



ANNUAL REPORT 2009



DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

2009

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

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1 Market Background

The financial year of 2009 was marked by a serious world economic crisis which grew more severe after the bankruptcy of the Lehman Brothers investment bank in September 2008. The world economy contracted circa 0.8%, while the Euro Zone declined by 3.9%, the United States -2.5% and -2.7% for Portugal.

The “Great Recession”, as the current crisis has been dubbed, has proven to be the worst economic crisis in the last 60 years. This was most acute during the first quarter of 2009, when the world economy reached its trough.

The world economy has felt the effects keenly, with sharp contraction in exports, investment, employment and terms of access to the credit market. The situation has taken its strongest toll on the economies of more developed countries, with the economies of emerging and less developed countries faring less badly.

The United States experienced an abrupt slowdown in GDP, especially in the first quarter of 2009. Fears of depression and deflation created an exceptional economic environment, leading to FED intervention in the levels of interest rates. Reference rates fell to close to zero, with Fed Funds rates ranging between 0% and 0.25%.

In the Euro Zone, the economy contracted sharply in the first quarter of the year, due essentially to falling investment and exports, resulting in the most negative indicators ever recorded. After intervention by the ECB, the refinancing rate dropped to 1%, an all-time low.

The subsequent quarters of 2009 offered a degree of recovery in the economy and in the financial markets, in response to the monetary and budgetary stimulus packages introduced by various Governments around the world, slowing the pace of economic contraction and resulting in a relative recovery.

Average inflation in the Euro Zone fell from 3.3% in 2008 to 0.3% in 2009. In Portugal, the retail price index is expected to stand at 0.9% in 2009, after an increase of 2.7% in 2008. The slump in demand contributed to an appreciable drop in energy and non-energy commodity prices on international markets.

One of the main adverse effects of the financial crisis on the real economy has been on unemployment. Due to the nature of the labour market, it reacts with a time lag in relation to events with an impact on the economy. In the United States, unemployment reached its highest level since mid-1983. In the Euro Zone, the jobless rate reached levels not seen since 1999.

In Portugal, the unemployment rate climbed to 10.1% in the final quarter of 2009, representing a new record for the series beginning in 1998.

In the wake of the economic stimulus measures taken by the authorities, the state of public finances deteriorated in most economies over the final months of the year, with an impact on the public debt market, especially with widening sovereign spreads, especially worrying in the case of Greece.

2 Overview of Semapa Group Operations

Leading consolidated business indicators (IFRS)

Turnover: 1,416.4 million euros

Total EBITDA: 292.4 million euros

Net profit: 78.8 million euros

Net debt: 1,143.0 million euros

Investment: 549.6 million euros

Workforce: 5,167

IFRS - accrued amounts (million euros)	Dec 09	Dec 08	09/08 (Var.%)
Turnover	1,416.4	1,441.7	-1.8%
Other income	54.7	82.4	-33.6%
Costs and losses	(1,178.7)	(1,167.9)	-0.9%
Total EBITDA	292.4	356.2	-17.9%
Recurrent EBITDA	289.8	339.7	-14.7%
Depreciation and impairment losses	(160.3)	(124.2)	-29.1%
Provisions (increases and reversals)	22.1	(15.1)	246.0%
EBIT	154.2	216.9	-28.9%
Net financial profit	(26.2)	(55.7)	53.0%
Pre-tax profit	128.0	161.2	-20.6%
Tax on profits	(22.3)	(23.8)	6.4%
Retained earnings	105.7	137.4	-23.0%
Attributable to Semapa equity holders	78.8	106.3	-25.9%
Attributable to minority interests	26.9	31.0	-13.4%
Cash-flow	243.9	276.7	-11.8%
EBITDA margin (% Sales)	20.6%	24.7%	-4.1 p.p.
Recurrent EBITDA margin (% Sales)	20.5%	23.6%	3.1 p.p.
EBIT margin (% Sales)	10.9%	15.0%	4.2 p.p.
Total net assets	3,373.5	3,280.5	2.8%
Equity (before MI)	865.7	821.3	5.4%
Net debt	1,143.0	1,016.5	12.5%
Capex	549.6	358.0	53.5%
Nr Employees	5,167	5,033	134

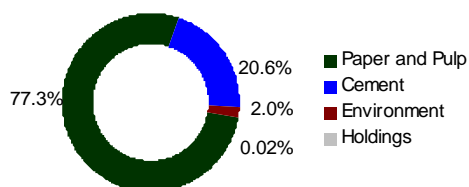
Notes:

- 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

Analysis of Results

The Semapa Group's turnover proved reasonably resilient to the global financial crisis, standing at 1,416.4 million euros, down by 1.8% on the figure recorded in 2008.

Breakdown of Turnover by Segment in 2009



The contribution to turnover from the paper and pulp segment stood at **1,095.3 million euros** in 2009, down by 3.2% from the level recorded in 2008. This decline was due essentially to the drop in paper and pulp prices in relation to 2008.

The market for UWF office paper experienced a sharp drop in demand in 2009, only stabilizing in the final quarter of the year. In spite of this trend, the Group's volume of paper sales grew 11.1% over the previous year (5.9% excluding the effect of the new paper mill). In terms of value, the growth in the volume of sales contrasted with a reduction in the average sales price for paper products.

In the pulp business, poor performance in the first quarter, explained by extremely adverse market conditions, was followed by a strong upturn in pulp consumption in non-European markets, with a significantly positive impact on the Portucel Group. In the 4th quarter of the year, with the new paper mill coming online, pulp sales dropped again as output was integrated into paper at the new production facility.

In the cement segment, turnover in 2009 stood at **572.2 million euros**, of which the Semapa Group appropriated **291.8 million euros**. This performance represented a decrease of 4.4% on the previous year.

