same group (\*):**

- José Alfredo de Almeida Honório acquired, on 30 March, 500 bonds in the company, for a price of EUR 1,000.00, per bond;
- José Miguel Pereira Gens Paredes acquired, on 30 March, 180 bonds in the company, for a price of EUR 1,000.00, per bond;
- Paulo Miguel Garcês Ventura acquired, on 30 March, 125 bonds in the company, for a price of EUR 1,000.00, per bond;
- Vítor Manuel Galvão Rocha Novais Gonçalves acquired, on 30 March, 50 bonds in the company, for a price of EUR 1,000.00, per bond;

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(\*) The bonds in the company referred on items 1. and 2. correspond to the bonds, with fixed rate of 6.85 per cent per year and maturity on 2015, issued by Semapa and identified as "Obrigações SEMAPA 2012/2015".

- Miguel Camargo de Sousa Eiró acquired 5 bonds in the company, on 30 March, and 21 bonds in the company, on 11 April, for a price of EUR 1,000.00, per bond, and 24 bonds in the company, on 12 April, for a price of EUR 996, per bond;
- Duarte Nuno d'Orey da Cunha acquired, on 30 March, 5 bonds in the company, and 20 bonds in the company, on 3 April, for a price of EUR 1,000.00, per bond;
- Gonçalo Nuno Palha Picão Caldeira acquired, on 30 March, 5 bonds in the company, for a price of EUR 1,000.00, per bond, and acquired 20,000 shares of Portucel, S.A., for a price of EUR 2,15, per share, on 16 April.

**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:**

	Holder	Nr shares	% shares and voting rights	% non-suspended voting rights
<b>A -</b>	Cimigest, SGPS, SA	3.185.019	2,69%	2,82%
	Cimo - Gestão de Participações, SGPS, S.A.	16.199.131	13,69%	14,35%
	Longapar, SGPS, S.A.	21.505.400	18,17%	19,05%
	OEM - Organização de Empresas, SGPS, S.A.	535.000	0,45%	0,47%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625.199	0,53%	0,55%
	Soc. Agrícola da Q.ta da Vialonga Directors:			
	Maude da Conceição Santos M. de Queiroz Pereira	145.685	0,12%	0,13%
	Sodim, SGPS, S.A.	15.657.505	13,23%	13,87%
	Subtotal:	57.852.939	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%
	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>	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	3.820.550	3,23%	3,38%
	Bestinfond, F.I.	3.432.923	2,90%	3,04%
	Bestinver Global, FP	907.128	0,77%	0,80%
	Bestinver Hedge Value Fund, FIL	855.353	0,72%	0,76%
	Bestinver Mixto, F.I.	639.125	0,54%	0,57%
	Soixa, SICAV	603.626	0,51%	0,53%
	Bestinver Bestvalue, SICAV	550.645	0,47%	0,49%
	Bestinver Ahorro, F.P.	540.058	0,46%	0,48%

Texrenta Inversões, SICAV	162.753	0,14%	0,14%
Bestinver Value Investor, SICAV	146.200	0,12%	0,13%
Bestinver Renta, F.I.	94.353	0,08%	0,08%
Bestinver Prevision, F.P.	33.828	0,03%	0,03%
Divalsa de Inversões, SICAV, SA	26.132	0,02%	0,02%
Bestinver Empleo, F.P.	23.517	0,02%	0,02%
Linker Inversões, SICAV, SA	15.964	0,01%	0,01%
Sumeque Capital, SICAV	10.719	0,01%	0,01%
Bestinver Empleo II, F.P.	1.415	0,00%	0,00%
Bestvalue, F.I.	921	0,00%	0,00%
<b>Soma:</b>	<b>11.865.210</b>	<b>10,03%</b>	<b>10,51%</b>

<b>D -</b> Norges Bank (the Central Bank of Norway)	5.649.215	4,77%	5,00%
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Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. holds 5.447.975 shares of own shares, corresponding to 4,6% of the share capital

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

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

Date	Quantity	Price per share	Type of trade
23-Jan	3,184,919	5.424 €	Sale

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

Date	Quantity	Price per share	Type of trade
23-Jan	3,184,919	5.424 €	Purchase

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

Date	Quantity	Price per share	Type of trade
18-Abr	804,761	5.432 €	Sale



CONSOLIDATED  
FINANCIAL STATEMENTS

30 JUNE 2012

# CONSOLIDATED SEPARATE INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012 AND 2011

Amounts in Euro	Notes	1st Semester 2012	1st Semester 2011	2nd Quarter 2012 (unaudited)	2nd Quarter 2011 (unaudited)	1st Quarter 2012* (unaudited) Restated
<b>Revenues</b>						
Sales	4	928,724,168	868,319,094	515,699,529	438,248,282	413,024,639
Services rendered	4	18,667,259	15,631,273	10,545,736	7,720,575	8,121,523
<b>Other income</b>						
Gains on disposal of non-current assets	5	23,268,055	141,032	6,156,432	98,687	17,111,623
Other operating income	5	31,947,591	23,451,553	19,972,954	12,488,084	11,974,637
<b>Change in fair value of biological assets</b>	18	(154,297)	(990,273)	1,464,173	(2,663,403)	(1,618,470)
<b>Costs, expenses and losses</b>						
Cost of inventories sold and consumed	6	(371,689,645)	(321,026,083)	(200,326,019)	(170,599,427)	(171,363,626)
Variation in production	6	(1,654,804)	(29,579,392)	(12,249,090)	(7,842,877)	10,594,286
Cost of materials and services consumed	6	(267,070,679)	(221,962,468)	(150,778,386)	(109,590,329)	(116,292,293)
Payroll costs	6	(109,629,723)	(97,651,306)	(59,305,832)	(50,729,905)	(50,323,891)
Other costs and losses	6	(23,527,365)	(17,597,325)	(16,653,450)	(7,222,893)	(6,873,915)
Provisions	6	5,163,162	(8,154,870)	3,383,015	(4,463,350)	1,780,147
<b>Depreciation, amortization and impairment losses</b>	8	(79,166,524)	(86,551,595)	(42,716,956)	(43,399,969)	(36,449,568)
<b>Operational results</b>		<b>154,877,198</b>	<b>124,029,640</b>	<b>75,192,106</b>	<b>62,043,475</b>	<b>79,685,092</b>
Group share of (loss) / gains of associated companies	9	505,540	726,332	392,446	473,613	113,094
<b>Net financial results</b>	10	<b>(22,998,007)</b>	<b>(19,258,535)</b>	<b>(12,824,031)</b>	<b>(10,461,537)</b>	<b>(10,173,976)</b>
<b>Profit before tax</b>		<b>132,384,731</b>	<b>105,497,437</b>	<b>62,760,521</b>	<b>52,055,551</b>	<b>69,624,210</b>
Income tax	11	(26,813,812)	(22,920,470)	(12,987,512)	(13,681,271)	(13,826,300)
<b>Net Income</b>		<b>105,570,919</b>	<b>82,576,967</b>	<b>49,773,009</b>	<b>38,374,280</b>	<b>55,797,910</b>
<b>Net profit for the year</b>						
<b>Attributable to Semapa shareholders</b>		<b>82,306,371</b>	<b>60,042,049</b>	<b>37,244,096</b>	<b>27,443,649</b>	<b>45,062,275</b>
Attributable to non-controlling interests	13	23,264,548	22,534,918	12,528,913	10,930,631	10,735,635
<b>Earnings per share</b>						
Basic earnings per share, EUR	12	0.729	0.532	0.330	0.243	0.399
Diluted earnings per share, EUR	12	0.729	0.532	0.330	0.243	0.399

\* Note 1.2

# CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2012 AND 31 DECEMBER 2011

Amounts in Euro	Notes	30-06-2012	31-12-2011	31-03-2012* (unaudited) Restated
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Goodwill	15	339,079,253	332,849,940	286,668,865
Other intangible assets	16	307,555,184	162,158,991	301,424,521
Plant, property and equipment	17	2,409,328,978	2,045,745,274	2,376,001,316
Investment properties		1,468,554	830,412	1,474,734
Biological assets	18	110,615,008	110,769,306	109,150,835
Investment in associates	19	5,840,930	3,924,419	98,547,308
Financial assets at fair value through profit or loss	20	7,358,800	9,657,695	281,031
Available-for-sale financial assets	21	462,077	553,764	8,610,463
Deferred tax assets	28	70,854,680	61,643,040	71,950,019
Other non-current assets		3,264,017	1,606,107	3,239,085
		<b>3,255,827,481</b>	<b>2,729,738,948</b>	<b>3,257,348,177</b>
<b>Current Assets</b>				
Inventories	23	301,453,094	242,814,299	308,142,695
Receivable and other current assets	24	361,596,753	316,625,454	362,570,827
State and other public entities	25	90,254,333	65,364,536	87,186,667
Assets held for sale	33	20,076,811	15,315,760	22,465,538
Cash and cash equivalents	31	302,223,928	415,697,575	792,298,195
		<b>1,075,604,919</b>	<b>1,055,817,624</b>	<b>1,572,663,922</b>
<b>Total Assets</b>		<b>4,331,432,400</b>	<b>3,785,556,572</b>	<b>4,830,012,099</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	26	118,332,445	118,332,445	118,332,445
Treasury shares	26	(47,164,986)	(47,164,986)	(47,164,986)
Share premiums		3,923,459	3,923,459	3,923,459
Translation reserves	27	(17,790,793)	(15,071,293)	(20,165,409)
Fair value reserves	27	(14,593,485)	(11,409,673)	(11,956,915)
Other reserves	27	953,599,979	858,223,719	982,385,519
Retained earnings	27	(313,606,758)	17,807,527	20,982,656
Retained earnings from the period	27	82,306,371	124,161,800	45,062,273
<b>Consolidated shareholders' equity</b>		<b>765,006,232</b>	<b>1,048,802,998</b>	<b>1,091,399,042</b>
Non-controlling interests	13	319,627,595	333,216,889	613,941,793
<b>Total Equity</b>		<b>1,084,633,827</b>	<b>1,382,019,887</b>	<b>1,705,340,835</b>
<b>Non-current liabilities</b>				
Deferred taxes liabilities	28	444,092,017	339,427,148	425,292,266
Pensions and other post-employment benefits	29	131,621,488	127,002,406	133,588,872
Provisions	30	41,981,993	35,905,280	45,134,872
Interest-bearing liabilities	31	1,475,974,991	1,156,533,619	1,575,346,359
Other non-current liabilities		16,794,127	18,175,624	17,451,496
		<b>2,110,464,616</b>	<b>1,677,044,077</b>	<b>2,196,813,865</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	31	576,860,471	251,991,062	350,100,388
Payables and other current liabilities	32	409,649,704	371,566,104	444,020,885
State and other public entities	25	148,357,910	100,024,555	2,087,203
Liabilities held for sale	33	1,465,872	2,910,887	131,648,923
		<b>1,136,333,957</b>	<b>726,492,608</b>	<b>927,857,399</b>
<b>Total liabilities</b>		<b>3,246,798,573</b>	<b>2,403,536,685</b>	<b>3,124,671,264</b>
<b>Total equity and liabilities</b>		<b>4,331,432,400</b>	<b>3,785,556,572</b>	<b>4,830,012,099</b>

\* Note 1.2



# STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012 AND 2011

Amounts in Euro	1st Semester 2012	1st Semester 2011	2nd Quarter 2012 (unaudited)	2nd Quarter 2011 (unaudited)	1st Quarter 2012 (unaudited) Restated
<b>Retained earnings for the period without non-controlling interests</b>	<b>105,570,919</b>	<b>82,576,967</b>	<b>49,773,009</b>	<b>38,374,280</b>	<b>55,797,910</b>
Fair value of financial derivative instruments					
Changes in fair value	(3,155,124)	5,049,125	(3,596,900)	85,585	441,776
Tax on items above when applicable	30,871	(153,735)	690,834	219,766	(659,963)
Actuarial gains / (losses)					
Actuarial gains / (losses)	7,568,314	638,698	3,424,689	812,734	4,143,625
Tax on items above when applicable	(196,594)	1,286,953	(156,829)	1,286,953	(39,765)
Currency translation differences	(383,928)	(11,158,709)	6,111,067	(4,488,828)	(6,494,995)
<b>Profit directly recognized in equity</b>	<b>3,863,539</b>	<b>(4,337,668)</b>	<b>6,472,861</b>	<b>(2,083,790)</b>	<b>(2,609,322)</b>
<b>Total recognized income and expense for the period</b>	<b>109,434,458</b>	<b>78,239,299</b>	<b>56,245,870</b>	<b>36,290,490</b>	<b>53,188,588</b>
<b>Attributable to:</b>					
Semapa's shareholders	83,072,708	58,339,565	40,446,633	26,562,389	42,626,075
Non-controlling interests	26,361,750	19,899,734	15,799,237	9,728,101	10,562,513
	<b>109,434,458</b>	<b>78,239,299</b>	<b>56,245,870</b>	<b>36,290,490</b>	<b>53,188,588</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012 AND 2011

Amounts in euro	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 2012</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>(11,409,673)</b>	<b>858,223,719</b>	<b>(15,071,293)</b>	<b>17,807,527</b>	<b>124,161,800</b>	<b>1,048,802,998</b>	<b>333,216,889</b>	<b>1,382,019,887</b>
Application of prior year's net profit:											
- Transfer to reserves	-	-	-	-	95,376,260	-	-	(95,376,260)	-	-	-
- Paid Dividends	-	-	-	-	-	-	-	(28,785,540)	(28,785,540)	-	(28,785,540)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(37,425,563)	(37,425,563)
Income and expenses recognized directly in equity *	-	-	-	(3,183,812)	-	(2,719,500)	6,669,649	-	766,337	3,097,202	3,863,539
Differences in non-controlling interests acquisitions	-	-	-	-	-	-	(338,035,737)	-	(338,035,737)	(44,060,883)	(382,096,620)
Changes in consolidation method	-	-	-	-	-	-	-	-	-	31,381,063	31,381,063
Assignment of Fair Value to InC	-	-	-	-	-	-	-	-	-	10,201,119	10,201,119
Other movements	-	-	-	-	-	-	(48,197)	-	(48,197)	(46,780)	(94,977)
Net profit for the period	-	-	-	-	-	-	-	82,306,371	82,306,371	23,264,548	105,570,919
<b>Equity as of 30 June 2012</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>(14,593,485)</b>	<b>953,599,979</b>	<b>(17,790,793)</b>	<b>(313,606,758)</b>	<b>82,306,371</b>	<b>765,006,232</b>	<b>319,627,595</b>	<b>1,084,633,827</b>

\* Net of deferred taxes

Amounts in euro	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	-	-	-	-	-	-	-	-	-	-	-
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

# CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012 AND 2011

Amounts in Euro	Note	1st Semester 2012	1st Semester 2011	2nd Quarter 2012 (unaudited)	2nd Quarter 2011 (unaudited)	1st Quarter 2012 (unaudited)
<b>OPERATING ACTIVITIES</b>						<i>Restated</i>
Payments from customers		1,023,290,063	930,908,360	564,839,293	470,113,719	458,450,770
Payments to suppliers		(833,347,047)	(726,106,696)	(440,753,122)	(374,762,102)	(392,593,925)
Payments to personnel		(81,352,130)	(59,803,813)	(55,689,157)	(34,452,322)	(25,662,973)
Cash flow from operations		108,590,886	144,997,851	68,397,014	60,899,295	40,193,872
Income tax received / (paid)		(24,678,082)	(19,363,891)	(14,908,949)	(10,619,993)	(9,769,133)
Other receipts / (payments) relating to operating activities		25,458,531	14,190,979	22,122,344	18,321,142	3,336,187
<b>Cash flow from operating activities (1)</b>		<b>109,371,335</b>	<b>139,824,939</b>	<b>75,610,409</b>	<b>68,600,444</b>	<b>33,760,926</b>
<b>INVESTING ACTIVITIES</b>						
<b>Inflows</b>						
Financial investments		297,454	2,279,645	(70,532)	2,279,645	367,986
Property, plant and equipment		876,687	48,300	384,199	32,665	492,488
Government Grants		32,526,671	5,408,195	8,573,643	5,408,195	23,953,028
Interest and similar income		8,534,403	5,169,606	4,625,698	2,933,306	3,908,705
Dividends		885,755	926,127	831,606	680,817	54,149
Other assets		120,000	-	120,000	-	-
		43,240,970	13,831,873	14,464,614	11,334,628	28,776,356
<b>Outflows</b>						
Financial investments		(709,313,311)	(7,002,697)	(673,971,913)	(2,467,864)	(35,341,398)
Cash and cash equivalents for perimeter variations		39,414,089	-	39,414,089	-	-
Property, plant and equipment		(17,817,106)	(37,414,372)	(9,813,644)	(30,694,807)	(8,003,462)
Other assets		(263,272)	-	(263,272)	-	-
		(687,979,600)	(44,417,069)	(644,634,740)	(33,162,671)	(43,344,860)
<b>Cash flow from investing activities (2)</b>		<b>(644,738,630)</b>	<b>(30,585,196)</b>	<b>(630,170,126)</b>	<b>(21,828,043)</b>	<b>(14,568,504)</b>
<b>FINANCING ACTIVITIES</b>						
<b>Inflows</b>						
Receipts relating to loans		1,918,070,838	718,931,657	1,046,941,888	380,443,937	871,128,950
		1,918,070,838	718,931,657	1,046,941,888	380,443,937	871,128,950
<b>Outflows</b>						
Payments relating to loans		(1,389,570,360)	(783,711,720)	(861,756,855)	(367,328,846)	(527,813,505)
Amortisation of financial leases		(335,561)	(376,629)	(216,120)	(103,399)	(119,441)
Interest and similar expenses		(40,971,719)	(22,056,699)	(23,008,769)	(16,463,309)	(17,962,950)
Dividends paid		(67,087,150)	(3,544,988)	(67,065,098)	(1,768,095)	(22,052)
Acquisition of treasury shares		-	(10,115,179)	-	(7,191,669)	-
		(1,497,964,790)	(819,805,215)	(952,046,842)	(392,855,318)	(545,917,948)
<b>Cash flow from financing activities (3)</b>		<b>420,106,048</b>	<b>(100,873,558)</b>	<b>94,895,046</b>	<b>(12,411,381)</b>	<b>325,211,002</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>(115,261,247)</b>	<b>8,366,185</b>	<b>(459,664,671)</b>	<b>34,361,020</b>	<b>344,403,424</b>
FOREIGN EXCHANGE DIFFERENCES		549,922	(1,532,516)	1,201,026	(345,880)	(651,104)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>415,697,575</b>	<b>265,091,311</b>	<b>760,624,644</b>	<b>237,909,840</b>	<b>415,697,575</b>
EFFECT OF NON-CURRENT ASSETS HELD FOR SALE		1,237,678	-	62,929	-	1,174,749
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>302,223,928</b>	<b>271,924,980</b>	<b>302,223,928</b>	<b>271,924,980</b>	<b>760,624,644</b>

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# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2012

(Translation of a report originally issued in Portuguese)

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

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

## Head Office:

Av. Fontes Pereira de Melo, 14, Lisboa

## Share Capital:

Euros 118.332.445

**Corporate body no.:** 502 593 130

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

These consolidated financial statements were approved by the Board of Directors on 30 August 2012.

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

## 1. Summary of the principal accounting policies

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

### 1.1 Basis of preparation

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

(SIC) in force on the date of preparation of the mentioned financial statements.

The accompanying consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 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 Additional disclosures

### Comparability

As duly communicated to the market, Semapa and CRH held differences on understanding the arbitration's decision held under the process in which were appreciated and recognized failures of the shareholder's agreement between the two companies related to Secil.

By the end of March, due to a series of acts and facts of legal, operational and financial nature, particularly concerning to investment projects and dividends, among others, Semapa believes that the existing shareholder agreement lapsed on that date, therefore started to fully consolidate the subsidiary Secil from March 22, based on the percentage of voting rights held by that subsidiary (51%), restating the accounts presented for the first quarter of 2012.

In accordance with the revised IFRS 3, Semapa measured its equity interest held in Secil (51%) by its fair value at the date in which control was obtained, which resulted in a gain of Euro 16.8 million (Note 5 ). Additionally, the Group has attributed to Secil's 49% non-controlling interest the fair value of identifiable assets and liabilities calculated by reference to the date in which control was obtained.

The comparative figure presented in these notes were not changed when compared to the disclosure made in fiscal year 2011, in which that subsidiary is presented in compliance with the proportional consolidation method, in accordance with the effective sharing of control existing at that date. Thus, the comparability of financial statements is affected by this fact.

### Restatement of financial position regarding previous reporting periods - 1st Quarter 2012

As mentioned in the previous note, due to the compliance review of shareholders' agreement,

Semapa Group restated the 31 March 2012 presented financial statements, by fully consolidating its stake in Secil.

The restatement of the consolidated statement of financial position of Semapa had the following impacts:

Amounts in Euro	31-03-2012	31-03-2012
ASSETS	Restated	
<b>Non-Current Assets</b>		
Goodwill	286,668,865	332,093,460
Other intangible assets	301,424,521	178,649,017
Plant, property and equipment	2,376,001,316	2,023,423,618
Investment properties	1,474,734	826,531
Biological assets	109,150,835	109,150,835
Investment in associates	98,547,308	96,533,186
Available-for-sale financial assets	281,031	281,031
Financial assets at fair value through profit or loss	8,610,463	8,610,463
Deferred tax assets	71,950,019	62,929,679
Other non-current assets	3,239,085	1,651,933
	<b>3,257,348,177</b>	<b>2,814,149,753</b>
<b>Current Assets</b>		
Inventories	308,142,695	261,499,335
Receivable and other current assets	362,570,827	319,928,084
State and other public entities	97,186,667	80,464,448
Assets held for sale	22,465,538	11,457,425
Cash and cash equivalents	792,298,195	760,624,644
	<b>1,572,663,922</b>	<b>1,433,973,936</b>
<b>Total Assets</b>	<b>4,830,012,099</b>	<b>4,248,123,689</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	118,332,445	118,332,445
Treasury shares	(47,164,986)	(47,164,986)
Share premiums	3,923,459	3,923,459
Translation reserves	(20,165,409)	(20,165,409)
Fair value reserves	(11,956,915)	(11,956,915)
Other reserves	982,385,519	982,385,519
Retained earnings	20,982,656	20,982,656
Retained earnings from the period	45,062,273	28,805,685
<b>Consolidated shareholders' equity</b>	<b>1,091,399,042</b>	<b>1,075,142,454</b>
Non-controlling interests	613,941,793	342,421,109
<b>Total Equity</b>	<b>1,705,340,835</b>	<b>1,417,563,563</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	425,292,266	334,056,714
Pensions and other post-employment benefits	133,588,872	123,805,381
Provisions	45,134,872	34,151,103
Interest-bearing liabilities	1,575,346,359	1,497,977,445
Other non-current liabilities	17,451,496	17,346,146
	<b>2,196,813,865</b>	<b>2,007,336,789</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	350,100,388	326,512,532
Payables and other current liabilities	444,020,885	382,984,156
Liabilities held for sale	2,087,203	1,064,474
State and other public entities	131,648,923	112,662,175
	<b>927,857,399</b>	<b>823,223,337</b>
<b>Total liabilities</b>	<b>3,124,671,264</b>	<b>2,830,560,126</b>
<b>Total equity and liabilities</b>	<b>4,830,012,099</b>	<b>4,248,123,689</b>

\* Secil fully consolidated

The restatement of the consolidated income statement for the first quarter of Semapa had the following impacts:

Amounts in Euro	31-03-2012*	31-03-2012
Revenues	Restated	
Sales	413,024,639	413,024,639
Services rendered	8,121,523	8,121,523
<b>Other income</b>		
Gains on disposal of non-current assets	17,111,623	352,253
Other operating income	11,974,637	11,974,637
Change in fair value of biological assets	(1,618,470)	(1,618,470)
<b>Costs, expenses and losses</b>		
Cost of inventories sold and consumed	(171,363,626)	(171,363,626)
Variation in production	10,594,286	10,594,286
Cost of materials and services consumed	(116,292,293)	(116,292,293)
Payroll costs	(50,323,891)	(49,821,109)
Other costs and losses	(6,873,915)	(6,873,915)
Provisions	1,780,147	1,780,147
<b>Depreciation, amortization and impairment losses</b>	<b>(36,449,568)</b>	<b>(36,449,568)</b>
<b>Operational results</b>	<b>79,685,092</b>	<b>63,428,504</b>
Group share of (loss) / gains of associated companies	113,094	113,094
Net financial results	(10,173,976)	(10,173,976)
<b>Profit before tax</b>	<b>69,624,210</b>	<b>53,367,622</b>
Income tax	(13,826,300)	(13,826,300)
<b>Net Income</b>	<b>55,797,910</b>	<b>39,541,322</b>
<b>Net profit for the period</b>		
Attributable to Semapa shareholders	45,062,273	28,805,685
Attributable to non-controlling interests	10,735,635	10,735,637
<b>Earnings per share</b>		
Basic earnings per share, EUR	0.399	0.255
Diluted earnings per share, EUR	0.399	0.255

## 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**

An operating segment is a component of an entity:

- a) that engages in business activities that may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the chief operating decision maker of the entity for the purposes of making decisions about allocating resources to the segment and assessing its performance;
- c) for which separate financial information is available.

Operating segments are consistently reported with the internal model of information management provided to the chief operating decision maker of the entity (CODM - Chief Operating Decision-Maker). The CODM is responsible for allocating resources to the segment and assess its performance, as well as for the strategic decision making.

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

### *Pulp and Paper*

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

Supremo Cimentos, SA, is a cement company operating in southern Brazil, with a fully integrated factory of clinker and cement placed in Pomerode, as well as aggregate and concrete operations.

### *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:

	<b>Average useful life (in years)</b>
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 investments**

The Group classifies its financial investments in the following categories: loans and receivables, financial

assets at fair value through profit and loss, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the intention motivating the 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 and hedge accounting**

### ***Derivative financial instruments***

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

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

Whenever the expectations surrounding movements in interest rates or in exchange rates changes, the Group tries to anticipate any adverse impact through derivatives such as interest rate swaps (IRS), interest rate and currency collars, currency forwards, etc.

When selecting instruments, economic aspects are the most valued ones. The implications of including each additional tool in the existing portfolio of derivatives are also taken into account, especially in terms of volatility on the results.

#### **Coverage of cash flows (interest rate risk and exchange risk)**

The Group, in order to manage the exposure to interest rates and exchange rates, performs cash flow coverage.

These transactions are recorded in the balance sheet at their fair value. To the extent that they are considered effective hedgings, changes in fair value are initially recorded against equity and subsequently recognized as gains / losses on financial instruments in net financial results on the date of the settlement.

If the hedging operations are ineffective, they are recorded directly into the income statement. Thus, in net terms, the costs associated to the covered funds are accrued at the contracted hedging operation inherent rate.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the changes in fair value of derivatives accumulated in equity reserves are recognized in the income statement when the hedged transaction also affects results.

#### **Net investment coverage (exchange rate risk)**

The Group, in order to manage the exposure to exchange rates, covers its position towards foreign currency while investing on entities abroad (net investment) by hiring currency forwards.

The currency forwards contracted with the purpose of hedging investments in foreign operations, and that qualifies as hedging instruments, are recorded in the balance sheet at their fair value. To the extent they are considered effective, changes in fair value of currency forwards are recognized directly in equity, within the caption Translation reserves. Gains and losses accumulated in reserves are transferred to the income statement when the foreign entities are sold.

#### **1.14 Corporate income tax**

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

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

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

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

Tax benefits attributed to the Group regarding its investment projects are recognized through the income statement as there is sufficient taxable income to allow its use.

#### **1.15 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,.

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

### 1.16 Receivables and other current assets

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

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

### 1.17 Cash and cash equivalents

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

### 1.18 Share capital and treasury shares

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

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

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

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

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

When such shares are subsequently sold or repurchased, any proceeds, net of the directly attributable transaction costs and taxes, is reflected in

the shareholders' equity of the company's shareholders, under other reserves.

### 1.19 Interest-bearing liabilities

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

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

### 1.20 Borrowing Costs

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

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

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

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

### 1.21 Provisions

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

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

The Group incurs expenditure and assumes commitments of an environmental nature. Thus, expenditure on equipment and technical staff responsible for compliance with legislation and applicable regulations (as well as curtailing the environmental impacts to levels which do not exceed those corresponding to the viable application of the best technologies available - ranging from those relating to the minimisation of energy consumption, atmospheric emissions, waste production and noise pollution to those laid down for the execution of visual and landscape requalification plans) are capitalized when they are earmarked to sustain the Group's activity over



the long term, as well as where they relate to future economic benefits and permit prolonging the life, increasing the capacity or improving the security or efficiency of the other assets held by the Group (Notes 30 and 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 recognized a provision under the caption "Provisions" (Note 30).

## 1.22 Pensions and other employee benefits

### 1.22.1 Pensions obligations – defined benefit plans

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

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

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

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

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

The gains and losses generated by a curtailment in or a settlement of a defined-benefit plan are recognized in the income statement of the financial year when the

curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees or the plan is altered in such a way that the benefits awarded are reduced with a material impact.

### 1.22.2 Pension obligations – defined contribution plans

#### *Portucel Sub-Group*

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

In order to capitalize those contributions, pension funds were set up, for which employees can make additional voluntary contributions.

Therefore, the responsibility with these plans corresponds to the contribution made to the funds based on the percentage of the employees' salaries defined in the respective agreements. These contributions are recognized as a cost in the income statement in the period to which they refer, regardless of the date of the settlement of the liability.

#### *Secil Sub-Group*

The defined contribution plan, managed by the Pension Fund Group Secil and finance by the associates and beneficiaries was implemented with effects as of 1 January 2010 as follows:

- i) Secil and CMP pension plans include all workers with a no-term contract as of 31 December 2009 (and who were covered by the defined-benefit plans) who opted for the transition to these plan and all employees hired under a permanent contract after 1 January 2010, also applied to board members.
- ii) Unibetão, Britobetão and Minerbetão pension plans include all workers with a no-term contract as of 31 December 2009, signed under the CTT agreement between APEB and FETESE and all employees hired under a permanent contract after 1 January 2010, with the exception of workers who are covered by CTT agreement between APEB and FEVICOM, 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, at 31 December 2009, a no-term contract and who were covered by the defined-benefit plan, the initial fund contribution was based on their share of the defined-benefit pension plan liabilities as at 31 December 2009.

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

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

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

### **1.22.3 Other post-employment benefits**

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

Retirement and death subsidy

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

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

*Long-service bonus*

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

*Healthcare assistance*

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

Under this scheme, certain healthcare costs are reimbursed: (i) at Secil via a Health Insurance contracted by the company, (ii) at CMP, through “Cimentos – Federação das Caixas de Previdência”, for the employees included therein, as well as by way of the company’s prior approval of the medical services for the remaining employees and after 1 July through the insurance scheme contracted by the company and (iii) at the subsidiaries Cimentos Madeira e Brimade

through the approval of expenses for medical services and medicines.

### **1.22.4 Holiday pay and allowances and bonuses**

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

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

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

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

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

### **1.24 Non-current assets held for sale and discontinued operations**

Non-current assets (or discontinued operations) are classified as held for sale if its value is realizable through a sale transaction rather than through its continuing use.

It is considered that this situation exists only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition, (ii) the Group has assumed a commitment to sell, and (iii) it is expected that the sale will take place within a period of 12 months. In this case, non-current assets are valued at lower between book value and fair value less costs to sell.

From the moment that certain tangible assets shall be considered as “held for sale”, depreciation ceases, and are the assets are classified as non-current assets held for sale.

Gains or losses on disposals of tangible assets, determined as the difference between the sale price and its net book value, are recorded in as gains and losses on disposals of assets.

### **1.25 Government grants**

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

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

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

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

## 1.26 Leases

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

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

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

### Leases included in contracts according to IFRIC 4

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

## 1.27 Dividends distribution

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

## 1.28 Revenue recognition and accrual basis

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

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

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

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

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

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

## 1.29 Contingent assets and liabilities

Contingent liabilities in which there is probability of an outflow of funds affecting future economic benefits is only probable, are not recognized in the consolidated financial statements, and are disclosed in the notes, unless the probability of the outflow of funds affecting future economic benefits is remote, in which case they are not the object of disclosure.

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

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

## 1.30 Subsequent events

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

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

## 1.31 New standards, changes and interpretations of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the IASB for the financial years that begin on or after 1 January 2012:

New standards	Effective date *
IFRS 7 (revised) - Financial Instruments - Disclosure	1 January 2012
IFRS 12 (revised) - Disclosure of Interests in Other Entities	1 January 2012
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards	1 January 2012

\* Periods beginning on or after

### **New standards and interpretations not mandatory as at 30 June 2012:**

There are new standards, interpretations and amendments of existing standards, despite having

already been published, they are only mandatory for the periods starting on 1 January 2012 or further, as the Group decided not to adopt them in advance in the current period, as follows.

Annual improvements 2009-2011 (effective for annual periods beginning on or after July 1, 2012)		Effective date *
IAS 1 (amendment) - Presentation of Financial Statements		1 July 2012
IFRS 1 - First-time Adoption of International Financial Reporting Standards		1 January 2013
IAS 1 - Presentation of Financial Statements		1 January 2013
IAS 16 - Tangible Assets		1 January 2013
IAS 19 (revised 2011) - Benefits to employees		1 January 2013
IAS 32 - Financial Instruments : Presentation.		1 January 2013
IAS 34 - Interim Financial Reporting		1 January 2013
IFRS 10 (new) - Consolidated financial statements		1 January 2013
IFRS 11 (new) - Joint agreements		1 January 2013
IFRS 12 (new) - Disclosure of interests in other entities		1 January 2013
IFRS 10 (revised) - Consolidated financial statements		1 January 2013
IFRS 11 (revised) - Joint Arrangements		1 January 2013
IFRS 12 (revised) - Disclosure of Interests in Other Entities		1 January 2013
IFRS 13 (new) - Fair Value Measurement and disclosure		1 January 2013
IAS 27 (revised 2011) - Separate financial statements		1 January 2013
IAS 28 (revised 2011) - Investments in associates and joint ventures		1 January 2013
IFRS 7 (amendment) - Disclosures - offsetting financial assets and liabilities		1 January 2013
IFRS 1 (amendment) - First time adoption of IFRS		1 January 2013
IAS 32 (amendment) - Offsetting Financial assets and liabilities		1 January 2014
IFRS 9 (new) - Financial instruments - classification and measurement		1 January 2015

\*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.

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

## 2. Risk management

### 2.1 Financial risk factors

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

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

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

#### 2.1.1 Currency risk

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

Regarding the segment of the Pulp and Paper, on one hand, a significant portion of its sales are denominated in currencies other than Euro. Thus, its development could have a significant impact on future sales of the Company, while USD becomes the currency with higher impact on the USD. Also sales in GBP and CHF have some expression, as sales in other currencies are less significant.

Purchases of certain raw materials are made in USD, particularly the share of imports of wood pulp and softwood, therefore variations in this coin may have an impact on acquisition values.

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

Portucel holds a commercial subsidiary in the United States of America, Portucel Soporcel North America, whose share capital amounts to about USD 25 million and is exposed to currency risk. In addition to this transaction, this segment no longer holds investments in foreign operations which are materially relevant and whose net assets are exposed to currency risk.

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

The currency risk inherent to the segment of Cement and derivatives, is mainly caused by the purchases of fuel and freight ships, both paid in USD. This segment continued its policy of maximizing the potential of covering their foreign exchange exposure, through compensating the exchange flows internally.

For the flows that are not compensated naturally, the risk has been assessed and covered by contracting structures of exchange options, which set the limit for the amount to pay, while it allows benefits from a favourable evolution in the exchange rate.

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

The Group's exposure to foreign exchange rate risk as of 30 June 2012, based on the financial assets and liabilities that amounted to a net asset Euro of 54,055,628 converted at the exchange rate as of that date (31 December 2011 Euro 78,178,679) as follows:



	United States	British Pound	Polish Zloty	Swedish
Amounts in Foreign Currency	Dollar			Krona
<b>As of 30 June 2012</b>				
<b>Assets</b>				
Cash and cash equivalents	69,735,975	141,947	62,889	608
Receivables	69,600,828	21,191,643	6,781,362	293,421
Other assets	699,454	-	-	-
<b>Total Financial Assets</b>	<b>140,036,257</b>	<b>21,333,590</b>	<b>6,844,251</b>	<b>294,029</b>
<b>Liabilities</b>				
Bearing liabilities	(18,418,246)	-	-	-
Payables	(2,272,306)	(21,807)	(3,000)	(850)
<b>Total Financial Liabilities</b>	<b>(20,690,552)</b>	<b>(21,807)</b>	<b>(3,000)</b>	<b>(850)</b>
<b>Net financial position</b>	<b>(163,182,000)</b>	<b>(18,020,000)</b>	<b>-</b>	<b>-</b>
<b>Net financial position of balance sheet</b>	<b>(43,836,295)</b>	<b>3,291,783</b>	<b>6,841,251</b>	<b>293,179</b>
<b>As of 31 December 2011</b>				
Total Financial Assets	107,395,578	18,551,822	9,426,224	232,152
Total Financial Liabilities	(11,984,178)	(1,679,107)	(338,227)	(499,742)
<b>Derivative financial instruments</b>	<b>(113,876,000)</b>	<b>(413,813)</b>	<b>-</b>	<b>-</b>
<b>Net financial position of balance sheet</b>	<b>(18,464,600)</b>	<b>16,458,902</b>	<b>9,087,997</b>	<b>(267,589)</b>

	Czech Koruna	Swiss Franc	Danish Krone	Brazilian Real	Australian Dollar
<b>As of 30 June 2012</b>					
<b>Assets</b>					
Cash and cash equivalents	(11,699)	7,369	257	29,451,166	-
Receivables	-	5,041,356	1,716,254	4,306,601	24,134
Other assets	-	-	-	1,081,931	-
<b>Total Financial Assets</b>	<b>(11,699)</b>	<b>5,048,725</b>	<b>1,716,511</b>	<b>34,841,698</b>	<b>24,134</b>
<b>Liabilities</b>					
Bearing liabilities	-	-	-	(147,435,918)	-
Payables	-	(148,919)	-	9,475,423	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(148,919)</b>	<b>-</b>	<b>(137,960,495)</b>	<b>-</b>
<b>Net financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64,025,000)</b>	<b>-</b>
<b>Net financial position of balance sheet</b>	<b>(11,699)</b>	<b>4,899,806</b>	<b>1,716,511</b>	<b>(167,143,797)</b>	<b>24,134</b>
<b>As of 31 December 2011</b>					
Total Financial Assets	-	3,844,332	543,599	-	73,670
Total Financial Liabilities	(152)	(7,833,648)	(686,990)	-	(2,279)
<b>Derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial position of balance sheet</b>	<b>(152)</b>	<b>(3,989,317)</b>	<b>(143,391)</b>	<b>-</b>	<b>71,391</b>

	Norwegian krone	Mozambican Metical	MAD	Lebanese Pounds	Tunisian Dinar
<b>As of 30 June 2012</b>					
<b>Assets</b>					
Cash and cash equivalents	124,447	13,457,831	401,931	676,198	3,311,566
Receivables	806,115	-	-	20,473,134	21,077,232
Other assets	-	-	-	-	139,170
<b>Total Financial Assets</b>	<b>930,562</b>	<b>13,457,831</b>	<b>401,931</b>	<b>21,149,332</b>	<b>24,527,968</b>
<b>Liabilities</b>					
Bearing liabilities	-	-	-	(5,244,352)	(55,438,431)
Payables	-	(1,341,564)	-	(24,883,345)	(26,930,024)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(1,341,564)</b>	<b>-</b>	<b>(30,127,697)</b>	<b>(82,368,455)</b>
<b>Net financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial position of balance sheet</b>	<b>930,562</b>	<b>12,116,267</b>	<b>401,931</b>	<b>(8,978,365)</b>	<b>(57,840,487)</b>
<b>As of 31 December 2011</b>					
Total Financial Assets	935,893	7,991,465	935,893	11,681,274	12,121,797
Total Financial Liabilities	(491,414)	-	(530,416)	(18,623,520)	(40,857,334)
<b>Derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial position of balance sheet</b>	<b>444,479</b>	<b>7,991,465</b>	<b>405,477</b>	<b>(6,942,246)</b>	<b>(28,735,537)</b>

Derivative financial instruments are to covering the currency risk of future transactions in foreign currency.

## 2.1.2 Interest rate risk

The cost of the Group's financial debt is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt).

Hence, changes in interest rates can have an impact on the Company's earnings. Where the Board considers appropriate, the Group relies on the use of derivative financial instruments, including interest rate swaps and collars to manage the interest rate risk, and these tools

aim to fix the interest rate on loans it obtains, within certain parameters.

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

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

The sub-group ETSA kept all its debt allocated to a variable tax rate.