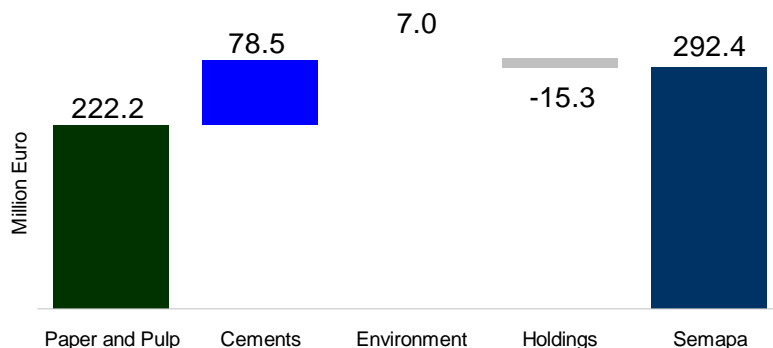
Cement and clinker sales in Portugal were down by 7% and export prices also fell. However, there was an increase in cement prices on the domestic market.

Cement operations in Tunisia and Lebanon recorded growth in turnover of 5% and 18% respectively. Sales in Angola were up by 4% over 2008.

In the environmental segment, operated by ETSA Group, turnover stood at **28.9 million euros** for the financial year of 2009.

Consolidated EBITDA totalled **292.4 million euros** in 2009 (as against **356.2 million euros** in 2008).

Breakdown of EBITDA by Segment in 2009



EBITDA in the paper and paper pulp sector totalled **222.2 million euros**, down by 18.2% on the same period in the previous year.

From an operational perspective, the Portucel Group achieved significant savings on unit production costs, thanks to a high level of operating rates, improvements in specific consumptions and reductions in the cost of some of the more significant factors of production. The Group was also able to achieve significant optimization in logistical costs, both in paper operations with a reduction of 10%, and in pulp production, with a reduction of 20%.

Significantly, the EBITDA margin climbed by 3 percentage points from the 3rd to the 4th quarter of 2009.

In the cement segment, EBITDA stood at **153.9 million euros**, of which the Semapa Group appropriated **78.5 million euros**, 1.9% less than in 2008.

Although operations in Lebanon and Angola presented an improvement in performance, this was not sufficient to offset the less favourable performance of cement business in Tunisia and business operations based in Portugal:

- Cement business in Tunisia was particularly hard hit by rising costs for thermal energy and power, which were not passed on to consumers due to continued price regulation by the Tunisian government. The Government also imposed severe restrictions on exports, which offer better margins than those available on the home market.
- A combined drop in the average export price and in the quantities of cement and clinker placed on the market impacted negatively on the performance of cement segment operations in Portugal. However, positive factors in this area included a reduction in the average coke price, increased use of alternative fuels and tight cost controls.

EBITDA in the environmental segment totalled **7.0 million euros**. In addition to the reduction in consumption of animal by-products, the increased scarcity of raw materials also reflected changing patterns of consumption driven by increased use of some of the raw material collected in human foodstuffs.

Accrued financial results in 2009 improved 53.0% to -26.2 million euros despite the growth in net debt as a result of an ambitious investment programme.

The improvement in financial results was due essentially to the following factors: (i) a reduction in leading interest rates, (ii) growth in value of financial investments, (iii) gains on interest rate hedging operations negotiated by the Group and (iv) reversal in the allocation to periods of compensatory interest by the Portucel Group, in relation to prior period fiscal contingencies.

Semapa's net profits totalled 78.8 million euros, as compared with 106.3 million euros in 2008.

This reduction was essentially due to:

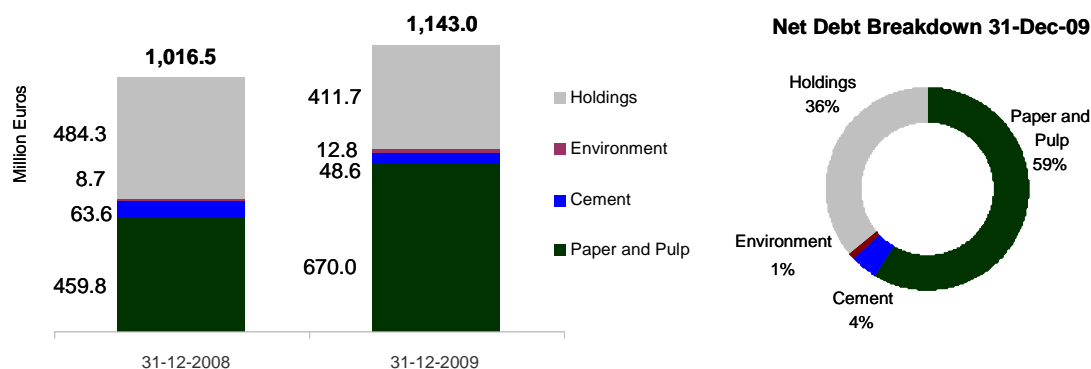
- A drop in EBITDA of approximately 63.8 million euros due to a reduction in sales and other income and an increase in costs and losses;
- This reduction in EBITDA was partially offset by an improvement of 29.5 million euros in financial results.

The Semapa Group's net debt rose by 126.5 million euros in 2009, whilst the Group made investments totalling 549.6 million euros.

In 2009, the Semapa Group concluded a programme of heavy investment focused mainly on completing the new paper mill in Setúbal and on projects in the energy sector, with a total value in 2009 of 549.6 million euros. Capital expenditure over the last two years has totalled 907.6 million euros.

At 31 December 2009, consolidated net debt totalled **1,143.0 million euros**, up by **126.5 million euros** on the figure recorded at year-end 2008. Considering the value of capital expenditure already mentioned, the relatively modest increase in net debt points clearly to the Semapa Group's capacity to generate cash flow from its business operations, and to its extremely sound financial position.