On 30 June 2012 and 31 December 2011, 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
<b>As of 30 June, 2012</b>						
<b>Assets</b>						
Current						
Cash and cash equivalents	278,202,831	15,702,348	8,318,749	-	-	302,223,928
<b>Total Financial Assets</b>	<b>278,202,831</b>	<b>15,702,348</b>	<b>8,318,749</b>	<b>-</b>	<b>-</b>	<b>302,223,928</b>
<b>Liabilities</b>						
Non-current						
Bearing liabilities	273,050,000	100,000,000	259,196,429	524,015,218	321,364,629	1,477,626,276
Current						
Bearing liabilities	65,826,581	22,413,792	488,620,098	-	-	576,860,471
<b>Total Financial Liabilities</b>	<b>338,876,581</b>	<b>122,413,792</b>	<b>747,816,527</b>	<b>524,015,218</b>	<b>321,364,629</b>	<b>2,054,486,747</b>
<b>Difference</b>	<b>(60,673,750)</b>	<b>(106,711,444)</b>	<b>(739,497,778)</b>	<b>(524,015,218)</b>	<b>(321,364,629)</b>	<b>(1,752,262,819)</b>

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
<b>As of 31 December, 2011</b>						
<b>Assets</b>						
Current						
Cash and cash equivalents	394,740,798	20,794,347	-	-	-	415,535,145
<b>Total Financial Assets</b>	<b>394,740,798</b>	<b>20,794,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415,535,145</b>
<b>Liabilities</b>						
Non-current						
Bearing liabilities	117,349,998	125,500,000	825,097,568	78,479,722	12,340,917	1,158,768,205
Current						
Bearing liabilities	13,678,531	17,088,716	221,223,815	-	-	251,991,062
Financial derivative instrument	-	-	13,102,491	-	-	13,102,491
<b>Total Financial Liabilities</b>	<b>131,028,529</b>	<b>142,588,716</b>	<b>1,059,423,874</b>	<b>78,479,722</b>	<b>12,340,917</b>	<b>1,410,759,267</b>
<b>Difference</b>	<b>263,712,269</b>	<b>(121,794,369)</b>	<b>(1,059,423,874)</b>	<b>(78,479,722)</b>	<b>(12,340,917)</b>	<b>(995,224,122)</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.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect income or interest expense of financial instruments;
- Changes in market interest rates only affect income or interest expense relating to the financial instruments with fixed interest rates, if these are recognized at fair value;
- Changes in market interest rates affect the fair value of derivatives and other financial assets and liabilities;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows to net present values using market rates at the end of the year.

### 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 2012 and 31 December 2011, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances:

Amounts in Euro	Total				
	Pulp and paper	Cement and Derivatives	Environment	30-06-2012	31-12-2011
Not overdue	225,724,722	43,574,929	3,328,175	272,627,826	203,917,471
1 to 90 days	657,486	18,262,478	3,178,448	22,098,412	42,005,227
91 to 180 days	368,491	4,373,607	2,663,386	7,405,484	4,256,861
181 to 360 days	79,472	5,754,555	637,300	6,471,327	2,078,742
361 to 540 days	126,273	1,901,191	157,824	2,185,288	837,896
541 to 720 days	1,815	954,265	72,857	1,028,937	771,380
more than 721 days	493,795	10,608,345	442,285	11,544,425	6,142,633
	<b>227,452,054</b>	<b>85,429,370</b>	<b>10,480,275</b>	<b>323,361,699</b>	<b>260,010,210</b>
Litigation - doubtful debts	2,254,172	8,964,299	-	11,218,471	6,174,601
Impairments (Note 22)	(2,138,329)	(25,161,411)	(492,680)	(27,792,420)	(14,941,676)
<b>Net receivables balance (Note 24)</b>	<b>227,567,897</b>	<b>69,232,258</b>	<b>9,987,595</b>	<b>306,787,750</b>	<b>251,243,135</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 behaviour of the Group customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the share not attributable to the insurance company, to define the amount of losses to recognize in the period.

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

The table below represents the quality of the Group's credit risk, as of 30 June 2012 and 31 December 2011, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	30-06-2012	31-12-2011
AA	2,299	-
AA-	3,576	-
A+	1,370,679	1,001,139
A	31,446,737	76,812,011
A-	105,068	95,616
BBB+	763,957	60,029,703
BBB	201,124	-
BBB-	43,890	58,834,855
BB+	61,345,810	55,107,112
BB	43,249,809	141,395,115
BB-	87,082,453	55,818
B+	20,085,228	-
Others	56,007,051	22,203,778
	<b>301,707,681</b>	<b>415,535,146</b>

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

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

Amounts in Euro	30-06-2012		31-12-2011	
	Gross value	Credit insurance	Gross value	Credit insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	18,816,944	8,249,188	41,640,212	18,466,379
Overdue - more than 3 months	9,346,117	770,810	5,874,359	274,373
	<b>28,163,061</b>	<b>9,019,998</b>	<b>47,514,571</b>	<b>18,740,752</b>
Accounts receivable overdue and impaired				
Overdue - less than 3 months	406,231	-	365,015	-
Overdue - more than 3 months	26,842,304	-	14,331,808	-
	<b>27,248,535</b>	<b>-</b>	<b>14,696,823</b>	<b>-</b>

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

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

The maximum exposure to the credit risk as at 30 June 2012 and 31 December 2011, is detailed in the following schedule:

Amounts in Euro	30-06-2012	31-12-2011
<b>Non-current</b>		
Other non-current assets	462,077	553,764
Associates and Other non-current assets	9,104,947	5,530,526
<b>Currents</b>		
Receivables and other current assets	330,469,299	299,210,475
Cash and cash equivalents	302,223,928	415,697,575
	<b>632,693,227</b>	<b>714,908,050</b>
<b>Credit risk exposures relating to off-balance sheet items</b>		
Warranties (Note 40)	61,485,959	52,168,377
	<b>61,485,959</b>	<b>52,168,377</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	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As of 30 June 2012						
<b>Liabilities</b>						
Interest-bearing liabilities						
Bond loans	671,640	1,802,306	366,050,107	763,604,022	40,000,000	1,172,128,075
Commercial paper	290,143	180,332	54,003,022	237,295,120	50,000,000	341,768,617
Bank loans	49,115,813	7,671,182	106,726,538	347,954,427	100,077,255	611,545,215
Financial leases payables	49,930	102,318	926,216	3,206,910	1,029,648	5,315,022
Shareholder loan	-	-	25,237,760	8,980,953	-	34,218,713
Accounts payable and other liab	817,507	104,042	385,548	17,752,686	-	19,059,783
Derivative financial instruments	533,734	157,120,920	166,338,758	13,877,467	-	337,870,879
<b>Total liabilities</b>	<b>51,476,768</b>	<b>166,981,100</b>	<b>719,667,948</b>	<b>1,392,671,584</b>	<b>191,106,903</b>	<b>2,521,906,303</b>
As of 31 December 2011						
<b>Liabilities</b>						
Interest-bearing liabilities						
Empréstimos por obrigações	887,289	2,036,267	171,109,628	689,322,381	-	863,355,564
Commercial paper	183,612	432,711	5,489,441	140,572,336	6,630,000	153,308,101
Bank loans	11,564,690	13,332,830	76,488,267	298,538,949	101,595,183	501,519,819
Financial leases payables	68,863	101,535	616,775	1,603,920	657,236	3,048,330
Shareholder loan	-	125,000	10,375,000	-	-	10,500,000
Accounts payable and other liab	2,549,919	-	2,575,219	11,454,239	207,017	16,786,394
Derivative financial instruments	174,866,520	68,971,396	53,745,725	19,111,746	-	316,695,387
<b>Total liabilities</b>	<b>190,120,894</b>	<b>84,999,739</b>	<b>320,400,054</b>	<b>1,160,603,470</b>	<b>109,089,437</b>	<b>1,865,213,594</b>

As of 30 June 2012 and 31 December 2011, bank loans granted and not withdrawn amounts are Euro 329,812,620 and Euro 332,924,686 respectively.

## 2.1.5 Price Risk

The Group, as a result of its investment in Banco Comercial Português, Energias de Portugal and Banco Espírito Santo, has been exposed to fluctuations in the price of shares.

## 2.2 Operational risk factors

### 2.2.1 Risks relating to the “Pulp” and “Paper” segments

#### Risks relating to the forestry sector

Portucel Group carries out the management of woodlands covering an area of some 120 thousand hectares of land, from north to south of the country, according to the principles laid down in its Forestry Policy. Eucalyptus trees occupy 71% of this area, namely the Eucalyptus globulus, the species that is universally acknowledged as the tree with the ideal fibre for producing high quality paper.

The main risk factor threatening the eucalyptus forests lies in the low productivity of Portugal's forests and in the worldwide demand for certified products, considering that only a small proportion of the forests is certified. It is expected that this competitive pressure will remain in the future. As an example, the forestry area managed by the Group represents less than 3.6% of Portugal's total forested area and 55% of all certified Portuguese forests, according to the FSC standard.

The main risks associated with the sector are the risk attached to the productive capacity of the plantations and the risk of wildfires. In order to maximize the productive capacity of the areas it manages, the Group has developed and employs Forestry Management models which contribute to the maintenance and ongoing improvement of the economic, ecological and social functions of the forestry areas, not only regarding

the population but also from the forestry landscape perspective, namely:

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

The Group also has a research institute, Raíz, whose activity is focused in 3 main areas: Applied Research, Consulting and Training. In the forestry research area, Raíz seeks:

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

Regarding the risk of wild fires, the manner in which the Group manages its woodlands constitutes the front line for mitigating this risk. Most of the Group's forestry resources are certified by the FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification schemes), which guarantees that the Company's forests are managed in a responsible manner from an environmental, economic and social standpoint, complying with stringent and internationally-recognized criteria.

Amongst the various management measures to which the Group has committed under this program, the strict compliance for the biodiversity rules and the construction and maintenance of access roads and routes to each of the operational areas assume particular importance in mitigating the risk of wild fires.

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

## ***Risks relating to the production and trading of BEKP and UWF paper***

### **Supply of raw materials**

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

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, so that increases in forested areas, or the substitution of some of the currently used areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed of the responsible authorities in approving the new projects. If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on the importation of wood.

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

The Group seeks to maximize the added value of their products, particularly through increased integration of certified wood in these products.

The low expression of this wood outside the forests directly managed by the Group, has meant a shortage of supply to which the Group has responded with an increase in the price offered when comparing to wood originating from forests that are not certified.

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

On 30th June 2012, an increase of Euro 5 on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had an impact in Group's earnings of some Euro 10,000,000.

The production process depends on the constant supply of steam and electric energy. For this, the Group owns several cogeneration units that ensure this constant supply. A contingent plan with redundancies between the different power generation units is in place

in order to reduce the risk of failure of the power supply to the pulp and paper mills.

### ***Market price for UWF paper and BEKP***

The market prices of BEKP and UWF paper are defined in the world global market in perfect competition and have a significant impact on the Group's revenues and on its profitability. Cyclical fluctuations in BEKP and in UWF Paper prices mainly arise from changes in the world supply and demand, the financial situation of each of the international market players (producers, traders, distributors, clients, etc.), creating imbalances in supply, in the face of market demand raising market volatility.

The BEKP and UWF paper markets are highly competitive. Significant variations in existing production capacities could have a strong influence on world market prices. These factors have encouraged the Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditure to increase productivity and the quality of the products it sells.

As of 30 June 2012, a 10% drop in the price per ton of BEKP and a 5% drop in the price per ton of UWF paper sold by the Group in the period, would have represented an impact on its earnings of about Euro 8,000,000 and Euro 30,000,000, respectively.

### ***Demand for Group's products***

Notwithstanding what refers to the concentration of the portfolios of the Group's customers, any reduction in demand for BEKP and UWF in the markets of the European Union and the United States could have a significant impact on the Group's sales. The demand for BEKP produced by Group also depends on the evolution of the capacity for paper production in the world, since the major Group customers are BEKP paper producers.

The demand for printing and writing has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the economy, worldwide, can cause a slowdown or decline in demand for printing paper and writing in this way affect the performance of the Group.

Consumer preferences may have an impact on global demand and the role of certain particular types, such as the demand for recycled products or products with certified virgin fiber.

Regarding this matter, and in the case of the UWF, the Group believes that the marketing strategy and branding that has been following, combined with the significant investments made to improve productivity and produce high quality products, allow you to put your products in market segments less sensitive to variations in demand, allowing a lower exposure to this risk.

### ***Competition***

Increasing competition in paper and pulp markets may have a significant impact in price and as a consequence in Group's profitability.

As paper and pulp markets are highly competitive, new capacities may have a relevant impact in prices worldwide.

Producers from southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers.

These factors have forced the Group to make significant investments in order to keep production costs competitive and produce high quality products as it is likely that competitive pressure will remain strong in the future.

The Portucel Group sells most of its paper production in Europe, holding significant market shares in Southern European countries and relevant market shares in the other major European markets, as well as an important presence in the USA.

The increase in the Group's paper production capacity in 2010 of almost 500 thousand tons per year, induced by the new paper mill in Setúbal industrial complex, as well as potential investments the Group might start in this area, may influence the distribution capacity as well as selling prices, as a consequence of entering in new markets.

### ***Concentration of the customer portfolio***

The paper business, which represented 80% of total turnover of Portucel during the period, is nowadays a global operation with regular sales around the world in over 100 countries, several hundreds of customers and more than 4,000 delivery points. The client base have been increasing, as a result of business expansion and geographic diversification, having increased around 4% when compared to the same period in 2011. In the first half of 2012, the top 10 Group customers of UWF paper represented 27% of paper sales. The weight of own brands in Portucel's turnover, unlikely to be awarded to other paper manufacturer and high levels of loyalty and demand by the final consumer, are additional factors contributing to the low risk exposure to the concentration of customer portfolio.

Pulp business has been reducing its expression in Portucel overall turnover, representing about 8% of sales in the first half of 2012 as a result of higher levels of pulp integration in paper production. Being a business of a different nature, in which the product is sold to industry, and given Portucel expertise in high value added markets, the weight of top 10 clients is 62% of total volume.



## ***Risks associated with the production of energy***

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

Considering the increasing integration of the Group's mills dedicated to the production of BEKP and UWF paper and as a means of increasing the use of the biomass gathered in the woodlands, the Group built new natural-gas and biomass power-generating units. These units serve to complement those already in use, thus creating a number of redundant units which allow the Group to mitigate the risk of an interruption in the power supply to its industrial sites.

In this sector, the main risk is linked to the supply of raw material, namely, biomass. The group has played a pioneering role and has been developing a market for the sale of biomass for supplying the power plants it owns. The fostering of this market in a phase prior to the start-up of the new power-generating units enabled it to secure a sustained raw-material supply network which it may utilize in the future. As previously mentioned, the Group has been making the Government and public opinion aware of the need to guarantee that biomass is viewed in a sustainable manner, avoiding the use of eucalyptus wood for biomass, as an alternative of its use in the production of tradable goods.

In addition, and despite the legal provisions that allow the Group to predict the stability of tariffs in the near future, there is a risk that the change in the sale's tariff of the energy produced from renewable resources will penalize those products. The constant search for the optimization of production costs and efficiency of the generating units is the way the Group seeks to mitigate this risk.

## ***Other risks associated with the segment of pulp and paper***

Portucel Group exports over 94% of its production. As a consequence, transportation and logistic costs are materially relevant. A continuous rise in transport costs may have a significant impact in Group's earnings.

The Group's activity is exposed to risks related to forest fires, including:

- i) destruction of actual and future wood inventory, belonging to the Group as well as to third parties;
- ii) increasing forestry costs and subsequent land preparation for plantation.

## **2.2.2 Risks relating the segment of Cement and derivatives**

### ***Supply of raw materials***

Regarding Cement and Derivatives segment, 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 the Group sustained operation in the coming years.

### ***Sale Price***

Since the Cement and Derivatives segment operates in geographically diverse markets, prices mainly depend on the economic situation of each country.

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

### ***Demand for Group's products***

The Cement and Derivatives segment's turnover depends 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 segment's products is in general aligned with this behavioural pattern.

### ***Competition***

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

## **2.2.3 Risks regarding the Environment segment**

### ***Supply of raw materials***

The supply of raw materials for Environment's sector, developed by ETSA subgroup, is conditioned by the

availability of animal carcasses and waste from the food industry, particularly in abattoirs and animal's slaughterhouses.

This market is relatively vulnerable to the deterioration of economic situation, as well as to the resulting change in consumption habits and ease substitution between food products, which could limit the activity of this subgroup.

### **Sale Price**

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

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

### **Demand for Group's products**

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.

### **Competition**

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

## **2.2.4 Risks regarding the Group in general**

### **Environmental legislation**

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

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

Currently, any known changes in law are related to the predictable end of the CO<sub>2</sub> emission rights' free attribution regime, after the conclusion of the current stage of the National Plan for the Allocation of CO<sub>2</sub> Emission Licences, PNALE II.

This change will increase the costs for the transformation industry in general and in particular for the paper and pulp and cement industries, without any

compensation for the CO<sub>2</sub> that, annually, is absorbed by the forests.

In order to reduce the impact of this change, the Group has been following a strategy of carrying out a series of environmental related investments that, among other advantages, have resulted in a continued reduction of the CO<sub>2</sub> emissions, whilst the production volume has continuously increased within the last years.

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

### **Human Resources**

The Group's ability to successfully implement outlined strategies depends on its capacity to recruit and retain key talents for each role. Although the Group's human resources policy seek to achieve these goals, there might be some limitations to achieve them in the future.

### **Other risks**

The Group's manufacturing facilities are subject to risks inherent to any business industry, such as accidents, breakdowns or natural disasters that may cause losses in the Group's assets or temporary interruptions in the production process.

Likewise, these risks may also affect the Group's main customers and suppliers, which would have a significant impact on the levels of the Group's profitability, should it not be possible to find new customers to ensure sales levels and new suppliers enabling the Group to maintain its current cost structure.

## **2.2.5 Context risks**

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

- i) Ports and railroads;
- ii) Roads particularly those providing access to the Group's producing units;
- iii) Rules regarding territory management and forest fires;
- iv) Low productivity of the country's forests;
- v) The majority of the Portuguese forest is not certified.

## **3. Important accounting estimates and judgments**

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

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

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

### 3.1 Impairment of Goodwill

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

### 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 2012, a decrease of 0.5% in the discount rate used in the actuarial assumptions would mean an overall increase of liabilities of Euro 18,525,601 in their assessed value.

### 3.4 Fair value of biological assets

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

As of 30 June 2012, an increase of 0.5% in the discount rate (6.6%) used to value those assets, would decrease their value by Euro 4,267,962.

### 3.5 Recognition of provisions and adjustments

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

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



## 4. Segment reporting

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

### Segmental report

Financial information by business segment for the first semester of 2012 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
<b>REVENUE</b>					
Revenue	742,747,412	188,102,413	16,548,140	(6,538)	947,391,427
Resultados operacionais	133,609,099	4,592,460	2,356,369	14,319,270	154,877,198
Net financial results	(8,764,472)	(3,425,772)	(840,945)	(9,966,818)	(22,998,007)
Group share of (loss) / gains of associated c	393,816	111,724	-	-	505,540
Income tax	(24,963,912)	(1,514,348)	(348,752)	13,200	(26,813,812)
<b>Ordinary activities results</b>	<b>100,274,531</b>	<b>(235,936)</b>	<b>1,166,672</b>	<b>4,365,652</b>	<b>105,570,919</b>
Non-controlling interest	(21,533,648)	(1,621,217)	(109,683)	-	(23,264,548)
<b>Net profit for the year</b>	<b>78,740,883</b>	<b>(1,857,153)</b>	<b>1,056,989</b>	<b>4,365,652</b>	<b>82,306,371</b>
<b>OTHER INFORMATION</b>					
Segment assets	2,704,602,863	1,203,805,198	95,955,908	327,068,431	4,331,432,400
Investments in associates	1,752,100	4,088,830	-	-	5,840,930
Total segmental liabilities	1,460,797,174	659,619,993	42,224,622	1,084,156,784	3,246,798,573
Depreciation, amortization and impairment los:	60,001,563	17,620,960	1,398,594	145,407	79,166,524
Provisions	6,489,237	383,677	(559,752)	(1,150,000)	5,163,162
Capital expenditures	20,103,961	12,571,910	1,884,515	18,709	34,579,095

Financial information by business segment for the first semester of 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 year</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

Additionally, revenues from the Holdings segment were entirely made in Portugal.

## Geographical segment

1st S 2012	Pulp and Paper	Cement	Environment	Total
<b>Sales and services:</b>				
Portugal	91,550,981	92,875,416	12,033,752	196,460,149
Rest of Europe	504,357,187	673,704	4,381,880	509,412,771
América	64,702,641	4,853,144	-	69,555,785
Africa	-	36,361,107	132,509	36,493,616
Asia	-	28,937,296	-	28,937,296
Overseas	82,136,603	24,395,208	-	106,531,811
	<b>742,747,412</b>	<b>188,095,875</b>	<b>16,548,140</b>	<b>947,391,427</b>

1st S 2011	Pulp and Paper	Cement	Environment	Total
<b>Sales and services:</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
América	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	13,384,258	-	108,630,771
	<b>739,571,965</b>	<b>128,366,355</b>	<b>16,012,047</b>	<b>883,950,367</b>

It should be noted that in the first half of 2012, Cement and Derivatives segment was consolidated using the proportional method (51%) within the period from January to March and full consolidated in the period from April to June (first half 2011: Consolidated by proportional method - 51%) (Note 1.2).

## 5. Other income

In the first semesters of 2012 and 2011, the caption "Other income" comprised:

Amounts in Euro	1st Semester 2012	1st Semester 2011
Grants - CO2 Emission allowances	13,004,682	13,399,998
Reversion of impairment (Note 22)	918,367	800,803
Gains on disposals of CO2 emission allowances	-	4,352,880
Supplementary income	4,703,016	143,787
Gains on disposals of non-current assets	23,268,055	141,032
Gains on inventories	445,386	595,777
Gains on current assets	149,536	77,079
Operating government grants	98,543	294,806
Own work capitalised	17,197	27,163
Revenues from waste management	361,201	425,651
Other operating income	12,249,664	3,333,609
	<b>55,215,646</b>	<b>23,592,585</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).

The caption "Gains on disposals of non-current assets" includes:

i) Euro 16,759,370 related to the measurement at fair value in accordance with IFRS 3 revised, of the interest held by Semapa in Secil equity (51%) at fair value on the date in which the control was obtained (22 March 2012) (Note 1.2); and

ii) Euro 6,000,000 regarding positive adjustments to the sale price of 49% of the interest held by Semapa on Secil, to Beton Catalan (CRH Group), held in 2004, only now paid by this entity to Semapa

The caption "Supplementary Income" includes an amount of Euro 3,565,578 corresponding to the payment made by CRH to Semapa, in compliance with the arbitration award, which condemned the first to the reimbursement of certain expenses incurred by the second with arbitral proceedings.

## 6. Costs, expenses and losses

Costs, expenses and losses are detailed as follows for the six month periods ended 30 June 2012 and 2011:

Amounts in Euro	1st Semester 2012	1st Semester 2011
<b>Cost of sales and services rendered</b>		
Cost of inventories sold and consumed	(371,689,645)	(321,026,083)
Cost of materials and services consumed	(267,070,679)	(221,962,468)
<b>Variation in production</b>	(1,654,804)	(29,579,392)
<b>Payroll costs</b>		
Statutory bodies (Note 7)	(9,524,910)	(9,583,118)
Other remunerations	(68,249,251)	(61,412,039)
Pension costs	(6,223,217)	(5,240,726)
Other payroll costs	(25,632,345)	(21,415,423)
	<b>(109,629,723)</b>	<b>(97,651,306)</b>
<b>Other costs and losses</b>		
Membership fees	(467,788)	(418,024)
Donations	(259,100)	(270,027)
Cost with emission allowances	(12,796,296)	(10,990,733)
Inventories and other receivables impairment	(2,073,096)	(1,184,175)
Losses on inventories	(171,006)	(160,030)
Indirect taxes	(3,367,017)	(3,607,944)
Losses on disposal of non-current assets	(1,604,182)	(83,584)
Other operating costs	(2,788,880)	(882,808)
	<b>(23,527,365)</b>	<b>(17,597,325)</b>
<b>Provisions</b>	5,163,162	(8,154,870)
<b>Total of Costs, Expenses and Losses</b>	<b>(768,409,054)</b>	<b>(695,971,444)</b>

## 7. Remuneration of statutory bodies

In the first semesters of 2012 and 2011, the caption "Board of directors", including performance bonuses, comprised:

Amounts in Euro	1st Semester 2012	1st Semester 2011
<b>Board of directors</b>		
Semapa SGPS, S.A.	3,951,370	3,191,387
Members of Semapa board in other companies	1,493,882	1,722,752
Corporate bodies from other group companies	4,079,658	4,668,979
	<b>9,524,910</b>	<b>9,583,118</b>

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

## 8. Depreciation, amortization and impairment losses

In the first semesters of 2012 and 2011, "Depreciation, amortization and impairment losses" were detailed as follows:

Amounts in Euro	1st Semester 2012	1st Semester 2011
<b>Depreciation of property, plant and equipment</b>		
Land	(1,174,894)	(564,268)
Buildings	(9,265,805)	(7,600,662)
Basic equipment and other tangible assets	(68,379,200)	(78,383,660)
Investment subsidies	(1,749,741)	-
	<b>(80,569,641)</b>	<b>(86,548,590)</b>
<b>Amortization of intangible assets</b>		
Industrial property and other rights	1,410,019	(3,005)
	<b>1,410,019</b>	<b>(3,005)</b>
<b>Impairment losses in tangible assets</b>		
Buildings	(6,902)	-
	<b>(6,902)</b>	<b>-</b>
	<b>(79,166,524)</b>	<b>(86,551,595)</b>

## 9. Group share of associates' net profits

For the six month periods ended 30 June 2012 and 2011, the Group recorded its share of the net income/(loss) of associated companies as follows:

Amounts in Euro	1st Semester 2012	1st Semester 2011
<b>Sub-group Portucel</b>		
Soporgem, S.A.	393,816	384,817
<b>Sub-group Secil</b>		
Chryso - Aditivos de Portugal, S.A.	6,423	3,280
Setefrete, SGPS, S.A.	-	338,741
J.M. Henriques, Lda.	(1,270)	(556)
Ave, S.A.	106,571	-
Secil Algérie, S.P.A.	-	50
	<b>505,540</b>	<b>726,332</b>

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

## 10. Net financial results

Net financial results are detailed as follows for the six month periods ended 30 June 2012 and 2011:

Amounts in Euro	1st Semester 2012	1st Semester 2011
Interest paid on loans from shareholders	-	(356,356)
Interest paid on borrowings	(34,352,491)	(19,428,254)
Interest paid on loans from associates companies	75,287	32,417
Other interest earned	7,918,382	5,039,091
Compensatory interest	-	36,556
Fair value in available-for-sale financial assets	(91,687)	(39,325)
Financial assets at fair value through profit and loss	(2,050,710)	(827,838)
Gains / (losses) on financial instruments - hedging	(2,666,695)	(4,067,052)
Gains / (losses) on financial instruments - trading	2,677,646	385,629
Foreign exchange gains / (losses)	7,953,231	1,708,237
Other financial expenses	(3,210,398)	(2,428,492)
Other financial income	749,428	686,852
	<b>(22,998,007)</b>	<b>(19,258,535)</b>

The caption "Financial assets at fair value through profit and loss" regards gains and losses resulting from changes in fair value recorded in listed securities held by the Group as described in note 34.

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

## 11. Income tax

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

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

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

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

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

In the six month periods ended on 30 June 2012 and 2011, the income tax detail is as follows:

Amounts in Euro	1st Semester 2012	1st Semester 2011
Current tax	35,163,630	26,894,724
Provision for current tax	(2,183,186)	(3,965,466)
Deferred tax	(6,166,633)	(8,788)
	<b>26,813,812</b>	<b>22,920,470</b>

The reconciliation of the effective tax rate in the six month periods ended 30 June 2012 and 2011 is as follows:

Amounts in Euro	1st Semester 2012	1st Semester 2011
Profit before tax	132,384,731	105,497,437
Expected income tax	35,081,954	27,956,821
State Surcharge	6,059,628	3,131,524
Differences (a)	(7,329,307)	(3,872,281)
Prior year tax adjustments	490,293	256,515
Recoverable tax losses carried forward	36,868	-
Non recoverable tax losses	3,743,648	4,081,398
Impact of the change in the income tax rate	(412,246)	(231,164)
Provision for current tax	(2,449,592)	(3,965,481)
Tax benefits	(8,900,046)	(5,879,436)
Adjustments to taxable income	492,612	1,442,574
	<b>26,813,812</b>	<b>22,920,470</b>
Effective tax rate	20.25%	21.73%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(111,723)	(341,516)
Capital gains / (losses) for tax purposes	(143,462)	(22,153,662)
Capital gains / (losses) for accounting purposes	(22,961,873)	(9,697,803)
Provisions not allowed for tax purposes	4,661,502	3,690,503
Tax benefits	(440,286)	(694,556)
Dividends received from non EU companies	1,472,280	4,159,889
Decrease in taxed provisions	(7,610,096)	(7,712,444)
Effect of pension funds	2,417,144	1,886,655
Others	(4,941,248)	16,250,554
	<b>(27,657,763)</b>	<b>(14,612,380)</b>
Tax effect (26,50%)	<b>(7,329,307)</b>	<b>(3,872,281)</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 has the opinion that any corrections to those tax returns as a result of assessments by the tax authorities will not have a material impact on the consolidated financial

statements at 30 June 2012. Additionally, the periods until 2009 have already been reviewed.

## 12. Earnings per share

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

Amounts in Euro	1st Semester 2012	1st Semester 2011
Profit attributable to Semapa's shareholders	82,306,371	60,042,049
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	0.729	0.532
Diluted earnings per share	0.729	0.532

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 2012 and 2011, non-controlling interests shown in the Income statement comprise:

Amounts in Euro	Profit/Losses	
	1st Semester 2012	1st Semester 2011
Portucel - Empresa de Pasta e Papel, SA	21,547,279	20,898,046
Raiz - Instituto de Investigação da Floresta e Papel	(13,631)	(17,538)
Grupo Secil Betões e Inertes	4,668	4,936
Société des Ciments de Gabès	(9,442)	183
Secil Martingança	(15,947)	862
Secil - Companhia de Cimento do Lobito, S.A.	284,098	(243,979)
Ciments de Sibline, S.A.L.	1,367,479	1,776,872
Grupo Cimentos Madeira	(88,917)	48,056
Other	79,278	16,817
ETSA - Investimentos, SGPS, SA	109,683	50,663
	<b>23,264,548</b>	<b>22,534,918</b>

As at 30 June 2012 and 31 December 2011, non-controlling interests in the Consolidated Statement of Financial Position comprise:

Amounts in Euro	Equity	
	30-06-2012	31-12-2011
Portucel - Empresa de Pasta e Papel, SA	238,283,208	296,300,209
Raiz - Instituto de Investigação da Floresta e Papel	194,967	220,660
Grupo Secil Betões e Inertes	96,005	72,603
Société des Ciments de Gabès	1,344,288	662,521
Secil Martingança	301,612	164,823
Secil - Companhia de Cimento do Lobito, S.A.	8,750,044	4,177,661
Ciments de Sibline, S.A.L.	62,192,118	26,579,296
Grupo Cimentos Madeira	5,455,103	2,817,209
Other	861,000	182,339
ETSA - Investimentos, SGPS, SA	2,149,250	2,039,568
	<b>319,627,595</b>	<b>333,216,889</b>

The movement in the non-controlling interests account in the first semester of 2012 and in 2011, was as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Total
<b>Balance as of 1 January 2011</b>	<b>274,129,893</b>	<b>34,458,472</b>	<b>1,932,481</b>	<b>310,520,846</b>
Acquisitions/(disposals) non controlling interest	(17,724,400)	(156,912)	-	(17,881,312)
Dividends	-	(4,184,064)	-	(4,184,064)
Currency translation reserve	(322,649)	1,149,764	-	827,115
Financial instruments	(105,994)	-	-	(105,994)
Actuarial gains and losses	(959,793)	27,976	-	(931,817)
Other movements in equity	(11,433)	-	2	(11,431)
Net profit for the year	41,515,245	3,361,216	107,085	44,983,546
<b>Balance as of 31 December 2011</b>	<b>296,520,869</b>	<b>34,656,452</b>	<b>2,039,568</b>	<b>333,216,889</b>
Acquisitions/(disposals) non controlling interest	(44,060,883)	-	-	(44,060,883)
Variation of perimeter	-	41,582,182	-	41,582,182
Dividends	(36,074,319)	(1,351,244)	-	(37,425,563)
Currency translation reserve	(211,949)	2,547,522	-	2,335,573
Financial instruments	59,559	-	-	59,559
Actuarial gains and losses	723,311	(21,241)	-	702,070
Other movements in equity	(12,061)	(34,719)	-	(46,780)
Net profit for the year	21,533,648	1,621,217	109,683	23,264,548
<b>Balance as of 30 June 2012</b>	<b>238,478,175</b>	<b>79,000,169</b>	<b>2,149,251</b>	<b>319,627,595</b>

The reduction of Euro 44,060,883 in non-controlling interests in the Pulp and Paper segment, was driven by the acquisition of 25,260,669 own shares by subsidiary Portucel, SA. This amount regards the portion of company's equity attributable to these shares previously held by non-controlling interests.

Changes in perimeter in the Cement and Derivatives segment occurs following the full consolidation of Secil as of 22 March 2012, also including the allocation, to the 49% non-controlling interests in Secil, of the fair value of identified assets and liabilities.

As mentioned, Semapa Group acquired on 15 May 2012, a 49% interest in Secil, representing the share capital previously held by CRH, now controlling 99.99% of the voting rights of that subsidiary.

## 14. Appropriation of previous year's profit

Amounts in Euro	Application of year's net profit	
	2011	2010
Dividends distribution	28,785,540	29,481,174
Other reserves	95,376,260	97,239,056
Retained Earnings	-	-
<b>Net profit for the year</b>	<b>124,161,800</b>	<b>126,720,230</b>
<b>Dividends per share</b>	<b>0.249</b>	<b>0.255</b>

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 first semesters of 2012 and 2011:

Amounts in Euro	30-06-2012	31-12-2011
<b>Net amount at the beginning of the year</b>	<b>332,849,940</b>	<b>320,204,947</b>
Disposals	(160,861,947)	-
Obtaining Control	125,516,452	-
Acquisitions	41,905,144	12,643,506
Foreign exchange differences	(330,336)	1,487
<b>Ending Balance</b>	<b>339,079,253</b>	<b>332,849,940</b>

Note: net of impairment losses (Note 22)

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

At 30 June 2012 and 31 December 2011, Goodwill is made up as follows:

Entity	Acquisition date	30-06-2012	31-12-2011
Secil - Companhia Geral de Cal e Cimento, SA	1997/2003	-	160,861,947
Secil - Companhia Geral de Cal e Cimento, SA	2012	125,516,452	-
Portucel - Empresa Produtora de Pasta e Papel, SA	2004	135,565,059	135,565,059
ETSA - Investimentos SGPS, SA	2008	36,422,934	36,422,934
Supremo Cimentos, SA	2012	41,574,808	-
		<b>339,079,253</b>	<b>332,849,940</b>

As mentioned, by the end of March 2012, Semapa understood that the shareholder agreement which regulated the shareholder relationship with CRH in Secil ceased, leading, as a result, to the fully consolidation of that subsidiary.

Following this situation, and in accordance with the revised IFRS 3, Semapa measured the 51% interest held in the capital of Secil by its fair value at the date in which control was obtained, which resulted in a new goodwill of Euro 125,516,452 (Note 36).

During the first half of 2012, Semapa completed the acquisition of 50% of Supremo Cimentos, SA, a Brazilian company that operates in the cement and derivatives segment. From this acquisition, incorporated in these consolidated financial statements using the proportionate method, a goodwill of Euro 41,905,144 arised. As of 30 June 2012, this amount was adjusted due to exchange rate variations of Euro 330,336 totaling Euro 41,574,808 (Note 36).

Goodwill is allocated to the Cash Generating Units Group's (CGU's), identified according to business segment as follows:

Amounts in Euro	30-06-2012	31-12-2011
Cement and Derivates	167,091,260	160,861,947
Pulp and Paper	135,565,059	135,565,059
Environment	36,422,934	36,422,934
	<b>339,079,253</b>	<b>332,849,940</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.

## 16. Other intangible assets

During the first semester of 2012 and the year 2011, changes under the "Other intangible assets" heading were as follows:

Amounts in Euro	Brands	Industrial property and other rights	Expenditure on research and development	CO2 emission licences	Assets under construction	Total
<b>Acquisition cost</b>						
Amount as of 1 January 2011	151,488,000	-	1,898,102	19,666,719	-	173,052,821
Acquisitions	-	-	139,119	33,017,062	4,016	33,160,197
Disposals	-	-	-	(6,931,025)	9,220	(6,921,805)
Exchange Rate Adjustment	-	-	(36,439)	(30,664,123)	-	(30,700,562)
Amount as of 31 December 2011	151,488,000	-	2,000,782	15,088,633	13,236	168,590,651
Changes in consolidation perimeter	126,400,000	5,751	120,883	16,635,720	41,548	143,203,902
Acquisitions	-	-	425	16,659,243	5,976	16,665,644
Adjustments, transfers and write-off's	-	-	(1,836,088)	(15,792,449)	-	(17,628,537)
Exchange rate adjustment	-	-	(6,699)	-	-	(6,699)
Amount as of 30 June 2012	277,888,000	5,751	279,304	32,591,147	60,760	310,824,962
<b>Accumulated amortization and impairment losses</b>						
Amount as of 1 January 2011	-	-	(1,878,931)	(1,543,516)	-	(3,422,447)
Changes in consolidation perimeter	-	-	-	-	-	-
Amortization and impairment losses	-	-	(91,559)	(2,917,654)	-	(3,009,213)
Amount as of 31 December 2011	-	-	(1,970,490)	(4,461,170)	-	(6,431,660)
Perimeter variation	-	(3,693)	(53,440)	-	(28,831)	(85,964)
Amortization and impairment losses	-	(756)	(14,184)	1,424,959	-	1,410,019
Adjustments, transfers and write-off's	-	-	1,836,088	-	-	1,836,088
Exchange rate adjustment	-	-	1,740	-	-	1,740
Amount as of 30 June 2011	-	(4,449)	(200,287)	(3,036,211)	(28,831)	(3,269,777)
Net book value as of 1 January 2011	151,488,000	-	19,171	18,123,203	-	169,630,374
Net book value as of 31 December 2011	151,488,000	-	30,292	10,627,463	13,236	162,158,991
Net book value as of 30 June 2012	277,888,000	1,302	79,017	29,554,936	31,929	307,555,184

The amount shown under Brands includes:

- Euro 151,488,000, regarding the initial valuation of Soporset and Navigator brands, determined by an evaluation conducted by a specialized and independent entity, using the updated cash flow projections with an appropriate discount rate, following the allocation of fair value to the assets and liabilities of Portucel Group.
- Euro 106,100,000, regarding the initial valuation of the brands Secil Portugal, Sibline (Lebanon) and Gabès (Tunisia), determined by an evaluation conducted by a specialized and independent entity, using the cash flow projections with an appropriate discount rate, following the allocation of fair value to assets and liabilities as the control of this subsidiary was obtained in 2012.
- Euro 20,300,000, corresponding to the initial valuation of Supremo brand (Brazil), determined by an evaluation conducted by a specialized and independent entity, using its cash flow projections with an appropriate discount rate, following the allocation of fair values to assets and liabilities through the acquisition of 50% of the Supreme Cement, SA in the first half of 2012.

The reported values are not subject to amortization as their useful lives are undefined (Note 1.6).