Breakdown of Net Debt by Business Segment



Contribution by business segment (IFRS)

IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
Turnover	1,095.3	291.8	28.9	0.3	1,416.4
Total EBITDA	222.2	78.5	7.0	(15.3)	292.4
Recurrent EBITDA	220.6	78.1	7.0	(15.9)	289.8
Depreciation and impairment losses	(136.4)	(21.9)	(1.8)	(0.2)	(160.3)
Provisions (increases and reversals)	21.5	(0.2)	0.2	0.6	22.1
EBIT	107.2	56.4	5.4	(14.8)	154.2
Net financial profit	(7.5)	(2.6)	(0.5)	(15.6)	(26.2)
Pre-tax profits	99.7	53.8	4.9	(30.4)	128.0
Tax on profits	(12.9)	(7.9)	(1.5)	(0.1)	(22.3)
Retained earnings	86.8	46.0	3.4	(30.5)	105.7
Attributable to Semapa equity holders	66.8	39.5	3.0	(30.5)	78.8
Attributable to minority interests	20.0	6.4	0.4	-	26.9
Cash-flow	201.7	68.1	5.0	(30.9)	243.9
EBITDA margin (% Sales)	20.3%	26.9%	24.2%	-	20.6%
Recurrent EBITDA margin (% Sales)	20.1%	26.8%	24.2%	-	20.5%
EBIT margin (% Sales)	9.8%	19.3%	18.7%	-	10.9%
Net total assets	2,574.4	482.2	26.3	290.6	3,373.5
Net debt	670.0	48.6	12.8	411.7	1,143.0
Capex	505.4	39.6	4.1	0.5	549.6
Nr Employees	2,288	2,676	182	21	5,167

Notes:

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

3 Paper and Paper Pulp Business Area - PORTUCEL SOPORCEL

3.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Dec 09	Dec 08	09/08 (Var. %)
Sales	1,095.3	1,131.9	(3%)
Other income	34.7	27.5	26%
Costs and losses	(907.9)	(887.7)	(2%)
EBITDA	222.2	271.7	(18%)
Recurrent EBITDA	220.6	271.7	(19%)
Depreciation and impairment losses	(136.4)	(101.9)	(34%)
Provisions (increases and reversals)	21.5	(13.5)	259%
EBIT	107.2	156.3	(31%)
Net financial profit	(7.5)	(19.6)	62%
Pre-tax profit	99.7	136.6	(27%)
Tax on profits	(12.9)	(23.8)	46%
Retained earnings	86.8	112.8	(23%)
Attributable to Portucel equity holders *	86.8	112.8	(23%)
Attributable to minority interests (IM)	(0.0)	(0.0)	(564%)
Cash-Flow	201.7	228.3	(12%)
EBITDA margin (%)	20.3%	24.0%	(16%)
EBT margin (%)	9.8%	13.8%	(29%)
	31-12-2009	31-12-2008	09/08 (Var. %)
Total net assets	2,574.4	2,489.4	3%
Equity (before MI)	1,180.2	1,174.2	1%
Net debt	670.0	459.8	46%

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

* of which 76.95% is attributable to Semapa

3.2 Leading Operating Indicators

	Unit	Dec 09	Dec 08	09/08
Production				
UWF	1 000 t	1,340	1,325	1.1%
Bleached eucalyptus pulp	1 000 t	1,133	1,054	7.5%
Energy	GWh	1,148	977	17.5%

3.3 Business Overview: Portucel Soporcel Group

In a year dominated by the continued impact of one of the deepest international economic crises of recent decades, the Portucel Group recorded an overall positive performance.

Group turnover stood at **1 095.3 million euros**, down by only 3.2% in relation to 2008, despite the difficult market environment in 2009, with significant reductions in the average sale prices for its products. This strong performance was supported by growth in the volume of paper sales, after the start of operations at the Group's new paper mill in Setúbal, which commenced its first production tests in August and was officially opened during the final quarter by the Portuguese President, Aníbal Cavaco Silva.

With the New Paper Mill, boosting overall paper production capacity by 48%, the Group has made a significant stride towards consolidating its paper business, which is increasingly its prime operating segment.

Growth in paper sales was achieved thanks to successful efforts to place paper on new markets over the year, supported by expansion of the Group's production capacity.

In fact, on a comparable basis (i.e. excluding the new mill), paper sales were up by 5.9% over 2008; when the new production capacity is taken into account, this increase stands at 11.1% which, in the context of rapidly shrinking demand as experienced in 2009 (demand dwindled by 13% in Europe and the US), represents a highly significant achievement.

Negative performance in the market was reflected in falling prices over the year, with the benchmark index for the industry in Europe dropping 5.6% on average in relation to 2008. The Group's average price for paper sales in Europe performed more positively than the index.

The large increase in the volume of paper sales permitted the Group to offset the effect of lower prices, and the value of sales for the year was accordingly up by 2.7% on that in 2008.

In the pulp business, after a poor performance in the first quarter, due to the extremely depressed market conditions, the Group recorded very high level of sales in the second and third quarters, due essentially to robust growth in pulp consumption in non-European markets.

As planned, pulp sales on the market decreased from the 3rd quarter onwards, as part of the output from the Setúbal pulp mill, previously available for sale, started to be consumed by the New Paper Mill. This effect was naturally significantly greater in the final quarter of the year.

Pulp market prices plummeted in the first half of the year, falling to near historical lows. The situation began to turn around as from the end of the second quarter, and prices then rallied on the strength of growing demand. Despite this recovery, the average price shown by the benchmark index for hardwood pulp (in Euros) was down by around 25% on 2008, although the average price in the second half of the year was 9% higher than the average price during the first six months.

The Group's pulp sales were down by 30% in value, due to the reduction in sales on the market caused by incorporation in increased paper production and to lower average sale prices.

Power generation and sales have represented an increasingly important segment of the Group's operations, and from 2011 onwards the Group is expected to account for approximately 5% of the total electricity generated in Portugal. The start-up of the new natural gas co-generation plant in Setúbal, the largest in the country, augmented the annual power generation capacity by an estimated 543 GWh, an increase already reflected in the power produced during the second half of the year, and in particular in the final quarter. In annual terms, the Group recorded a growth of 17.5% in the power generated in 2009.