The main assumptions used in the valuation of brands Navigator and Soporset were as follows:

Brand	Markets	Risk-free interest rate	Discount rate*	Inflation rate	Tax rate
Navigator	Europe	6.24%	9.39%	2.0%	31.5%
	EUA	6.24%	9.39%	2.0%	31.5%
Soporset	Europe	6.24%	9.39%	2.0%	31.5%
	EUA	6.24%	9.39%	2.0%	31.5%

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



The main assumptions used in the valuation of brands Secil Portugal, Sibling (Lebanon) and Gabès (Tunisia) and Supremo (Brazil) were as follows:

Brand	Markets	Risk-free interest rate	Discount rate*	Tax rate
Cimento Secil	Portugal	1.58%	5.30%	26.5%
Cimento - Ciments de Sibling	Lebanon	3.02%	7.80%	15.0%
Cimento - Société des Ciments de Gabès	Tunisia	3.02%	8.00%	30.0%
Supremo Cimentos	Brazil	3.02%	8.50%	34.0%

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

## 17. Property, plant and equipment

The following movements were registered in the first semester of 2012 and during 2011 under the caption "Property, plant and equipment", as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and others tangibles	Assets under construction	Total
<b>Acquisition Cost</b>					
<b>Amount as of 1 January 2011</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>
Changes in consolidation perimeter	6,845,798	1,637,084	6,043,446	(12,209)	14,514,119
Acquisitions	5,314,668	903,300	34,722,110	53,148,579	94,088,657
Disposals	(63,983)	(1,360,535)	(102,916,397)	(35,000)	(104,375,915)
Adjustments, transfers and write-off's	479,982	6,826,838	42,097,371	(49,802,450)	(398,259)
Exchange differences	87,934	621,739	1,742,847	244,734	2,697,254
<b>Amount as of 31 December 2011</b>	<b>206,569,601</b>	<b>783,553,323</b>	<b>4,185,040,983</b>	<b>48,099,238</b>	<b>5,223,263,145</b>
Changes in consolidation perimeter	125,636,757	193,941,210	631,347,698	25,735,294	976,660,958
Acquisitions	31,685	432,212	10,028,478	24,086,720	34,579,095
Disposals	(71,514)	-	(3,253,136)	(55,276)	(3,379,926)
Adjustments, transfers and write-off's	77,434,160	(2,558)	17,763,013	(20,714,302)	74,480,313
Exchange differences	(4,924,143)	598,233	2,104,083	(21,897)	(2,243,724)
<b>Amount as of 30 June 2012</b>	<b>404,676,547</b>	<b>978,522,419</b>	<b>4,843,031,118</b>	<b>77,129,777</b>	<b>6,303,359,861</b>
<b>Accumulated depreciations and impairment losses</b>					
<b>Amount as of 1 January 2011</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>
Changes in consolidation perimeter	(981,021)	(737,301)	(4,438,710)	-	(6,157,032)
Depreciations and impairment losses	(1,501,650)	(15,798,541)	(145,113,620)	-	(162,413,811)
Disposals	18,361	844,387	95,275,120	-	96,137,868
Adjustments, transfers and write-off's	-	4,151	(131,720)	-	(127,569)
Exchange differences	15,779	(332,688)	(1,109,664)	-	(1,426,573)
<b>Amount as of 31 December 2011</b>	<b>(19,663,016)</b>	<b>(439,741,448)</b>	<b>(2,718,011,115)</b>	<b>(102,292)</b>	<b>(3,177,517,871)</b>
Changes in consolidation perimeter	(18,299,215)	(143,377,411)	(478,821,137)	-	(640,497,763)
Depreciations and impairment losses	(1,029,706)	(9,467,264)	(70,069,710)	-	(80,566,680)
Disposals	-	(91)	3,211,864	-	3,211,773
Adjustments, transfers and write-off's	29,901	853,597	2,223,880	-	3,107,378
Exchange differences	136,918	(670,193)	(1,881,665)	-	(2,414,940)
Assets held for sale	-	248,156	399,064	-	647,220
<b>Amount as of 30 June 2012</b>	<b>(38,825,118)</b>	<b>(592,402,810)</b>	<b>(3,263,347,883)</b>	<b>(102,292)</b>	<b>(3,894,030,883)</b>

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

In 2009, with the start of operations in the new paper mill, the Group recognized as a finance lease contract the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new factory. This contract foresees the transfer of the ownership of the assets upon the end of the contract.

Following the above-mentioned agreements, the Group applies "IFRIC 4 – Determining whether an arrangement contains a lease". By following this interpretation Property, plant and equipment – equipment and other tangibles was increased by Euro 58,003,950, from which the respective accumulated depreciation of Euro 40,135,024, (31 December 2011: Euro 37,999,683), was deducted as of 30 June 2012. As of 30 June 2012, the net book value of these equipments amounted to Euro 17,868,926 (31 December 2011: Euro 20,004,267).

## 18. Biological assets

Over the six months period ended 30 June 2012 and the year ended 31 December 2011, changes in "Biological Assets", were as follows:

Amounts in Euro	30-06-2012	31-12-2011
<b>Amount as of 1 January</b>	<b>110,769,306</b>	<b>110,502,616</b>
Changes in fair value		
Logging in the period	(5,318,750)	(20,328,041)
Growth	1,025,842	9,217,207
New plantations	2,527,849	3,839,591
Other changes in fair value	1,610,761	7,537,933
<b>Total changes in fair value</b>	<b>(154,298)</b>	<b>266,690</b>
	<b>110,615,008</b>	<b>110,769,306</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 a result of fires.

Biological assets as of 30 June 2012 and 31 December 2011, were detailed as follows:

Amounts in Euro	30-06-2012	31-12-2011
Eucalyptus	103,252,830	102,948,128
Pine	5,557,498	6,016,998
Cork	1,542,042	1,542,042
Other Species	262,638	262,138
	<b>110,615,008</b>	<b>110,769,306</b>

## 19. Investments in associates

The following movements were registered in this caption during the first semester of 2012 and the year ended 2011:

Amounts in Euro	30-06-2012	31-12-2011
Opening balance	3,924,419	2,039,513
Changes in perimeter	2,014,093	-
Acquisitions	-	755,378
Appropriated net profit	505,541	1,088,356
Dividends received	(160,325)	-
Exchange differences	(11)	-
Other	(442,787)	41,172
	<b>5,840,930</b>	<b>3,924,419</b>

"Investments in associates" include goodwill amounting to Euro 2.227.750 of Setefrete, SGPS, SA..

As of 30 June 2012 and 31 December 2011, "Investments in associates", including goodwill, comprises:

Associated Companies	% Held	Book Value	
		30-06-2012	31-12-2011
Chryso - Aditivos de Portugal, S.A.	40.00%	-	11,431
Setefrete, SGPS, S.A.	25.00%	3,559,333	1,815,259
MC - Materiaux de Construction	49.36%	2,499	1,315
J.M. Henriques, Lda.	100.00%	387,781	198,578
Be-Power, Serviços e Equipamentos, Lda	3.06%	-	119,179
Ave, S.A.	35.00%	139,217	-
Soporgen, S.A.	18.00%	1,752,100	1,778,657
		<b>5,840,930</b>	<b>3,924,419</b>

Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A., 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:

- Two of the five directors of the company are nominated in the representation of the Group;
- A significant part of Soporgen's sales is made to the Group (at least 18% of the associate's revenues), and the rest, corresponding to electric energy, is sold to the EDP Group.

At 30 June 2012, the financial information relating to associated companies was as follows:

		30-06-2012				
Amounts in Euro		Total Assets	Total Liabilities	Equity a)	Net Income	Revenue
Chryso - Aditivos de Portugal, S.A.	b)	1,249,431	1,288,307	(38,876)	(94,908)	1,069,004
MC- Materiaux de Construction	c)	798,100	699,563	98,537	37,546	6,558,020
Inertogrande Central de Betão, Lda.	c)	1,918,614	1,981,176	(62,562)	(3,875)	-
Viroc Portugal - Industrias de Madeira e Cimento, S.A.	b)	5,801,018	21,940,691	(16,139,673)	(499,323)	2,359,339
J.M.J. - Henriques, Lda.	c)	1,071,657	296,090	775,567	(3,171)	-
Setefrete, SGPS, S.A.	a)	5,270,700	13,718	5,328,332	3,842,040	180,648

a) Amounts as of 31-12-2010, adjusted from the period's ten months result, ended 31-10-2011.  
b) Amounts as of 31-05-12.  
c) Amounts as of 30-06-12.

a) Amounts as of 31-12-2010, adjusted from the period's ten months result, ended 31-10-2011.

b) Amounts as of 31-05-12.

c) Amounts as of 30-06-12.

The participation held in Viroc Portugal, SA share capital, is provisioned under the caption "Other Provisions", as detailed in note 30.

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

The following movements were registered in this caption during the first semester of 2012 and the year ended 2011:

Amounts in Euro	30-06-2012	31-12-2011
Fair value at the beginning of the year	9,657,695	13,128,488
Acquisitions	-	575,985
Disposals	(248,185)	(2,431,955)
Changes in fair value	(2,050,710)	(1,614,823)
	<b>7,358,800</b>	<b>9,657,695</b>

As of 30 June 2012 and 31 December 2011, "Financial assets at fair value through profit or loss" comprised:

Amounts in Euro	Fair Value	
	30-06-2012	31-12-2011
Banco Comercial Português, SA's shares	20,618	253,012
EDP - Energias de Portugal, SA's shares	7,309,217	9,375,718
Other	28,965	28,965
	<b>7,358,800</b>	<b>9,657,695</b>

## 21. Available-for-sale financial assets

The following movements were registered in this caption in the first semester of 2012 and the year ended 2011:

Amounts in Euro	30-06-2012	31-12-2011
Fair value at the beginning of the year	553,764	677,180
Acquisitions	-	275,000
Disposals	-	(209,070)
Changes in fair value	(91,687)	(189,346)
	<b>462,077</b>	<b>553,764</b>



As of 30 June 2012 and 31 December 2011, the fair value of available-for-sale financial assets comprises:

Amounts in Euro	Fair Value	
	30-06-2012	31-12-2011
Banco Espírito Santo, SA	60,646	152,179
Liaison Technologie	126,032	126,032
Ynvisible, SA	275,000	275,000
Others	399	553
	<b>462,077</b>	<b>553,764</b>

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

During the first semester of 2012 and the 2011 year ended, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Intangible Assets	Tangible Assets	Investments Assoc. Comp.	Total
As of 1 January 2011	1,048,839	4,838,615	8,301	5,895,755
Exchange Differences	-	-	-	-
Reversals	-	(5,945)	-	(5,945)
Utilizations	-	(4,747,338)	(7,243)	(4,754,581)
As of 31 December 2011	1,048,839	85,332	1,058	1,135,229
Changes in perimeter	909,428	-	1,018	910,445
Exchange Differences	-	-	-	-
As of 30 June 2012	1,958,267	85,332	2,076	2,045,674

During the first semester of 2012 and the year ended of 2011, 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 2011	3,473,896	13,689,539	1,855,335	4,828,719	23,847,489
Changes in perimeter	21,580	104,249	-	-	125,829
Current assets - Adjustment:	37,459	20,528	-	(6,078)	51,909
Increases	1,559,697	1,963,030	250,140	120,793	3,893,660
Reversals	(27,177)	(464,488)	(12,588)	(766,063)	(1,270,316)
Direct utilizations	-	(546,381)	-	(204,837)	(751,218)
As of 31 December 2011	5,065,455	14,766,477	2,092,887	3,972,534	25,897,353
Changes in perimeter	3,070,971	12,027,509	2,031,969	3,235,001	20,365,450
Ajustamento cambial	53,482	43,160	-	3,843	100,485
Increases (Nota 6)	564,829	1,213,071	192,862	102,334	2,073,096
Reversals (Nota 5)	(390,018)	(454,516)	-	(73,834)	(918,368)
Direct utilizations	74,413	(269,261)	-	-	(194,848)
Transfers	-	84,545	-	-	84,545
As of 30 June 2012	8,439,132	27,410,984	4,317,718	7,239,878	47,407,712

## 23. Inventories

As of 30 June 2012 and 31 December 2011, the caption "Inventories" comprised:

Amounts in Euro	30-06-2012	31-12-2011
Raw materials	193,627,618	143,818,825
Work in progress	66,556,247	7,342,109
Byproducts and waste	10,783,891	1,330,460
Finished and intermediate products	21,706,692	86,227,295
Goods for resale	7,221,204	2,576,051
Advances to inventories' suppliers	1,557,442	1,519,559
	<b>301,453,094</b>	<b>242,814,299</b>

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

## 24. Receivables and other current assets

As of 30 June 2012 and 31 December 2011, the caption "Receivables and other current assets" comprised:

Amounts in Euro	30-06-2012	31-12-2011
Accounts receivable	302,937,185	250,887,700
Accounts receivable - related parties	3,850,565	355,435
Derivative financial instruments	1,879,508	802,997
Other receivables	23,681,550	47,967,340
Accrued income	8,946,898	2,160,514
Deferred costs	20,301,047	14,451,468
	<b>361,596,753</b>	<b>316,625,454</b>

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

At 30 June 2012 and 31 December 2011, "Other receivables" comprised:

Amounts in Euro	30-06-2012	31-12-2011
Others debtors		
Advance payments to suppliers	5,348,704	619,009
AICEP - Financial incentives to receive	161,930	32,877,046
IMT	154,169	78,626
Others	18,016,747	14,392,659
	<b>23,681,550</b>	<b>47,967,340</b>

During the 1st half of 2012, Portucel Group received from AICEP the remaining tranches relating to financial incentives generated by the contracts signed with that entity. The remaining balance refers to amounts receivable under other support also managed by this Agency.

As of 30 June 2012 and 31 December 2011, captions "Accrued income" and "Deferred costs" comprised:

Amounts in Euro	30-06-2012	31-12-2011
Accrued Income		
Interest receivable	2,057,791	1,201,756
Discounts in acquisitions	-	223
Grants	1,088,000	-
Other	5,801,107	958,535
	<b>8,946,898</b>	<b>2,160,514</b>
Deferred costs		
Maintenance and repairs	214,083	52,576
Insurance	5,439,011	833,805
Rents and leases	660,341	109,763
Other	13,987,612	13,455,324
	<b>20,301,047</b>	<b>14,451,468</b>
	<b>29,247,945</b>	<b>16,611,982</b>

## 25. State and other public entities

At 30 June 2012 and 31 December 2011, 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	30-06-2012	31-12-2011
State and other public entities		
Corporate Income Tax - IRC	14,767,900	5,569,100
Individual Income Tax - IRS	56,866	56,683
Value added tax	7,102,586	7,422,270
Value added tax - refunds requested	67,942,007	52,136,813
Other	384,974	179,670
	<b>90,254,333</b>	<b>65,364,536</b>

### Current liabilities

Amounts in Euro	30-06-2012	31-12-2011
State and other public entities		
Corporate Income Tax - IRC	32,940,444	19,715,984
Individual Income Tax - IRS	2,944,255	2,449,546
Value added tax	32,628,925	27,641,204
Social Security	5,965,142	2,923,737
Additional tax payment	73,282,435	47,030,250
Other	596,710	263,834
	<b>148,357,910</b>	<b>100,024,555</b>

As of 30 June 2012 and 31 December 2011, the caption "Corporate Income tax - IRC" comprised:

Amounts in Euro	30-06-2012	31-12-2011
Year income tax	50,191,249	57,947,182
Foreign exchange differences	8,186	92,762
Payments on account	(180,819)	(31,835,667)
Withholding tax	(7,233,433)	(4,417,505)
Prior years income tax	(9,491,578)	(2,070,788)
	<b>32,940,444</b>	<b>19,715,984</b>

## 26. Share capital and treasury shares

At 30 June 2012, Semapa's share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of Euro 1.

At 30 June 2012 and 31 December 2011, the following entities had substantial holdings in the company's capital:

Name	Nº of Shares	30-06-2012	%	31-12-2011
Longapar, SGPS, S.A.	21,505,400	18.17	18.17	
Sodim, SGPS, S.A.	15,657,505	13.23	15.92	
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69	13.69	
Banco BPI, SA	12,009,004	10.15	10.15	
Bestinvest Gestão, SGIC, S.A.	11,865,210	10.03	10.03	
Norges Bank (the Central Bank of Norway)	5,649,215	4.77	5.01	
Omigest, SGPS, SA	3,185,019	2.69	0.00	
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53	0.53	
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45	0.45	
Treasury shares	5,447,975	4.60	4.60	
Other shareholders with less than 2% participation	25,653,887	21.68	21.44	
	<b>118,332,445</b>	<b>100.00</b>	<b>100.00</b>	

On 4 July 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., acquired in the stock market, 2,720,000 treasury shares.

During the year ended 31 December 2011, Semapa acquired to its subsidiary Seminv Investimentos, SGPS, S.A., 2,727,975 of its own shares, shown as treasury shares.

## 27. Reserves and retained earnings

At 30 June 2012 and 31 December 2011, the captions "Fair value reserves", "Translation reserves" and "Other reserves" comprised:

Amounts in Euro	30-06-2012	31-12-2011
Fair value of available-for-sale financial assets	(13,311,743)	(10,127,931)
Control acquisition revaluation	(1,281,742)	(1,281,742)
<b>Total of fair value reserves</b>	<b>(14,593,485)</b>	<b>(11,409,673)</b>
Translation reserve	(17,790,793)	(15,071,293)
Legal Reserves	23,666,489	23,666,489
Others Reserves	929,933,490	834,557,229
<b>Total of other reservers</b>	<b>953,599,979</b>	<b>858,223,718</b>
<b>Total reserves</b>	<b>921,215,701</b>	<b>831,742,752</b>

### Fair value of financial instruments

The negative amount of Euro 13,311,743, 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 2012, were negatively valued at Euro 21,107,736 (Note 34), accounted for in accordance with the policy described in Note 1.13.

### Currency translation reserve

The negative figure of Euro 17,790,793 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 (including hedge of net investment), United Kingdom and Brazil.

### 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 2012.

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

### Other reserves

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

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

### Retained earnings

#### Additional stake acquisition on controlled entities

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

As of 30 June 2012, the accumulated negative amount of these differences, regarding additional stake acquisitions in subsidiary Portucel, SA, amounts to Euro 70,719,499.

In the first half of 2012, the Group recorded under this caption a negative amount of Euro 335,355,970, corresponding to the difference found between the additional 49% stake acquired (on 15 May) on the fair value of identifiable assets acquired and assumed liabilities, and its acquisition value.

This amount was determined as the difference between 49% of Secil share capital, with reference to the period immediately prior to the acquisition (April 30) in the amount of Euro 238,728,036, and the acquisition value of Euro 574,084,000.

#### Actuarial gains or losses

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption (as well as changes

made to those assumptions and the difference between the expected return on the assets of the funds and their actual yield) as described in Note 1.22.1.

In the first half of 2012, the group recorded actuarial gains amounting to Euro 7.371.720 (Note 29), net of deferred taxes.

## 28. Deferred taxes

The following movement took place in the caption Deferred tax assets and liabilities during the first semester of 2012:

Amounts in Euro	As of 1 January 2012	Exchange adjustment	Income Statement Increases	Decreases	Retained earnings	Transfers	Assets held for sale	Changes in perimeter	As of 30 June 2012
<b>Temporary differences originating deferred tax assets</b>									
Tax losses carried forward	25,672,642	4,606	10,154,964	-	-	-	(184,258)	4,371,522	40,019,476
Taxed provisions	22,047,015	(311)	1,023,475	(7,926)	-	-	-	9,734,540	32,796,793
Fixed assets adjustments	103,087,110	-	763,860	(11,326,337)	-	-	-	-	92,524,633
Retirement benefits	3,290,146	(1,038)	388	(48,531)	(7,433)	-	-	36,836	3,270,368
Derivative Financial Instruments	2,869,071	-	(35,835)	-	17,662	-	-	-	2,850,898
Deferred accounting gains on inter-group transactions	19,740,576	-	1,660,877	(1,398,876)	-	-	-	801,464	20,804,041
Valuation of biological assets	(6,757,352)	-	3,179,439	-	-	-	-	-	(3,577,913)
Depreciation of assets recognised under IFRIC 4	139,499	-	724,350	(724,350)	-	-	-	-	139,499
Liabilities with retirement benefits	238,738	12,302	32,499	-	(241)	-	-	224,245	507,543
Liabilities with long service award	472,538	-	(591)	(243,081)	-	-	-	454,598	683,464
Retirement benefits not covered by an autonomous fund	4,093,269	-	-	(215,653)	(16,039)	(95,037)	-	3,872,659	7,639,199
Derecognition of government grants	2,484,317	-	-	(215,214)	-	-	-	2,144,001	4,413,104
Liabilities for healthcare benefits	6,222,648	-	62,832	-	(44,382)	-	-	6,159,335	12,400,433
Other temporary differences	4,344,490	63,292	117,360	(148,825)	-	-	-	4,078,898	8,455,215
	<b>204,547,096</b>	<b>78,851</b>	<b>17,683,618</b>	<b>(15,058,201)</b>	<b>(50,433)</b>	<b>(95,037)</b>	<b>(184,258)</b>	<b>31,878,098</b>	<b>238,799,734</b>
<b>Temporary differences originating deferred tax liabilities</b>									
Revaluation of fixed assets	(8,556,186)	4,905,829	-	1,364,462	-	-	-	(2,834,802)	(5,120,697)
Retirement benefits	(905,515)	-	(10,137)	14,051	(82,397)	-	-	-	(983,998)
Derivative Financial Instruments	(802,996)	-	-	-	76,370	-	-	(775,316)	(1,501,942)
Fair Value of fixed assets	(407,376,897)	-	-	7,635,775	-	-	-	-	(399,741,122)
Tax Benefits	(97,102,975)	-	-	21,378,612	-	-	-	-	(75,724,363)
Extension of the useful life of the tangible fixed assets	(46,650,817)	59,034	(10,499,741)	-	-	-	-	(1,867,841)	(58,959,365)
Deferred accounting losses on inter-group transactions	(221,190,211)	(456,257)	(3,179,438)	-	-	-	-	(5,034,647)	(229,860,553)
Deferred tax gains	(502,626)	-	-	34,234	-	-	-	(471,809)	(940,201)
Harmonisation of depreciation criteria	(89,374,110)	270,751	(3,814,426)	-	-	-	-	(72,865,767)	(165,783,552)
Fair Value of intangible assets	(151,488,000)	-	-	-	-	-	-	-	(151,488,000)
Subsidiaries fair value	(74,538,809)	6,205	-	1,247,563	-	-	(770,371)	(59,231,473)	(133,286,885)
Other temporary differences	(22,581,438)	-	-	3,483,642	-	(20,330)	-	(241,846)	(19,359,972)
	<b>(1,121,070,579)</b>	<b>4,785,562</b>	<b>(17,503,742)</b>	<b>35,158,339</b>	<b>(6,027)</b>	<b>(20,330)</b>	<b>(770,371)</b>	<b>(143,323,501)</b>	<b>(1,242,750,649)</b>
<b>Deferred tax assets</b>	<b>61,643,040</b>	<b>(7,143)</b>	<b>4,916,637</b>	<b>(4,353,285)</b>	<b>(44,537)</b>	<b>(18,785)</b>	<b>(46,066)</b>	<b>8,764,819</b>	<b>70,854,680</b>
<b>Deferred tax liabilities</b>	<b>(339,427,148)</b>	<b>1,741,954</b>	<b>(5,006,486)</b>	<b>10,609,766</b>	<b>(121,186)</b>	<b>13,448</b>	<b>(203,377)</b>	<b>(111,698,989)</b>	<b>(444,092,017)</b>

The following movement took place in the caption Deferred income tax assets and liabilities during the first half of 2011:

Amounts in Euro	As of 1 January 2011	Exchange adjustment	Income Statement Increases	Decreases	Retained earnings	Transfers	Changes in perimeter	As of 30 June 2011
<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>

## 29. Pensions and other post-employment benefits

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

The following is a breakdown of the obligations assumed and reflected in the Consolidated Balance sheet at 30 June 2012 and 31 December 2011:

1 <sup>st</sup> 2012	Pulp and Paper	Cement and derivatives	Holdings	Total
Group liability for past services	119,362,363	36,104,836	97,708,697	253,175,896
Market value of the pension funds	(107,556,092)	(30,533,331)	-	(138,089,423)
Covered capital	-	(223,578)	-	(223,578)
Insurance Policies	-	261,902	-	261,902
Reserve account (overfunding due to the change to a defined contribution plan)	-	(521,892)	-	(521,892)
<b>Under/(overfunding) of pension funds liabilities</b>	<b>11,806,272</b>	<b>5,067,937</b>	<b>97,708,697</b>	<b>114,602,905</b>
<b>Other unfunded liabilities</b>				
Healthcare assistance	-	12,580,476	-	12,580,476
Retirement and death liabilities	3,247,099	507,542	-	3,754,641
Long-service award liabilities	-	683,466	-	683,466
<b>Total unfunded liabilities</b>	<b>15,053,371</b>	<b>18,859,421</b>	<b>97,708,697</b>	<b>131,621,488</b>

2011	Pulp and Paper	Cement and derivatives	Holdings	Total
Group liability for past services	118,152,978	18,109,711	100,101,270	236,363,959
Market value of the pension funds	(104,716,904)	(14,380,563)	-	(119,097,467)
Covered capital	-	820,423	-	820,423
Insurance Policies	-	(1,179,025)	-	(1,179,025)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(266,165)	-	(266,165)
<b>Under/(overfunding) of pension funds liabilities</b>	<b>13,436,074</b>	<b>3,104,381</b>	<b>100,101,270</b>	<b>116,641,725</b>
<b>Other unfunded liabilities</b>				
Healthcare assistance	-	6,402,693	-	6,402,693
Retirement and death liabilities	3,246,711	238,738	-	3,485,449
Long-service award liabilities	-	472,539	-	472,539
<b>Total unfunded liabilities</b>	<b>16,682,785</b>	<b>10,218,351</b>	<b>100,101,270</b>	<b>127,002,406</b>

### Semapa

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

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

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

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

As of 30 June 2012 the liabilities of the plan amount to Euro 97,708,697 (31 December 2011: Euro 100,101,270). 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 2012, the liability related with post employment benefit plans for five members of Portucel's Board was Euro 4,682,212 (31 December 2011: Euro 4,629,594).

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



## Defined contribution plan

As mentioned in note 1.22.2, defined contribution plans existing in the Group are detailed as follows:

### Portucel Sub-Group

Some of the Group's subsidiaries have assumed commitments, regarding contributing to a defined contribution plan with a percentage of the beneficiaries' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

### Secil Sub-Group

The defined contribution plan, managed by the Pension Fund Group Secil and financed by the associates and beneficiaries are detailed as follows:

- (i) Secil and CMP plans;
- (ii) Unibetão, Britobetão and Minerbetão plans;
- (iii) Secil Britas and Quimipetra plans

## Defined-benefit plans

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

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

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

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

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

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

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

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

These plans are also valued every six months by independent entities using the method for calculating capital cover corresponding to single premiums of the immediate life annuities in the valuation of the liabilities

to current pensioners and the projected unit credit method for valuing liabilities relating to current employees.

## LIABILITIES FOR HEALTHCARE

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

Under this scheme, certain healthcare costs are subsidised:

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

During the first semester of 2012, the impact of a 1% change on healthcare expenses amount is as follows:

Amounts in Euro	Decrease 1%	Increase 1%
Impact on long services liabilities:		
- Active	(949,293)	1,387,706
- Retired	(922,715)	624,281
	(1,872,008)	2,011,987
Impact on interest costs and current services	(84,136)	122,310

## 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 Societé des Ciments de Gabes (Tunisia), on retirement date and in terms of the General Labour Agreement, article no. 52, a retirement subsidy representing: (i) 2 months of the last

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

#### LIABILITIES FOR LONG-SERVICE AWARDS

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

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

These liabilities are guaranteed directly by the company.

#### ASSUMPTIONS USED IN THE VALUATION OF LIABILITIES

The actuarial studies conducted by independent entities with reference to 30 June 2012 and 31 December 2011 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	30-06-2012	31-12-2011
Social Benefits formula	Decret-Law n° 187/2007	Decret-Law n° 187/2007
	of May 10th	of May 10th
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate - Group Secil	2.50%	2.50%
Wage growth rate - other companies	2.00%	2.00%
Technical interest rate	5.00%	5.00%
Pensions growth rate - Group Secil	1.58%	1.58%
Pensions growth rate - other companies	1.75%	1.75%
Semapa pensions reversability rate	50.00%	50.00%
Number of of Semapa complement annual payments	12	12
Healthcare costs growth rate	4.60%	4.60%
Cost to the health insurance	531.76	531.76

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

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

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

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

Information related to the last five years is as follows:

Amounts in Euros	2008	2009	2010	2011	1 <sup>st</sup> S 2012
Present value of liabilities	265,662,626	272,313,818	246,197,433	247,545,062	270,194,479
Fair value of plan assets	140,519,777	151,828,873	119,815,373	120,542,657	138,572,991
Surplus / (deficit)	(125,142,849)	(120,484,945)	(126,382,060)	(127,002,405)	(131,621,488)
Net actuarial gains/(losses)	(312,926)	10,244,403	(4,990,550)	1,060,676	7,371,720

#### FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During the first semester of 2012 and the year ended 2011, fund's assets/insurance policies registered the following movements:

Amounts in Euro	30-06-2012		31-12-2011	
	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	119,097,467	1,179,025	118,286,476	1,094,663
Changes in perimeter	13,816,620	1,132,788	-	-
Curtailment and/or Settlement	-	(6,476)	-	(486)
Exchange differences	90,669	37,748	-	42,026
Endowments made in the year	1,807,373	5,351	6,314,655	48,893
Real vs Expected Income	2,971,679	-	(7,012,913)	-
Expected Income	-	(29,574)	5,089,484	(6,072)
	138,089,423	223,578	119,097,467	1,179,024

As at 30 June 2012 and 31 December 2011, fund's assets were made up as follows:

Amounts in Euro	30-06-2012	%	31-12-2011	%
Shares	25,251,846	18.3%	20,988,862	17.6%
Bonds	70,856,702	51.3%	56,087,065	47.1%
Public debt	4,091,466	3.0%	9,533,727	8.0%
Property	167,010	0.1%	91,625	0.1%
Liquidity	37,472,386	27.1%	31,877,294	26.8%
Other applications	250,013	0.2%	518,895	0.4%
	138,089,423	100.0%	119,097,467	100.0%



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

As of 30 June 2012, Company's liabilities with pensions recognized on the consolidated balance sheet were as follows:

Amounts in Euros	Opening Balance	Exchange differences	Changes in perimeter	Costs and Income in FS	Actuarial gains and losses	Pensions Paid	Other Variations	Closing Balance
Assumed by the Group	104,194,537	-	3,932,747	3,007,716	(4,477,267)	(1,135,208)	(95,037)	105,427,488
Autonomous Fund	132,169,421	2,048	13,466,779	4,196,102	(1,224,938)	(2,946,847)	1,761,892	147,424,457
Insurance Policy	820,423	(8,700)	788,250	(45,476)	58,663	-	(1,351,258)	261,902
Retirement and Death	3,485,450	11,824	229,376	32,579	(241)	-	-	3,758,988
Healthcare assistance	6,402,692	(142,716)	6,151,606	416,114	(44,382)	(213,145)	-	12,570,169
Long-service award	472,538	-	454,008	13,338	-	(188,410)	-	751,474
	<b>247,545,062</b>	<b>(137,544)</b>	<b>25,022,765</b>	<b>7,620,374</b>	<b>(5,688,165)</b>	<b>(4,483,610)</b>	<b>315,597</b>	<b>270,194,479</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	30-06-2012				30-06-2011				Impact in the profit for the year
	Current services	Interest cost	Expected return on the plan assets	Cuts and Settlements	Current services	Interest cost	Expected return on the plan assets	Cuts and Settlements	
<b>Post-employment benefits</b>									
Assumed by the Group	433,812	2,573,904	-	3,007,716	423,564	2,569,711	-	(28,970)	2,964,305
Autonomous Fund	1,239,226	3,531,957	(2,729,483)	2,041,700	1,255,517	3,234,599	(2,528,011)	-	1,962,105
Insurance Policy	-	-	-	-	12,257	18,292	(27,721)	-	2,828
Retirement and Death	10,901	21,290	-	32,191	13,983	19,203	-	(432,405)	(399,219)
Healthcare assistance	67,798	205,601	-	273,399	71,318	162,625	-	(106,888)	127,055
Long-service award	6,323	7,015	-	13,338	18,392	21,403	-	(132,718)	(92,923)
Contributions to defined contribution plans	854,873	-	-	854,873	-	-	-	-	676,575
	<b>2,612,933</b>	<b>6,339,767</b>	<b>(2,729,483)</b>	<b>6,223,217</b>	<b>1,795,031</b>	<b>6,025,833</b>	<b>(2,555,732)</b>	<b>(700,981)</b>	<b>5,240,726</b>

### 30. Provisions

During the course of the first semester of 2012 and the year ended 2011, the following movements took place in the caption "Provisions":

Amounts in Euro	Legal claims	Environmental restoration	Others	Total
<b>As of 1 January 2011</b>	<b>1,431,707</b>	<b>3,013,449</b>	<b>31,818,707</b>	<b>36,263,863</b>
Changes in perimeter	-	319,789	646,952	966,741
Increases	383,361	-	20,826,465	21,209,826
Reversals	(460,842)	(74,983)	(21,991,897)	(22,527,722)
Direct utilizations	-	(21,002)	(210,586)	(231,588)
Exchange differences	-	-	22,512	22,512
Financial Discounts	-	201,648	-	201,648
<b>As of 31 December 2011</b>	<b>1,354,226</b>	<b>3,438,901</b>	<b>31,112,153</b>	<b>35,905,280</b>
Changes in perimeter	-	3,324,421	7,746,349	11,070,770
Increases	-	-	2,401,614	2,401,614
Reversals	-	(44,405)	(7,520,371)	(7,564,776)
Direct utilizations	-	(12,932)	(1,792)	(14,724)
Exchange differences	-	(264)	66,048	65,784
Financial Discounts	-	129,123	(11,077)	118,046
<b>As of 30 June 2012</b>	<b>1,354,226</b>	<b>6,834,844</b>	<b>33,792,923</b>	<b>41,981,993</b>

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

### 31. Interest-bearing liabilities

As of 30 June 2012 and 31 December 2011, Group's net debt was as follows:

Amounts in Euro	30-06-2012	31-12-2011
<b>Interest-bearing liabilities</b>		
Non-current	1,475,974,991	1,156,533,619
Current	576,860,471	251,991,062
	<b>2,052,835,462</b>	<b>1,408,524,681</b>
<b>Cash and cash equivalents</b>		
Cash	516,247	162,429
Short term bank deposits	28,508,595	13,178,828
Other	273,199,086	402,356,318
	<b>302,223,928</b>	<b>415,697,575</b>
Market Value	125,181,750	79,678,863
<b>Interest-bearing net debt</b>	<b>1,625,429,784</b>	<b>913,148,243</b>

#### Non-current interest-bearing liabilities

As of 30 June 2012 and 31 December 2011, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2012	31-12-2011
<b>Non-current</b>		
Bond loans	765,000,000	645,400,000
Commercial paper	163,050,000	130,850,000
Bank Loans	547,657,927	377,135,697
Expenses with bond loans issuing	(12,861,146)	(4,263,641)
<b>Interest-bearing bank debt</b>	<b>1,462,846,781</b>	<b>1,149,122,056</b>
Financial leases	4,147,257	2,254,664
Other loans - QREN	8,980,953	5,156,899
<b>Other interest-bearing debts</b>	<b>13,128,210</b>	<b>7,411,563</b>
<b>Non-current interest-bearing liabilities</b>	<b>1,475,974,991</b>	<b>1,156,533,619</b>

#### Bond loans

As of 30 June 2012, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2012	31-12-2011
<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 / 2017	40,000,000	20,400,000
Semapa 2012 / 2015	300,000,000	-
	<b>1,115,000,000</b>	<b>795,400,000</b>

Amounts in Euro	Amount	Maturity	Reference rate
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	Jan 2015	Euribor 6m
Semapa 2006 / 2016	175,000,000	Apr 2016	Euribor 6m
Semapa 2006 / 2016	50,000,000	May 2016	Euribor 6m
SBI 2007 / 2017	40,000,000	Dec 2017	Euribor 6m
Semapa 2012 / 2015	300,000,000	Mar 2015	Fixed rate
	<b>1,115,000,000</b>		

Portucel's loan designated "Obrigações Portucel 2005/2012" of Euro 150,000,000 is listed in Euronext Lisboa. Its unit value is, as of 30 June 2012, Euro 100.01 (31 December 2011: Euro 99.78).

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 2012, Euro 75.50 (31 December 2011: Euro 95.25).

During the first half of 2012 Semapa issued a bond loan amounting to Euro 300,000,000 maturing in 3 years (2015).

Also during the first half of 2012, the subsidiary NSOSPE (Brazil) issued a bond loan amounting to Brazilian Real 128,100,000 with 5 year maturity (2017).

#### Commercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 163,050,000 as at 30 June 2011.

During the year ended 31 December 2008, Semapa and ETSA investimentos, SGPS, S.A. (former Verdeoculto) contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years, which is fully available, at 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	30-06-2012	31-12-2011
1 to 2 years	198,060,893	424,199,727
2 to 3 years	621,628,057	83,308,218
3 to 4 years	451,140,296	193,331,836
4 to 5 years	116,912,986	432,770,904
More than 5 years	96,946,648	24,931,911
	<b>1,484,688,880</b>	<b>1,158,542,596</b>

#### Current interest-bearing liabilities

As of 30 June 2012 and 31 December 2011, current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2012	31-12-2011
<b>Current</b>		
Bond loans	350,000,000	150,000,000
Loans from financial institutions	200,583,400	91,124,219
<b>Interest-bearing bank debt</b>	<b>550,583,400</b>	<b>241,124,219</b>
Shareholders short term loans	10,070,864	10,065,242
Financial leases	1,039,311	772,932
Other loans - POE	28,107	28,669
Other debts	15,138,789	-
<b>Other interest-bearing debts</b>	<b>26,277,071</b>	<b>10,866,843</b>
<b>Current interest-bearing liabilities</b>	<b>576,860,471</b>	<b>251,991,062</b>

As of 30 June 2012 and 31 December 2011, current and non-current bank loans were as follows:

Amounts in Euro	30-06-2012	31-12-2011	Reference rate
<b>Non - current</b>			
<b>Holdings</b>			
Caixa Galicia	10,000,000	12,000,000	Euribor 3m
Caixa Geral de Depósitos	100,000,000	133,079,000	Euribor 6m
Other	51,000,884	-	Several
<b>Cement and derivatives segment</b>			
Amen Bank	6,038,230	2,789,896	TMM
Banco Espírito Santo	51,785,716	6,630,000	Euribor
Banco Santander Totta	1,254,197	6,120,000	Euribor 3M
Banco Comercial Português	44,145,053	-	Several
Banco Popular Portugal	15,000,000	-	Several
Caixa de Crédito Agrícola	25,000,000	-	Several
Banque Mediterranée	1,733,013	983,868	Several
UBCI Credit	5,472,810	3,510,079	TMM
BRDE Bank	1,670,182	-	
Volkswagen Bank	772,938	-	
Other	65,155,531	35,132,482	Several
<b>Paper and pulp segment</b>			
BEI	159,196,429	169,047,619	Euribor 6m
<b>Environment segment</b>			
Banco BBVA	-	148,335	Euribor 3m
Banco BPI	4,250,000	5,250,000	Euribor 3m
Banco Espírito Santo	2,000,000	-	Euribor 3m
Banco Santander Totta	1,250,000	1,750,000	Euribor 3m
Montepio	500,000	625,000	Euribor 6m
Other	1,432,944	69,418	Euribor 6m
	<b>547,657,927</b>	<b>377,135,697</b>	
<b>Current</b>			
<b>Holdings</b>			
Banco BPI	-	2,500,000	Euribor 1m
Caixa Galicia	4,000,000	4,000,000	Euribor 12m
Caixa Geral de Depósitos	-	516,634	Euribor 3m
Montepio	5,000,000	5,000,000	Euribor 3m
Fortis Bank	14,978,782	25,000,000	Euribor 3m
<b>Cement and derivatives segment</b>			
Banco Espírito Santo	3,214,286	323,506	Euribor 3m
Banco Santander Totta	51,662,777	-	Euribor 1s
Banco Caixa de Crédito Agrícola	3,000,000	-	
Banco Safra - Capital de giro	1,502,722	-	
Other	39,768,482	23,909,958	Several
<b>Paper and pulp segment</b>			
Caja Duero	16,160,714	14,085,292	Euribor 6m
Other	45,672,524	-	Several
<b>Environment segment</b>			
Banco BBVA	293,625	289,760	Euribor 3m
Banco BPI	1,750,000	3,500,000	Euribor 3m
Banco Espírito Santo	9,500,000	8,250,000	Euribor 3m
Banco Santander Totta	1,000,000	2,000,000	Euribor 3m
Caixa Geral de Depósitos	1,500,000	959,402	Euribor 3m
Montepio	500,000	750,000	Euribor 3m
Other	1,079,489	39,667	Euribor 3m
	<b>200,583,400</b>	<b>91,124,219</b>	
	<b>748,241,327</b>	<b>468,259,916</b>	

## Market values of shares held by the Group

As of 30 June 2012 and 31 December 2011, the market value of shares held by the Group used in the above calculation of interest bearing net debt, was detailed as follows:

Amounts in Euro	30-06-2012	31-12-2011
Treasury shares held by Semapa SGPS	26,858,517	29,255,626
Treasury shares held by Portucel SA	90,932,354	40,641,775
BES shares	60,646	152,179
BCP shares	21,016	253,565
EDP shares	7,309,217	9,375,718
	<b>125,181,750</b>	<b>79,678,863</b>

## Liabilities related to financial leasing

As of 30 June 2012 and 31 December 2011, 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	30-06-2012	31-12-2011
Less than 1 year	1,057,961	778,161
1 to 2 years	996,428	566,537
2 to 3 years	748,632	447,567
3 to 4 years	716,339	289,995
4 to 5 years	682,677	300,209
More than 5 years	1,014,746	657,236
	<b>5,216,782</b>	<b>3,039,705</b>
Future interests	(30,215)	(12,109)
<b>Liabilities' present value</b>	<b>5,186,567</b>	<b>3,027,596</b>

As at 30 June 2012, Group's debt under financial lease plans, was as follows:

Amounts in Euro	Acquisition value	Accumulated depreciation	Net book value
Machinery and equipment	5,075,445	(827,962)	4,247,483
Machinery and equipment - IFRIC 4	58,003,950	(40,135,024)	17,868,926
Transport equipment	1,980,761	964,343	2,945,104
	<b>65,060,156</b>	<b>(39,998,642)</b>	<b>25,061,513</b>

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

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

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

## Bank credit facilities granted and not drawn

At 30 June 2012 and 31 December 2011, bank credit facilities granted and not drawn amounted to Euro 329.812.620 and Euro 332.924.686 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 at 30 June 2012, the Group's margin of safety in its fulfillment exceeds the contracted.