The new biomass-fuelled power plants at Cacia and Setúbal started operations in December, with an impact on results which will be felt in 2010. An increase in power sales of 167 GWh/year is expected due to these new plants.

From an operational point of view, the Group achieved significant savings on unit production costs, thanks to a high level of installed capacity utilization, improved levels of specific consumption and reductions in the cost of some of the most representative factors of production.

The Group was also able to achieve significant optimization in logistical costs, both in paper operations with a reduction of approximately 10%, and in pulp production, with a reduction of 20%.

Total EBITDA for the year stood at **222.2 million euros**, down by 18.2% on 2008, with the EBITDA / Sales margin at 20.3%, as compared with a margin of 24.0% recorded in 2008. It should be noted that, as a result of the international financial crisis, the Group experienced a very significant reduction in the guarantees from credit insurance for its sales, especially in the first half of the year. Given its policy of minimizing credit risk, priority was given to reducing average collection periods by offering additional discounts, with the consequent impact on operating margins.

EBIT in 2009 stood at **107.2 million euros**, as compared to 156.3 million euros in 2008, with a substantial increase in 2009 in the value of depreciation due to the investment plan underway.

The Group recorded negative financial results in 2009 of **7.5 million euros**, representing a significant improvement. This trend was particularly clear during the final quarter of the year, in which the Group recorded a financial profit of approximately 1.8 million euros, due essentially to gains on exchange rate hedging operations. Another factor contributing positively to the value of financial results in 2009 was the reversal in the allocation to periods of interest on prior period fiscal contingencies which failed to materialize.

Despite a substantial increase in the Group's net debt, due to the high level of capital expenditure, the cost of financing operations increased only slightly, due to the downward trend in interest rates over the year.

Consolidated net profits for the year totalled **86.8 million euros**, down by 23% on those recorded in 2008. Net profits were positively influenced by the reduction in tax on profits, due to reversal of provisions, including provisions for fiscal issues, taxed in previous years.

3.4 Business Overview

3.4.1 Paper

3.4.1.1 Market Background

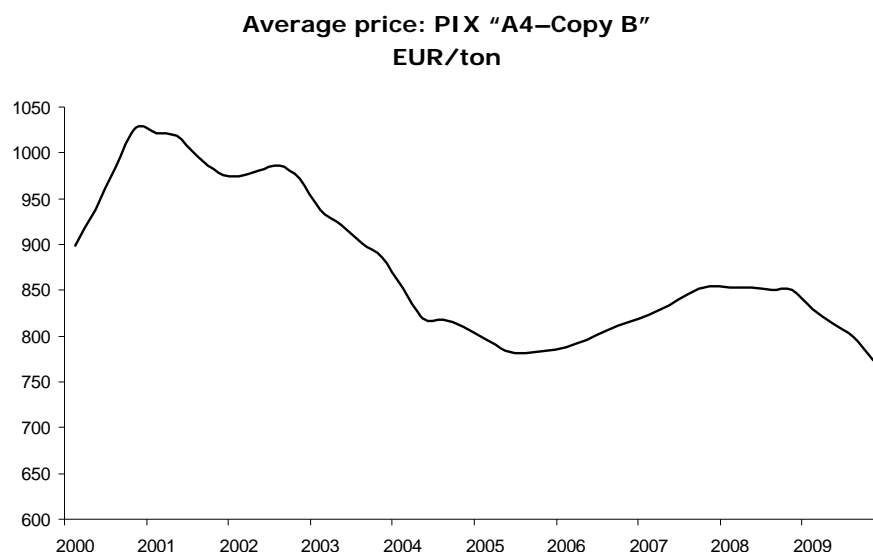
In this recessive environment, demand for UWF paper shrank significantly – by around 13% in relation to 2008, in both Europe and the USA, key markets in the Group's commercial strategy.

As a result of this slump in demand, capacity utilization rates in the European and North American industries fell by 2 and 5 percentage points respectively in relation to 2008, to their lowest ever levels. The downward trend in this indicator was felt most intensely in the first half, with a slight recovery in the second half of the year, especially in the final quarter.

Despite such a difficult business environment, the Portucel Group operated at full capacity all year.

In relation to other world markets, demand for UWF paper is estimated to have grown by 2% in China and 1% in Latin America.

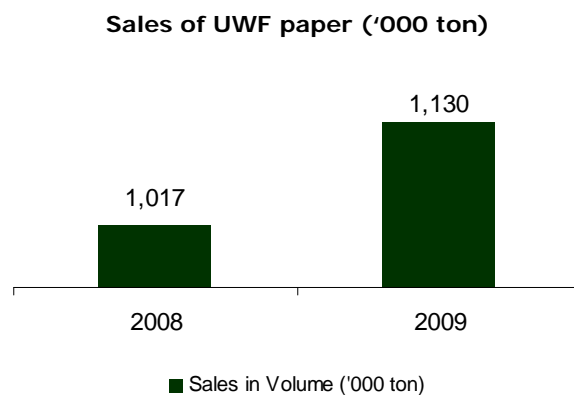
Benchmark prices for UWF paper in Europe continued on the downward course which started in 2008, with the PIX "A4-copy B" index down by 5.6 % on average on 2008. In the US, the index for cut-size sales dropped by 1.3%.



Source: FOEX

3.4.1.2 Operational Performance

In the market context described above, total paper sales stood at 1,130 thousand tons, representing an increase of 11.1% in relation to 2008. This growth was supported by sales to new geographical regions, with the Group now selling its products to more than 100 countries around the world, making it one of Portugal's leading players on the international markets. At the same time, the Group recorded increases of 1% and 11% in sales to Europe and the US respectively, which amounts to a remarkable achievement given the economic situation in its key sales markets.



The growth of sales in volume in Europe was due mainly to sheet paper, and cut-size in particular, and to the maintenance of an unrivalled quality mix, with sales of premium products accounting for 67% of total sales in Europe. This premium products mix reflects market perception of the quality of the Group's products and of brand awareness and prestige, as well as the high standard of service offered

through distribution channels. As a result of this counter-cyclical growth, the Group's market share in Europe was up by 1.1 percentage points, or 73 thousand tons.

The volume of cut-size sales grew by more than 6%, despite the sharp drop in employment in the Group's main markets. Sales of sheet products for the printing industry grew by more than 4%. Sales of paper rolls represented a slightly higher proportion than in previous years, and the Group's mix compared very favourably with the average for the industry.

As stated above, the financial year of 2009 was marked by the start-up of the New Paper Mill in Setúbal. All the Group's production facilities, including the new plant, operated at full capacity, with 100% of output being placed on the market. This performance compares with operating rates of 85% for the industry in Europe.

The Group's gross sales prices in Europe outperformed the market, falling by only 4.5%, thanks to the resilience demonstrated above all by premium products, but also by standard products. The gross price for standard cut-size in the US was identical to the average for 2008.

3.4.2 Pulp

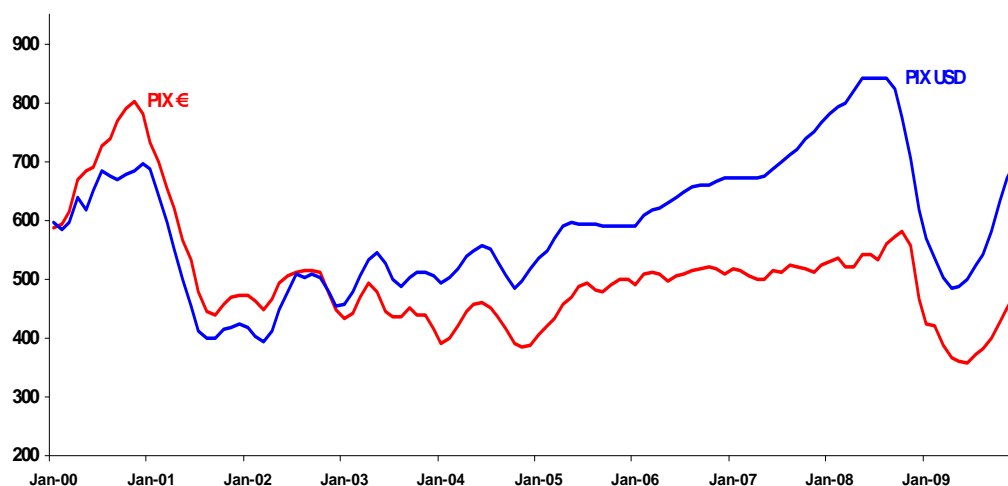
3.4.2.1 Market Background

The world pulp market was hit in 2009 by a fiercely negative economic scenario, with impacts on paper consumption, closure of non-integrated paper capacity and highly restrictive terms for credit risk hedging.

As the pulp produced by the Group is suitable for use in the manufacture of special high value added papers in European markets, and as these segments and markets were particularly hit by the crisis, business performance, especially in the first half, reflected a drop in demand, estimated at 5% in these markets for short fibre pulp, in comparison with the previous year.

The situation changed in the second half, when prices rallied, above all, because of the excellent performance in the Chinese market, the main driving force behind business in 2009 on the demand side.

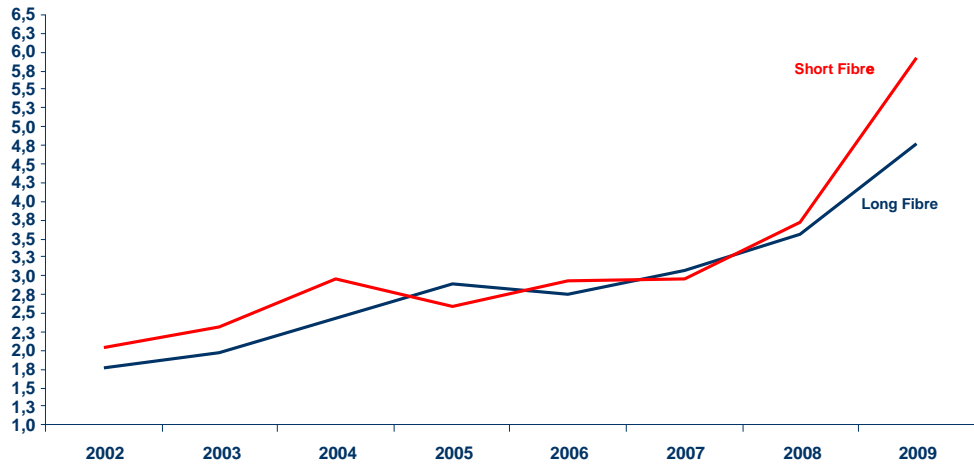
Monthly PIX price – BHKP euca / birch



China's pulp imports during 2009 were up on the year by 44%, and by 60% for short fibre.