## 32. Payables and other current liabilities

As of 30 June 2012 and 31 December 2011, the caption “Payables and other current liabilities” comprised:

Amounts in Euro	30-06-2012	31-12-2011
Accounts payable to suppliers	195,389,039	172,515,118
Accounts payable c/c	7,882,178	39,001,432
Accounts payable to suppliers of fixed assets - Soporgen	3,737,731	4,584,418
Instituto do Ambiente	10,948,977	11,848,325
Derivative financial instruments (Note 34)	22,029,285	17,632,640
Other creditors	20,227,446	11,249,849
Related Parties (Note 35)	4,353,464	2,351,402
Accrued costs	74,150,195	56,969,220
Deferred income	70,931,389	55,413,700
	<b>409,649,704</b>	<b>371,566,104</b>

At 30 June 2012 and 31 December 2011, the captions “Accrued costs” and “Deferred income” comprised:

Amounts in Euro	30-06-2012	31-12-2011
<b>Accrued costs</b>		
Insurance costs	154,000	132,122
Payroll expenses	47,910,706	41,897,400
Interests payable	11,660,591	7,567,001
Accrued energy costs	5,898,490	2,248,689
Serviços de transporte	1,689,511	-
Expenditure on maintenance	79,048	-
Banking Services	1,094,429	3,144,231
Auditing	112,132	-
Informatics	139,637	-
Other	5,411,652	1,979,777
	<b>74,150,195</b>	<b>56,969,220</b>
<b>Deferred income</b>		
Government grants	51,256,135	54,170,529
Grants - CO2 Emission allowances	18,914,197	433,746
Others	761,057	809,425
	<b>70,931,389</b>	<b>55,413,700</b>

## 33. Assets and liabilities held for sale

Assets and liabilities held for sale are related with the acquisition of Uniconcreto – Betão Pronto, S.A.. The decision to dispose these assets and liabilities follows the imposition placed by the competition authority as well as the subsequent internal assessment carried out by the Group.

## 34. Financial assets and liabilities

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

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

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

At 30 June 2012 and 31 December 2011, the reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities included therein is detailed as follows:

Amounts in Euro	30 June 2012	Financial instruments - trading	Financial instruments - hedging	Loans and other receivables	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interest-bearing liabilities	Non financial
		Note 33	Note 33	Note 24	Note 20	Note 21	Note 32	
<b>Assets</b>								
Financial assets at fair value through profit or loss	-	-	-	7,358,800	-	-	-	-
Financial assets held-for-sale	-	-	-	-	462,077	-	-	-
Other non-current assets	-	-	-	3,264,017	-	-	-	-
Current assets	-	1,879,508	333,615,091	-	-	-	-	26,102,154
Cash and cash equivalents	-	-	302,223,028	-	-	-	-	-
<b>Total assets</b>	-	1,879,508	333,615,091	7,358,800	462,077	-	-	26,102,154
<b>Liabilities</b>								
Non-current interest-bearing liabilities	-	-	-	-	-	1,475,974,991	-	-
Other liabilities	-	-	-	-	-	-	-	16,794,127
Current interest-bearing liabilities	-	-	-	-	-	576,860,471	-	-
Current liabilities	921,549	21,107,736	-	-	-	253,937,616	-	133,682,802
<b>Total liabilities</b>	921,549	21,107,736	-	-	-	2,306,773,078	-	150,476,929

Amounts in Euro	31 December 2011	Financial instruments - trading	Financial instruments - hedging	Loans and other receivables	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interest-bearing liabilities	Non financial
		Note 33	Note 33	Note 24	Note 20	Note 21	Note 32	
<b>Assets</b>								
Financial assets at fair value through profit or loss	-	-	-	9,657,695	-	-	-	-
Financial assets held-for-sale	-	-	-	-	553,764	-	-	-
Other non-current assets	-	-	-	1,606,107	-	-	-	-
Current assets	-	802,997	300,412,231	-	-	-	-	15,410,226
Cash and cash equivalents	-	-	415,687,575	-	-	-	-	-
<b>Total assets</b>	-	802,997	717,175,913	9,657,695	553,764	-	-	15,410,226
<b>Liabilities</b>								
Non-current interest-bearing liabilities	-	-	-	-	-	1,156,533,619	-	-
Other liabilities	-	-	-	-	-	-	-	18,175,624
Current interest-bearing liabilities	-	-	-	-	-	251,991,062	-	-
Current liabilities	2,549,919	15,082,721	-	-	-	240,057,499	-	113,675,964
<b>Total liabilities</b>	2,549,919	15,082,721	-	-	-	1,648,582,180	-	132,651,588

As of 30 June 2012 and 31 December 2012, the fair value of these assets and liabilities is similar to its book value.

In the following table are presented the assets and liabilities at their fair value as of 31 December 2011 in accordance with the following hierarchic levels foreseen in IFRS 7:

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

### Assets measured at fair value

Amounts in Euro	30-06-2011	Level 1	Level 2	Level 3
<b>Financial assets at fair value recognized in earnings</b>				
Hedging	1,879,508	-	1,879,508	-
<b>Financial assets at fair value through profit or loss</b>				
Trading	-	-	-	-
<b>Financial assets at fair value through profit or loss</b>				
Shares	7,358,800	7,358,800	-	-
<b>Financial assets held-for-sale</b>				
Shares	462,077	462,077	-	-

### Liabilities measured at fair value

Amounts in Euro	30-06-2011	Level 1	Level 2	Level 3
<b>Financial liabilities at fair value recognized in earnings</b>				
Hedging	(21,107,736)	-	(21,107,736)	-
<b>Financial liabilities at fair value through profit or loss</b>				
Trading	(921,549)	-	(921,549)	-

## 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 balance sheet items denominated in foreign currencies against the respective currency fluctuations.

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

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

As of 30 June 2012, details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Changes in fair value (Trading)	Changes in fair value (Hedging)	Total
<b>As of 1 January 2012</b>	<b>(2,532,360)</b>	<b>(14,279,724)</b>	<b>(16,812,084)</b>
Maturity	(1,059,572)	935,462	(124,110)
Changes in fair value through profit and loss	2,677,645	(2,666,694)	10,951
Changes in fair value recognized in equity	-	(1,680,459)	(1,680,459)
Changes in perimeter	(7,262)	(1,536,813)	(1,544,075)
<b>As of 30 June 2012</b>	<b>(921,549)</b>	<b>(19,228,228)</b>	<b>(20,149,777)</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 movement in the balances presented at 30 June 2012 and 31 December 2011, relating to financial instruments was as follows:

Amounts in Euro	Amount	Maturity	30-06-2012			31-12-2011
			Positive	Negative	Net	Net
<b>Hedging</b>						
Collar interest rate (SWAPs)	225,000,000	2015	-	(13,359,016)	(13,359,016)	(10,933,729)
Coverage of Net Investment	19,896,743	2012	377,564	-	377,564	(614,563)
Currency forwards (future sales)	78,117,554	2012	-	(385,549)	(385,549)	(1,365,967)
Interest rate sw aps (SWAPs)	40,000,000	2017	-	(5,476,612)	(5,476,612)	(2,168,762)
Interest rate sw aps and currency BRL	24,827,439	2017	-	(1,886,559)	(1,886,559)	-
Operations on CO2 Licenses	80,293,554	2012	1,501,944	-	1,501,944	802,997
	<b>468,135,290</b>		<b>1,879,508</b>	<b>(21,107,736)</b>	<b>(19,228,228)</b>	<b>(14,279,724)</b>
<b>Trade</b>						
Currency forwards (EUR)	53,315,761	2012	-	(834,300)	(834,300)	(2,502,663)
Currency forwards (USD)	1,785,000	2012	-	(87,249)	(87,249)	(47,256)
	<b>55,100,761</b>		-	<b>(921,549)</b>	<b>(921,549)</b>	<b>(2,549,919)</b>
	<b>523,236,051</b>		<b>1,879,508</b>	<b>(22,029,285)</b>	<b>(20,149,777)</b>	<b>(16,829,643)</b>

On 5 September and 19 November 2008, the Group entered into swap agreements of "Emission EU Allowances (EUA) and Certified Emission Reductions "(CER) with a financial institution.

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

The Group views this transaction as a swap of similar goods with similar value in use, not exposed to future

volatility in market prices of the allowances and consequently not regarded as a transaction which generates revenue in the current period. Revenue arising from this transaction is recognized in the income statement on its maturity date.

### Financial assets at fair value through earnings

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

### Available-for-sale financial assets

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

### Loans and receivables

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

### Other financial liabilities

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

## 35. Balances and transactions with related parties

As of 30 June 2012 and 31 December 2011, related parties receivables and payables comprised:

Amounts in Euro	Interest-bearing liabilities	
	30-06-2012	31-12-2011
<b>Shareholders</b>		
Cimo SGPS, SA	286,262	3,815,891
Longapar, SGPS, SA	9,784,602	6,249,351
	<b>10,070,864</b>	<b>10,065,242</b>

Amounts in Euro	30-06-2012		31-12-2011	
	Other Receivables	Other Payables	Other Receivables	Other Payables
<b>Other related entities</b>				
Ave-Gestão Ambiental, S.A.	2,333	699,733	17,434	261,466
Chryso Portugal, S.A.	-	213,715	38,683	204,362
Cotif Sicar	-	22,109	-	11,538
Intertogrande	-	-	102,146	-
J.M. Henriques, Lda.	-	-	55,254	-
Pedro Soveral	-	62,864	-	32,061
Ricardo Soveral	-	62,864	-	32,061
Secil Prebetão, S.A.	40,253	10,786	25,246	6,881
Secil Unicon - S.G.P.S., Lda	-	-	108,819	-
Seribo, S.A.	-	185,759	-	116,930
Setefrete - Soc. Tráfego Cargas, S.A.	-	354,965	-	337,208
Other related parties	3,807,979	2,740,669	7,853	-
Shareholders (Dividends allocated to INC)	-	-	-	1,348,895
<b>Total</b>	<b>3,850,565</b>	<b>4,353,464</b>	<b>355,435</b>	<b>2,351,402</b>

In the six months periods ended 30 June 2012 and 2011, related parties transactions between related parties comprised:



Amounts in Euro	30-06-2012		30-06-2011	
	Service Purchase	Financial Losses	Service Purchase	Financial Losses
<b>Shareholders</b>				
Omigest SGPS, SA	53,870	-	53,870	-
Omo SGPS, SA	-	59,725	-	47,935
Longapar, SGPS, SA	-	118,865	-	304,100
Sonaca SGPS, SA	-	-	-	4,321
	<b>53,870</b>	<b>178,590</b>	<b>53,870</b>	<b>356,356</b>

Amounts in Euro	30-06-2012			
	Service Purchase	Services rendered	Operating Income	Losses/(Gain)s financial
<b>Subsidiaries shareholders and Joint ventures</b>				
Ave-Gestão Ambiental, S	1,470,668	9,000	80,005	-
Chryso Portugal, S.A.	399,903	-	-	-
Secil Prebetão, S.A.	28,744	310,134	2,831	-
Setefrete, S.A.	2,029,319	-	15,692	-
Viroc Portugal, S.A.	-	414,148	46,427	(78,069)
Others	-	-	88	(10,367)
	<b>3,928,634</b>	<b>733,282</b>	<b>145,043</b>	<b>(88,436)</b>

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

## 36. Changes in the consolidation perimeter

### Changes in the perimeter due to new acquisitions

As mentioned, during the first half of 2012 the Group acquired 50% of share capital of Supremo Cimentos, SA, which was incorporated in the consolidated financial statements using the proportional method.

The impacts of this integration were as follows:

Amounts in Euro	Supremo Cimentos SA
<b>Non current assets</b>	
Cash and cash equivalents	20,342,434
Property, plant and equipment	59,989,961
Deferred tax assets	86,801
Other non current assets	27,207
<b>Current assets</b>	
Inventories	1,736,427
State and other public entities	452,140
Other current receivables	1,809,959
<b>Non current liabilities</b>	
Provisions	(87,001)
Deferred tax liabilities	(20,805,756)
Interest bearing liabilities	(5,416,480)
Other non-current payables	(1,017,597)
<b>Passivos correntes</b>	
State and other public entities	(337,058)
Interest bearing liabilities	(5,631,503)
Other current liabilities	(2,990,918)
<b>Total acquired / integrated</b>	<b>48,158,617</b>
Positive acquisition difference (Note 15)	41,905,144
<b>Net acquisition cost</b>	<b>90,063,760</b>
Cash and cash equivalents	7,740,538
<b>Net Equity acquired / integrated</b>	<b>97,804,298</b>

### Changes of the perimeter by obtaining control

As already mentioned (Note 1.2) at the end of March 2012, the shareholder agreement between CRH and Semapa, that regulated shareholdings in Secil, ceased.

Therefore, Semapa started to fully consolidate Secil from March 22 on, based on the percentage of voting rights held in that subsidiary (51%).

The impact of total integration after revaluating the 51% stake held and assigning fair values to the identifiable assets and liabilities were as follows:

Amounts in Euros	Mar-12
<b>Non current assets</b>	
Other intangible assets	66,264,567
Property, plant and equipment	326,418,062
Investment properties	674,661
Investments in associates	2,096,331
Deferred tax assets	9,813,669
Other non current assets	1,651,933
<b>Current assets</b>	
Inventories	48,547,172
Current receivables	43,547,688
State and other public entities	6,996,595
Assets held for sale	11,457,424
Cash and cash equivalents	32,966,350
<b>Non current liabilities</b>	
Deferred tax liabilities	(68,733,148)
Obligations with pensions	(10,182,818)
Provisions	(11,432,086)
Interest bearing liabilities	(80,526,831)
Other liabilities	(109,650)
<b>Current liabilities</b>	
Interest bearing liabilities	(24,550,626)
Current payables	(63,004,722)
State and other public entities	(19,761,719)
Non-current liabilities held for sale	(982,751)
<b>Total identifiable assets and liabilities revalued</b>	<b>271,150,101</b>
Non-controlling interests	(42,158,643)
Goodwill (Note 15)	125,516,452
<b>Total</b>	<b>354,507,911</b>

## 37. Environmental related expenditures

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

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

Expenditures capitalized and recognized as costs in the first semester of 2012 comprise:

Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	258,777	353,704	612,481
Management of residual waters	16,322	-	16,322
Residual managements	711,091	367,741	1,078,832
Protection of soils and underground waters	1,338,473	12,880	1,351,353
Protection of Nature	102,898	4,397	107,295
Liquid effluent treatment	5,273,217	75,890	5,349,107
Materials recycling	2,384,108	-	2,384,108
Expenses with electrofilters	256,828	-	256,828
Solid waste landfill	138,526	-	138,526
Other environmental protection activities	213,625	231,232	444,857
	<b>10,693,864</b>	<b>1,045,845</b>	<b>11,739,708</b>

Expenditures capitalized and recognized as costs in the year ended 31 December 2011 comprise:

Areas	Expenses of the period	Capitalisation in the period	Total
Atmospheric emissions	796,083	3,110,710	3,906,793
Management of residual waters	18,069	49,065	67,134
Residual managements	1,158,380	2,988,932	4,147,312
Protection of soils and underground waters	2,018,511	23,379	2,041,890
Protection of Nature	389,968	47,498	437,466
Generator oil boiler	-	57,884	57,884
Liquid effluent treatment	8,173,029	109,182	8,282,211
Recuperation Boiler	-	80,187	80,187
Materials recycling	1,457,788	-	1,457,788
Expenses with electrofilters	558,917	-	558,917
Sewage network	41,515	-	41,515
Solid waste landfill	360,903	-	360,903
Other environmental protection activities	316,508	124,543	441,051
	<b>15,289,671</b>	<b>6,591,380</b>	<b>21,881,051</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

In the six months period ended 30 June 2012 and 2011, expenses pertaining to statutory audit and audit services, comprised:

Amounts in Euro	30-06-2012	30-06-2011
Services of legal review of accounts and audit		
Statutory auditors services	342,257	252,262
Financial audit of foreign subsidiaries	77,950	124,504
Tax consultancy services	116,120	149,805
Other assurance services	75,563	85,191
	<b>611,890</b>	<b>611,762</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 2012 and 31 December 2011, the number of employees in service of the Group's various companies, was as follows:

Segment	30-06-2012	31-12-2011	Var. 11/10
Pulp and Paper	2,278	2,290	(12)
Cement and derivative	2,808	2,589	219
Environment	248	235	13
Holdings and Others	17	19	(2)
	<b>5,351</b>	<b>5,133</b>	<b>218</b>

## 40. Commitments

As of 30 June 2012 and 31 December 2011, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	30-06-2012	31-12-2011
<b>Warranties</b>		
IAPMEI (in the perimeter of POE)	29,529	15,060
IAPMEI (in the perimeter of QREN)	4,274,321	1,782,295
VAT refunds request	3,389,609	3,593,131
Portuguese tax authorities (DGCI)	43,082,418	38,177,530
Câmara Municipal de Setúbal	964,905	492,102
APSS - Adm. dos Portos de Setúbal e Sesimbra	2,547,495	1,197,421
Direcção Geral de Alfândegas	854,414	435,751
APDL - Administração do Porto de Leixões	659,368	324,404
Simria	341,113	327,775
Instituto de Conservação da Natureza - Arrábida	332,437	202,450
IFAP	1,038,236	1,225,036
IAPMEI (in the perimeter of PEDIP)	99,760	50,878
Comissão de Coord. e Desenv. Reg. Centro	845,173	792,059
Comissão de Coordenação e Desenv. Regional LVT	1,012,544	124,646
Other	2,014,636	3,427,840
	<b>61,485,959</b>	<b>52,168,377</b>
<b>Other commitments</b>		
Purchase commitments with suppliers	103,155,855	53,844,052
Mortgage loan guarantee	1,921,300	2,022,209
	<b>105,077,155</b>	<b>55,866,261</b>
	<b>166,563,113</b>	<b>108,034,638</b>

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

With funds availability under that contract, Semapa and/or guarantor undertake to provide security in the corresponding shares acquired and/or holding in portfolio Portucel shares, or alternately the establishment of a long term deposit, sufficient to maintain a coverage ratio amounting never less than 1.25.

This credit line was used up, on 30 June 2012 by the amount of Euro 100,000,000, having been given as security 80,417,005 Portucel shares.

Additionally, in the year ended 31 December 2011, Secil contracted a loan for the acquisition of Uniconcreto, S.A. whose amount outstanding as at 31 December 2011 amounts to Euro 65.008.678, having the company's shares been pledged as collateral to the contracted loan.

### Liabilities assumed due to operating leases

As of 30 June 2012 and 31 December 2011, debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	30-06-2012	31-12-2011
No more than one year	2,115,639	2,088,495
More than one and less than five years	3,348,911	2,469,602
	<b>5,464,550</b>	<b>4,558,096</b>



## 41. Other commitments of the Group

### Promissory liens

In 2010, the associated company Secil Martingança S.A., contracted an additional bank loan amounting to Euro 2,500,000 for the construction of the new plant located in Montijo having mortgaged, as of the same date, the plant land. As of 30 June 2012, this bank loan was yet to be settled.

In January 2011, the subsidiary Ciments de Sibline, S.A.L. paid up the entire medium and long term bank loan negotiated with a Lebanese bank that amounted to USD 15,000,000, of which USD 11,050,596 (Euro 8,777,280) had been used, and renegotiated an increase in the contracted overdraft from USD 10,000,000 (Euro 7,942,812) to USD 20,000,000 (Euro 15,885,624). Following this renegotiation, Ciments de Sibline, S.A.L. kept the two mortgages over property, plant and equipment owned by it in favor of the bank in the amounts of USD 57,500,000 (Euro 45,671,168) and USD 12,270,000 (Euro 10,087,371). As of 30 June 2012, the overdraft used and recognized in the balance sheet amounted to USD 13,766,953 (Euro 10,934,832).