CHINA – Pulp Imports

Million ton

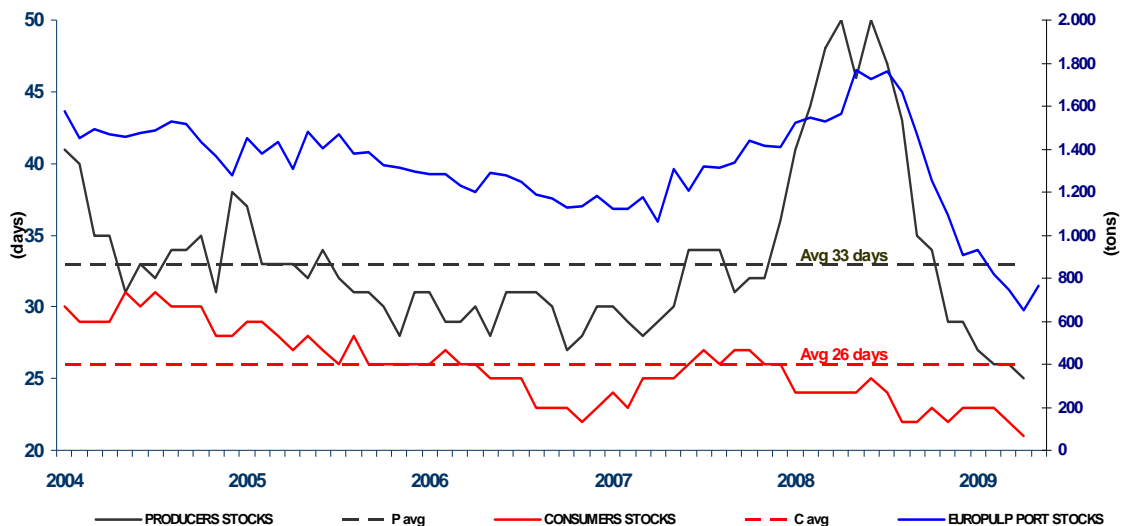


On the supply side, the main driver for pulp business came from greater than expected closures of uncompetitive production capacity. Temporary and definitive closures resulted in capacity estimated at around 4.5 million tons being removed from the market in 2009, far outweighing new capacity from expansion, which included approximately 1 million tons for the BEKP market, the fibre type in which capacity growth was concentrated.

The combination of these two factors had an impact on stocks at manufacturers and consumers, with a sharp drop over the year to historic lows, and on the sharp rise in prices in the second half.

Rising market prices for pulp resulted in the reopening of long fibre capacity which had been temporarily closed down on grounds of profitability, above all in North America and Scandinavia. The total capacity returning to the market is estimated to be in the order of 2.5 million tons.

Stocks at consumers, producers and European ports

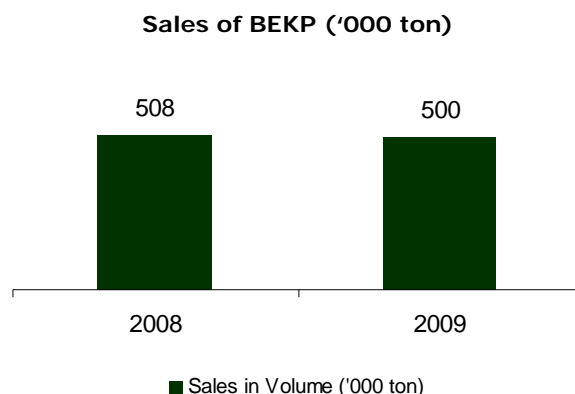


The sharp rise against the US dollar, especially in the second half, of the Brazilian real, the Uruguayan and Chilean pesos and the Canadian dollar, severely undermining the competitiveness of these producers, also helped to sustain periodic increases in USD prices.

3.4.2.2 Operating Performance

Production of BEKP stood at 1.3 million tons in 2009, very close to the level recorded in the previous year, positioning the Portucel Group as one of the world's leading producers of this type of pulp.

The Group sold approximately 500 thousand tons of pulp, slightly less than in 2008, due its to increased incorporation into Group production as a result of the start-up of the New Paper Mill.



Despite the drop in demand in European markets, the Group's sales policy remains unchanged, giving priority to these markets for pulp sales, as they feature the producers of papers with the greatest value added and at the forefront of technological and environmental advances.

3.5 Industrial Operations

3.5.1 New Paper Mill

The financial year of 2009 was marked by the completion, on schedule, of the construction of the new paper mill in Setúbal, centred on the world's largest UWF paper machine, which started production trials in August. This was the successful culmination of a project which involved significant human and financial resources from the Portucel Group, with the construction and assembling work carried out in 20 months. It is estimated that the new mill will this year operate at 80% of its total capacity.

The new paper machine has an annual production capacity of 500 thousand tons. With a length of 200 metres, the machine has a maximum speed of 1800 metres per minute and a sheet width of 11.1 metres, making it the largest and most sophisticated paper machine in the world for the production of uncoated printing and writing paper.

The processing area is equipped with three printing format paper cutting machines and three cutting machines for office paper. Two of these, with the capacity to produce 16 reams simultaneously, are the largest ever made.

The paper reel store, wholly automated, is 93.2 m long and 28.4 m wide, with capacity for 6000 reels, corresponding to 12 days' output. It caters for an inflow of 186 reels/hour and an outflow of 164 reels/hour.

The paper pallets warehouse is also robot operated and managed by computer, occupying an area measuring 122 m in length and 28.4 m in height, with capacity for 32,000 pallets and a pallet inflow and outflow of 215 pallets/hour and 320 pallets/hour respectively.

The new mill has a container park with an area of 35,000 m², with capacity for 1,000 containers, fitted with 20 loading platforms and a double track rail branch line with a length of 465 metres, providing a highly flexible, large capacity logistical platform.

With work completed on countless construction and supply contracts for equipment and services it was possible to start up the new plant in late August, increasing the Group's paper production capacity, and positioning it as Europe's leading manufacturer of UWF paper.

Thanks to the technological developments adopted in the plans for the new Setúbal mill, it is expected that the Group will position itself competitively at the top of market for UWF paper, consolidating its leadership of this important market segment.

The project involved expanding the company's internal team, through the recruitment of new staff. The specialized training and cooperation with teams from other Group plants enabled the workforce to overcome the difficulties involved in the start-up of a facility of this complexity.

The new facility also involved construction of a combined cycle natural gas power plant, with power capacity of 80 MW. The new power plant was ready to provide power for the testing stage at the new mill, helping to boost further the power generation capacity of the Portucel Group.

3.5.2 Production and Quality

Systematic productivity gains at the Group's mills, working at full capacity, combined with the launch of the new paper mill in Setúbal meant that the Group's output exceeded for the first time 2.5 million tons of paper products, representing growth of 8.2% over the previous year.

A new all-time record was set for pulp output (+1.2%), with outstanding production figures at the Setúbal pulp mill, which produced 523 385 tons. In paper operations, both the Figueira da Foz mill (+ 0.02%) and the Setúbal mill (+ 1%) surpassed their previous records.

Production costs presented a clear downwards trend in 2009, thanks to the reduction of the main commodities prices, as well as a reduction in specific consumption of chemicals and energy.

In terms of energy, despite rising costs for fossil fuels, the Group achieved better performance at its mills through intensive use of biomass, especially at Cacia, thanks to the investment project converting the biomass boiler to a fluidised bed.

At the Setúbal industrial complex, the start-up of the combined cycle natural gas co-generation plant and the increasing incorporation of the pulp produced in paper, thanks to the start-up of the new paper mill, together led to optimization of energy use on the site.

Over the course of the year, the GOE (Global Operating Efficiency) project involved activities at all the Group's industrial facilities, designed to improve efficiency in production, resulting in gains which up to the end of 2009 stood in excess of 10 million euros.

As a direct effect of this project the mills have continued to cut their overheads. A further contribution to this objective has been made by the streamlining of maintenance activities, which are the responsibility of a dedicated Group company (EMA 21). The pooling of maintenance resources between

the industrial facilities has helped to assure the standards of equipment reliability needed to operate at close to full capacity.

3.6 Resources and Supporting Functions

3.6.1 Logistics

In 2009, the Portucel Group dispatched 1.6 million tons of pulp and paper to more than 100 countries around the world.

Most of the Group's products continued to be shipped by sea in 2009 (51.9% in volume, up from 2008), and the Group is the country's largest exporter of containerized cargo.

The Group recorded a significant reduction in the cost of shipping its products, thanks to logistical optimization and streamlining, and to lower fuel prices.

3.6.2 Forests and Timber Supply

Sustainable Management

2009 was indelibly marked by the progress made in certifying the Portucel Group's forests, as part of a strategy designed to boost its presence on international markets which are increasingly demanding as to the source of raw materials in its products. The Group obtained the first licence to use the PEFC – *Programme for the Endorsement of Forest Certification Schemes* logo for forestry management in Portugal. This process involved all the woodlands under Group management, which at the end of the year was divided between 157 Portuguese municipalities, occupying a total area of approximately 120 thousand hectares, of which 87.5 thousand consisted of eucalyptus plantations, grown to supply the Group's mills.

The Group has restructured its forestry operations with a view to integration in the production chain, so as to assure high standards in all operational areas. New centres of expertise have been set up and a new organization manual implemented for forestry operations. With a view to segmentation of its main agro-forestry assets, the Group also proceeded with a survey of cork oak forests under its management.

The production of improved plants is a key element in the support provided by the Portucel Group to private forestry operators. Given the growing use of these plants by forest owners, the Group decided in 2009 to look into increasing its plant production capacity at its nurseries, in order to meet the increasing demand. The programme for producing improved plants in nurseries was redesigned in 2009, resulting in the retention of five previous eucalyptus clones and the introduction, on a trial basis, of a new clone (called the Tuga), in addition to a new hybrid.

In 2009, the operations of Viveiros Aliança, the Group company in this area, resulted in the production of approximately 6.1 million plants, of which 1.2 corresponded to indigenous or protected species and 34 thousand to ornamental plants or shrubs. Of the total plants produced, approximately 2.2 million corresponded to eucalyptus clones and 2.6 to seeded eucalyptus.

The number of hectares planted in 2009 fell short of the targets set by the Group, and was down on the figure recorded in the previous year, due to changes in the procedures of the National Forestry Authority, leading to a significant increase in the time needed to approve forestry projects. Adverse weather conditions in late 2009 also restricted the possibilities of planting new forests.

Forestry Certification

One of the main landmarks in the Group's forestry operations in 2009 was the certification in July of its forests under the international PEFC standards, giving it the first licence in Portugal to use the PEFC logo for woodlands management. This certification included all the forests managed by the Company, not merely eucalyptus timber for producing pulp and paper, but also pine timber, cork and pine cones.

Alongside this, the Portucel Group obtained, in the last quarter of the year, certification according to the FSC system for the chains of cork responsibility, extending the certification originally obtained in 2007 for eucalyptus timber, allowing the Group to diversify the certified products it can market.

The Group continued to press ahead with other initiatives in 2009, including training activities designed to encourage certification of private forestry producers, who supply more than 80% of the raw material for its mills. Efforts were made to step up collaboration with associations of forestry producers around the country, under cooperation agreements designed to further the certification process in Portugal.

Timber Supplies

Timber supplies in Portugal remained insufficient in 2009, and the Group had to continue purchasing raw materials from other EU countries and beyond, in particular from the Spanish region of Galicia, and from Africa and Brazil, markets which offer an important alternative for the supply of the certified timber required by the Group.

In keeping with its policy of corporate responsibility and involvement with its local communities, the Group remains strongly committed to certification, which has been extended to the chain of custody. In this context, the premium paid for acquiring timber sourced from certified forests rose from 2.5 € to 4 € per purchasing unit.

Purchasing

The crisis which began in September 2008 continued into the early months of 2009. The recession meant that the Group had to be careful in selecting suppliers, in order to choose those with the financial health needed to honour their commitments. Despite this special care, the Group experienced a degree of concern as a result of the financial difficulties faced by certain of its suppliers.

The second half of the year was marked by the start up of the new paper mill, which increased the Group's consumption needs. The economic situation and fierce competition between suppliers allowed the Group to purchase raw materials on better terms than in the previous year.

In the near future the Group will continue to explore alternative and more diverse sources of supply, concentrating on large-scale supplies by sea, which will require an increase in storage capacity.

3.6.3 Energy

The Portucel Group made important strides in the energy sector in 2009. The new natural gas combined-cycle power station sold electricity to the national grid for the first time in July. This plant, which is part of the project for the new paper mill at the Setúbal industrial complex, has an installed capacity of 80 MW. At the end of the year, two new biomass-fuelled power stations at the Cacia and

Setúbal sites also started to feed power into the national grid. With a power capacity of 12.5 MW each, these plants will be able to sell 167 GWh/year.

The Group recorded gross power generation of 1 148 GWh in 2009, up by approximately 18% on the previous year, essentially due to the start-up of the new combined cycle co-generation plant. This total output corresponds to the average consumption of 520 thousand inhabitants, or 2.5% of the total Portuguese population.