### Comfort letters

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

### Investment in a new plant in Angola

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

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

In this Memorandum of Agreement, it was estimated that within a time horizon of 36 months commencing from the date the respective share capital was paid up, Secil Lobito would erect cement and clinker factory in Lobito.

On 26 October 2007, the Angolan Cabinet approved the Private Investment Project called the "Lobito New

Cement Factory" involving an amount of USD 91,539,000, contracted on 14 December 2007, by Secil Lobito and by "ANIP – Agência Nacional para o Investimento Privado", the latter representing the Angolan state.

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

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

### Issue of Debentures (Brazil)

NSOSPE (Brazilian subsidiary owned by Semapa) issued a bond loan (in the form of debentures), amounting to Brazilian Real 128,100,000, having Semapa assumed as commitments and guarantees related to that loan, a pledge of shares representing the total share capital of NSOSPE, equity support agreement and a promissory note.

Within the scope of this emission, NSOSPSE celebrated a derivative contract in order to hedge the currency risk and interest rate. Regarding this contract, Semapa committed to an equity support agreement and a promissory note.

## 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.

#### Infrastructure enhancement and maintenance rate

Under the licensing process nº 408/04 related to the new paper mill project, the Setubal city Council issued a settlement note to Portucel regarding an infrastructure increase and maintenance fee ("TMUE ") amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this concept in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setubal. Portucel disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal in Court against the rejection of the claim on 28 October 2008.

In the appeal, Portucel claims the cancelation of the settlement act, on the following grounds: (i) disproportionately of the fee applied; (ii) it as the nature of a tax, that cannot be imposed by the City Council and (iii) the absence of any consideration paid on their behalf by the Setubal City Council since it was Portucel that supported all costs regarding the urban infrastructure and maintenance, thus proving that the TMUE configures a true tax.

The decision of the Court is still pending.

### Public Debt Settlement Fund

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

In addition to the tax matters described below, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totaling Euro 136,243,939. These amounts related to adjustments in the financial statements of the group after its privatization, that had not been considered in formulating the price of such privatization as they were not included in the documentation made available for consultation by the bidders.

### Tax matters

### Public Debt Settlement Fund

Portucel submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date.

In this context, the aforementioned Fund is liable for Euro 33,861,034, detailed as follows:

Amounts in Euro	Period	Amounts 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	197,395	(157,915)	39,480
Corporate Income Tax (RF)	2004	3,324	-	3,324
Corporate Income Tax	2004	766,395	-	766,395
Corporate Income Tax (RF)	2005	1,736	(1,736)	-
Corporate Income Tax	2005	11,754,680	-	11,754,680
Corporate Income Tax	2006	11,890,071	-	11,890,071
Expenses		190,984	-	190,984
		<b>33,169,820</b>	<b>(8,210,546)</b>	<b>24,959,274</b>
<b>Soporcel</b>				
Corporate Income Tax	2002	169,219	-	169,219
Corporate Income Tax (Replacement)	2003	5,725,771	-	5,725,771
Value added tax	2003	2,509,101	-	2,509,101
Stamp Tax	2004	497,669	-	497,669
		<b>8,901,760</b>	<b>-</b>	<b>8,901,760</b>
		<b>42,071,580</b>	<b>(8,210,546)</b>	<b>33,861,034</b>

### Municipal surcharge 2010 / 2011 – Euro 1,147,617 and Euro 1,117,677

In the 2010 income tax form presented by Portucel, a state surcharge of Euro 1,147,617 was determined regarding About The Future – Empresa Produtora de Papel, S.A., which is considered undue by the Group as it should have been deducted to tax benefits granted by AICEP to the company. AICEP seconds the company's views on this matter.

Due to this, Portucel presented a tax claim in order to collect the refund of this excess income tax amount paid in 2010. Following the rejection of that claim, Portucel presented the corresponding hierarchical appeal, on 11 November 2011. On 17 May, a legal appeal was presented.

Regarding 2011, Portucel will also present a tax claim in order to collect the refund of the excess income tax amount paid in 2011.

### Investment contract – AICEP

Regarding the contracts signed with AICEP and up to 30 June 2012, a total amount of Euro 18,623,863 of tax incentives is yet to be recognized.

## 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 2012.

The income statement transactions were translated at the average rate for the year. The differences arising from the application of these rates as compared with the balance prior to the conversion were reflected under the Currency translation reserve heading in shareholders' equity.

The rates used during the first semester of 2012 and 2011 against the euro, were as follows:

Currency	30-06-2012	31-12-2011	Valuation/ (depreciation)
TND (tunisian dinar)			
Average exchange rate for 1	1.9929	1.9553	(1.92%)
Exchange rate at the end of	2.0008	1.9397	(3.15%)
LBN (libanese pound)			
Average exchange rate for 1	1,954.40	2,098.40	6.86%
Exchange rate at the end of	1,897.90	1,950.60	2.70%
USD (american dollar)			
Average exchange rate for 1	1.2963	1.3920	6.87%
Exchange rate at the end of	1.2590	1.2939	2.70%
GBP (sterling pound)			
Average exchange rate for 1	0.8224	0.8679	5.25%
Exchange rate at the end of	0.8068	0.8353	3.41%
PLN (polish zloty)			
Average exchange rate for 1	4.2466	4.1205	(3.06%)
Exchange rate at the end of	4.2488	4.4580	4.69%
SEK (swedish krona)			
Average exchange rate for 1	8.8842	9.0308	1.62%
Exchange rate at the end of	8.7728	8.9120	1.56%
CZK (czech koruna)			
Average exchange rate for 1	25.1746	24.5906	(2.37%)
Exchange rate at the end of	25.6400	25.7870	0.57%
CHF (swiss franc)			
Average exchange rate for 1	1.2048	1.2324	2.24%
Exchange rate at the end of	1.2030	1.2156	1.04%
DKK (danish krone)			
Average exchange rate for 1	7.4361	7.4507	0.20%
Exchange rate at the end of	7.4334	7.4342	0.01%
HUF (hungarian florim)			
Average exchange rate for 1	295.4656	279.3789	(5.76%)
Exchange rate at the end of	287.7700	314.5800	8.52%
AUD (australian dollar)			
Average exchange rate for 1	1.2562	1.3485	6.84%
Exchange rate at the end of	1.2339	1.2723	3.02%
MZM (Mozambique Metical)			
Average exchange rate for 1	35.8413	40.9907	12.56%
Exchange rate at the end of	34.9800	35.9200	2.62%
BRL (Brazilian Real)			
Average exchange rate for 1	2.4144	2.3265	(3.78%)
Exchange rate at the end of	2.5788	2.4159	(6.74%)
MAD (Moroccan Dirame)			
Average exchange rate for 1	11.1330	11.2829	1.33%
Exchange rate at the end of	11.0509	11.1734	1.10%
NOK (Norwegian krone)			
Average exchange rate for 1	7.5733	7.7939	2.83%
Exchange rate at the end of	7.5330	7.7540	2.85%

## 44. Companies included in consolidation

### Instrumental companies included in consolidation

Name	Head Office	Direct and Indirect % of equity held by subsidiary Semapa		
		Direct	Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisboa			
Subsidiaries				
Seminv, SGPS, S.A.	Lisboa	100.00	-	100.00
Cimentospar - Participações Sociais, SGPS, Lda.	Lisboa	-	100.00	100.00
Seinpart, SGPS, S.A.	Lisboa	49.00	51.00	100.00
ETSA - Investimentos, SGPS, SA	Stº Antão do Tojal	96.00	-	96.00
Seinpar Investments, B.V.	Amesterdão	100.00	-	100.00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amesterdão	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Great Earth, SA	Lisboa	100.00	-	100.00
NSOSPE - Empreendimentos e Participações, SA	Rio de Janeiro	100.00	-	100.00

### 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./	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 detido na Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	47.29	33.55	80.84	80.84
					-
					-
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	80.84
Soporcel Pulp - Sociedade Portuguesa de Celulose, SA*	Figueira da Foz	100.00	-	100.00	80.84
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	100.00		100.00	80.84
Naturfunji, ACE	Setúbal	-	50.00	50.00	40.42
CountryTarget SGPS SA*	Setúbal	100.00	-	100.00	80.84
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	80.84
PortucelSoporcel Florestal, SA	Setúbal	-	100.00	100.00	80.84
Afocelca ACE	Portugal	-	64.80	64.80	52.38
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100.00	100.00	80.84
Atlantic Forests, SA	Setúbal	-	100.00	100.00	80.84
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	80.84
Aflomec - Empresa de Exploração Florestal, SA	Setúbal	-	100.00	100.00	80.84
Cofotrans - Empresa de Exploração Florestal, SA	Figueira da Foz	-	100.00	100.00	80.84
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00	75.99
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	80.84
Bosques do Atlantico, SL	Espanha	-	100.00	100.00	80.84
PortucelSoporcel Pulp SGPS, S.A.	Setúbal	100.00	-	100.00	80.84
CELSET - Celulose de Setúbal, S.A.	Setúbal	-	100.00	100.00	80.84
CELCA CIA - Celulose de Cacia, S.A.	Aveiro	-	100.00	100.00	80.84
Portucel International GmbH	Alemanha	-	100.00	100.00	80.84
PortucelSoporcel Papel, SGPS SA	Setúbal	100.00	-	100.00	80.84
Portucel Soporcel North America Inc.	EUA	-	100.00	100.00	80.84
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100.00	100.00	80.84
Portucel Papel Setúbal, S.A.	Setúbal	-	100.00	100.00	80.84
PortucelSoporcel Sales & Marketing NV	Bélgica	25.00	75.00	100.00	80.84
PortucelSoporcel Fine Paper , S.A.	Setúbal	-	100.00	100.00	80.84
PortucelSoporcel España, SA	Espanha	-	100.00	100.00	80.84
PortucelSoporcel International, BV	Holanda	-	100.00	100.00	80.84
PortucelSoporcel France, EURL	França	-	100.00	100.00	80.84
PortucelSoporcel United Kingdom, Ltd	Reino Unido	-	100.00	100.00	80.84
PortucelSoporcel Italia, SRL	Itália	-	100.00	100.00	80.84
PortucelSoporcel Lusa Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	80.84
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100.00	100.00	80.84
PortucelSoporcel Deutschland, GmbH	Alemanha	-	100.00	100.00	80.84
PortucelSoporcel Handels, GmbH	Austria	-	100.00	100.00	80.84
PortucelSoporcel Afrique du Nord	Marrocos	-	100.00	100.00	80.84
PortucelSoporcel Poland SP Z O	Polónia	-	100.00	100.00	80.84
PortucelSoporcel Switzerland, Ltd	Suiça	-	100.00	100.00	80.84
PortucelSoporcel Energia, SGPS SA	Setúbal	100.00	-	100.00	80.84
SPCG – Sociedade Portuguesa de Co-geração Eléctrica, SA	Setúbal	-	100.00	100.00	80.84
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100.00	100.00	80.84
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100.00	100.00	80.84
PortucelSoporcel Participações, SGPS SA	Setúbal	100.00	-	100.00	80.84
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	80.84
Empremédia - Corretores de Seguros, Lda	Lisboa	-	100.00	100.00	80.84
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100.00	100.00	80.84
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	40.42
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	80.84
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	80.84
Ena Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15	73.69
Ena Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	74.82
Ena Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	73.94
EucaliptusLand, SA	Setúbal	-	100.00	100.00	80.84
PortucelSoporcel Internacional SGPS SA	Setúbal	100.00	-	100.00	80.84
Portucel Moçambique , Lda	Moçambique	25.00	75.00	100.00	80.84
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brasil	25.00	75.00	100.00	80.84
PortucelSoporcel Logística de Papel, ACE	Figueira da Foz	33.33	66.67	100.00	80.84
PortucelSoporcel Abastecimento de Madeira, ACE	Figueira da Foz	60.00	40.00	100.00	80.84

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

Name	Head Office	Direct and indirect % of equity held by subsidiary Secil			Equity % actually held by Semapa
		Direct	Indirect	Total	
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	10.859	89.139	99.998	99.998
<b>Subsidiaries</b>					
Parcim Investments, B.V.	Amesterdão	100.00	-	100.00	99.998
Secilpar, SL	Madrid	-	100.00	100.00	99.998
Somera Trading Inc.	Panamá	-	100.00	100.00	99.998
Hew bol, S.G.P.S., Lda.	Funchal	-	100.00	100.00	99.998
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	99.998
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	62.499
Florimar- Gestão e Participações, S.G.P.S., Lda.	Funchal	100.00	-	100.00	99.998
Seciment Investments, B.V.	Amesterdão	100.00	-	100.00	99.998
I3 Participações e Serviços, Ltda.	Rio de Janeiro	-	99.97	99.97	99.968
Serife, Lda.	Lisboa	100.00	-	100.00	99.998
Silonor, S.A.	Dunkerque	100.00	-	100.00	99.998
Société des Ciments de Gabés	Tunis	98.72	-	98.72	98.716
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	98.716
Zarzis Béton	Tunis	-	98.72	98.72	98.716
Secil Angola, SARL	Luanda	100.00	-	100.00	99.998
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51.00	51.00	50.999
Secil, Betões e Inertes, S.G.P.S., S.A.	Setúbal	100.00	-	100.00	99.998
Unibetão - Indústrias de Betão Preparado, S.A.	Lisboa	-	100.00	100.00	99.998
Britobetão - Central de Betão, Lda.	Évora	-	91.00	91.00	90.998
Eurobetão - Betão Pronto, S.A.	Lisboa	-	100.00	100.00	99.998
Sicobetão - Fabricação de Betão, S.A.	Lisboa	-	100.00	100.00	99.998
Secil Britas, S.A.	Lisboa	-	100.00	100.00	99.998
Quimpedra - Secil Britas, Calcários e Derivados, Lda.	Lisboa	-	100.00	100.00	99.998
Colegra - Exploração de Pedreiras, S.A.	Lisboa	-	100.00	100.00	99.998
Lusoinertes, S.A.	Lisboa	-	100.00	100.00	99.998
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Leiria	51.19	45.81	97.00	96.998
IRP - Indústria de Rebocos de Portugal, S.A.	Santarém	-	97.00	97.00	96.998
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Lisboa	100.00	0.00	100.00	99.998
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisboa	-	90.87	90.87	90.868
Cimentos Costa Verde - Comércio de Cimentos, S.A.	Lisboa	-	100.00	100.00	99.998
Solenreco-Produção e Comercialização de Combustíveis, Lda.	Porto	-	98.00	98.00	97.998
Valcem - Produtos Cimentícios, Lda.	Setúbal	50.00	50.00	100.00	99.998
Prescor Produção de Escórias Moidas, Lda.	Lisboa	-	100.00	100.00	99.998
CMP - Cimentos Maceira e Pataias, S.A.	Leiria	100.00	-	100.00	99.998
Ciments de Sibline, S.A.L.	Beirute	28.64	22.41	51.05	51.049
Soime, S.A.L.	Beirute	-	51.05	51.05	51.049
Premix Liban, S.A.L	Beirute	-	51.05	51.05	51.049
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	57.142
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57.14	57.14	57.142
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57.14	57.14	57.142
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57.14	57.14	57.142
Madebritas - Sociedade de Britas da Madeira, Lda. (a)	Funchal	-	29.14	29.14	29.142
Pedra Regional, S.A. (a)	Funchal	-	29.14	29.14	29.142
Reficomb, S.A.	Setúbal	100.00	-	100.00	99.998
Uniconcreto - Betão Pronto, S.A.	Lisboa	100.00	-	100.00	99.998

**Companies included under proportional consolidation**

Name	Head Office	Direct and indirect % of equity held on SUPREMO			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Supremo Cimentos, S.A.	Santa Catarina	35.00	15.00	50.00	50.00
Subsidiaries:					
Margem - Companhia de Mineração	Paraná	100.00	-	100.00	50.00
OP Beton Concreto e Engenharia, Ltda	Santa Catarina	100.00	-	100.00	50.00



## 45. Individual Financial Statements (prepared in accordance with Portuguese GAAP - SNC)

The individual financial statements of Semapa, SGPS, S.A. are prepared in compliance with all standards comprised in the Portuguese GAAP (SNC).

As stated in note 27, in the first half of 2012, the Group recorded in its consolidated financial statements, under the heading "Retained earnings", a negative amount of Euro 335,355,970, corresponding to the difference determined as of the acquisition date (15 May 2012) between the equity attributable to the additional percentage of 49% not yet held by Secil, and its acquisition value, in accordance with the revised IFRS 3.

This acquisition was performed by Cimentospar, SGPS, S.A., a company wholly owned by Semapa SGPS, S.A..

Despite having the IFRS as a conceptual starting point, differences between the two sets of standards (current Portuguese GAAP and IFRS) exist. Thus, in Semapa's individual financial statements, prepared in accordance to Portuguese GAAP (SNC), and due to the assessment the subsidiary recoverable amounts, the referred figure was partially recorded in the income statement (Euro 220,892,829).

In light of the above, the main headings of the individual income statement for the period, prepared in accordance with Portuguese GAAP (SNC), are presented as follows:

Amounts in Euros	1º S 2012	1º S 2011
Profit before depreciation, financial cost and taxes	(141,624,325)	69,353,027
Operating profit	(141,769,732)	69,253,992
Profit before tax	(155,234,280)	61,760,441
<b>Individual Net Profit (SNC)</b>	<b>(155,345,828)</b>	<b>60,042,049</b>

The difference between the stake's book value in Secil after the acquisition of the 49% and its recoverable negative amount of Euro 220,892,829, impacts the individual accounts of Semapa through the application of the equity method to Cimentospar subsidiary, shown in the caption "Gains/ (Losses) from subsidiaries".

This difference, determined based in the period immediately prior to the acquisition, occurred in 15 May, corresponds to the difference between the post-acquisition book value of the 99.99% stake in the subsidiary on a Portuguese GAAP basis, and its recoverable amount (Euros 695,099,287).

The main headings of the individual financial position of Semapa on 30 June 2012 and 31 December 2011, are presented as follows:

Amounts in Euros	30-06-2012	31-12-2011
Total assets	1,994,766,737	2,006,480,649
Net profit	(155,345,828)	124,161,800
Equity	905,336,495	1,084,206,028
Total Liabilities	1,089,430,242	922,274,621

The reconciliation between the consolidated net profit of the period and the individual net profit is presented as follows:

Amounts in Euros	1º S 2012
Consolidated net profit (IFRS)	82,306,371
Revaluation of the 51% held at the date control	(16,759,370)
Difference in fair value over the book value (indiv.)	(220,892,829)
<b>Individual Net Profit (SNC)</b>	<b>(155,345,828)</b>

The reconciliation between the individual and consolidated equity at June 30, 2012 is presented as follows:

Amounts in euros	31-12-2011	31-12-2011
Total equity - SNC	<b>905,336,495</b>	<b>1,084,206,028</b>
Subsides recorded in shareholders as SNC	(40,500,931)	(33,277,463)
Difference in fair value of Secil Consolidated NP	16,759,370	-
Difference in fair value of Secil Individual NP	220,892,829	-
Goodwill recorded on the acquisitions to InC	(337,481,531)	(2,125,567)
<b>Equity Total before InC - IFRS</b>	<b>765,006,232</b>	<b>1,048,802,998</b>

## 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.



**BOARD OF DIRECTORS****President:**

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Pedro Mendonça de Queiroz Pereira**Vowels:**

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Maria Maude Mendonça de Queiroz Pereira Lagos

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José Alfredo de Almeida Honório

---

Francisco José Melo e Castro Guedes

---

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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Vitor Manuel Galvão Rocha Novais Gonçalves



## ***Limited Review Report Prepared by Auditor Registered with the Securities Market Commission (CMVM) on the Consolidated Half Year Information***

***(Free translation from the original in Portuguese)***

### ***Introduction***

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2012 of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. included in the consolidated Directors' Report, consolidated statement of financial position (which shows total assets of Euro 4,331,432,400 and total shareholders' equity of Euro 1,084,633,827, including non-controlling interests of Euro 319,627,595 and a net profit of Euro 82,306,371), consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

### ***Scope***

5 Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors, planned according to that objective, and consisted: (a) primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the presentation of the financial information; (v) as to whether the consolidated financial information is complete, true, up-to-date, clear, objective and lawful.

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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*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades

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6 Our work also covered the verification that the consolidated financial information included in the consolidated Directors' Report is consistent with the remaining documents referred to above.

7 We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

### ***Conclusions***

8 Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2012 contain material misstatements that affect its conformity with International Financial Reporting Standards as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

### ***Report on other requirements***

9 Based on the work, nothing has come to our attention that leads us to believe that the consolidated financial information included in the consolidated Directors' Report is not consistent with the consolidated financial information for the period.

August 30, 2012

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 Henriques Assis, R.O.C.

**(This is a translation, not to be signed)**