In addition to this output, the Group can also report the power generated by Soporgen, the co-generation company partly owned by the Group and which supplies thermal energy to the Figueira da Foz industrial complex, as well as generating 447 GWh in 2009. The Group's total power output, combined with that of Soporgen, represented 3.5% of all electricity generated in Portugal.

Despite the increase in power generated from natural gas, to meet the energy needs of the new paper mill, 78% of the Group's power output was derived from co-generation facilities using renewable fuels (forestry biomass and timber by-products resulting from the pulp production process).

Co-generation is a process which combines power generation with much larger quantities of thermal energy, making it considerably more efficient than conventional processes which produce electricity only.

The Portucel Group has accordingly remained Portugal's largest producer of electricity from biomass, accounting for an estimated 54% of all power generated from this resource.

Bioenergy and Fossil Fuels

Between 2002 and 2009, the Portucel Group achieved a significant 26% reduction in CO₂ (carbon dioxide) emissions, thanks to heavy investment aimed at minimizing the use of fossil fuels. Due to a significant increase in energy needs, deriving from the increase in paper production, the Group recorded a 34% increase in emissions in comparison with the previous year. It should nonetheless be pointed out that, considering the same set of facilities operating in 2008, CO₂ emissions were brought down by 6% in 2009.

The main investment projects which contributed to reducing CO₂ emissions in the Group were the installation of new recovery boilers in Cacia and Figueira da Foz, the conversion of biomass boilers to fluidized bed technology at the three industrial complexes, achieved in the case of Cacia in 2009, and modification of the lime kiln at the Figueira da Foz complex.

The start-up, after the testing stage in late 2009, of the two new biomass-fuelled power stations in Cacia and Setúbal will enable the Group to consolidate its position as the leading Portuguese producer of renewable energy from biomass.

The new steam turbogenerator at the biomass co-generation plant at the Figueira da Foz industrial complex, set to start operating in 2010, will significantly improve the energy efficiency of this facility, and is expected to result in a net increase in power output of 91 GWh/year.

Forestry Biomass for Energy

The Portucel Group continued to operate in 2009 as a producer and supplier of forestry biomass and timber waste, with two new biomass-fuelled power plants starting up at the end of the year at the Cacia and Setúbal mills. These units will make a significant contribution to the national energy balance, as power generated from this renewable source is carbon (CO₂) neutral.

This area of business follows naturally from integrated use of forestry resources, conciliating concerns for preserving biodiversity with the production of raw material for industry and the use of forestry biomass for energy generation.

Of the Group's total biomass sales in 2009, two thirds went to external clients, in Portugal and abroad. It should be noted that exports of biomass were interrupted during the first half of the year due to new controls for pinewood nematode, which created a legal obstacle to exports of cluster pine chips.

As part of the PackinStock project, biomass bails were successfully produced in 2009, in association with the continued clearance of brushwood from the Portucel Group's woodlands. The Group also continued to supply its biomass reception centres.

3.6.4 Environment

The start-up of the new paper mill in Setúbal has raised the environmental standards of the Portucel Group to a level of excellence, reflected in a vast array of measures designed to improve the efficiency of production processes and the rational use of natural resources.

The Group's industrial facilities recorded positive and sustained performance in 2009 in all eco-efficiency indicators, namely in the reduction of consumption of raw materials, water, power and chemicals. Especially significant improvements were achieved in the level of emissions into water, which in the last 5 years have accrued reductions of approximately 70% in biodegradable organic matters and approximately 30% in suspended solids and phosphorous.

In response to new legal requirements concerning environmental liability, the Portucel Group has taken out insurance to cover any possible damage to protected species and natural habitats, water and soil, in order to provide for restoration to their original state. In the field of environmental safety, all the Group plants are working together on a project to classify hazard zones and zones for implementation of monitoring measures, in keeping with the principles of the ATEX directive (apparatus for use in potentially explosive atmospheres).

In the field of waste management, the Portucel Group renewed its commitment in 2009 to improving production processes in order to reduce and reuse waste, above all for energy purposes. The Group also followed through research & development projects in partnership with Instituto RAIZ, involving potential users of waste products, with a view to promoting the reuse of waste as raw material in other processes.

3.6.5 Innovation

The start-up of the new paper mill has confirmed the huge potential of technology and innovation which, combined with the extensive know-how possessed by the Group, made it possible to draw up an ambitious plan for developing new products, culminating in 2009 in 13 market launches. This product development plan will continue in 2010.

The Portucel Group is amongst the 25 companies investing most in Research and Development in Portugal, according to an official study by the Ministry of Science, Technology and Higher Education released in 2009, investment in R&D being certified by the Innovation Agency.

One of the major developments in 2009 was the European launch of Navigator Limited Edition 100 g/m², a new product in the Navigator range, the Group's premium office paper brand. Aimed at a new

generation of consumers, this limited edition of paper offering excellent printing quality with intensive colour use was marketed as an innovative and distinctive product for highly sophisticated consumers looking for an affordable luxury.

The Group's new paper products included *Inacopia Office 75 g/m²*, designed for customers with a high level of environmental awareness. Attention was also focussed on the Inaset paper brand, the catalogue for which reproduced work by the Portuguese artist Amadeu Souza Cardoso, winning the 2009 *Grande Prémio* from the Portuguese Association for Corporate Communication, in the category for Special Editions.

Specialist consultancy services provided by Instituto RAIZ made it possible in 2009 to generate basic information for forestry planning and for designing woodland development projects on the basis of the characterization of approximately 10 thousand hectares of land on properties managed by the Group. Training was provided alongside this and work continued on setting up the "technological showcase" project, designed to disseminate good forestry practice in Portugal. At the end of the year, five new showcases had been added to the six already in existence, and are now ready to be visited.

In the field of research into soils and forest nutrition, efforts were focussed in 2009 on drawing up the nutrients balance for growing eucalyptus. This research has made it possible to establish critical levels of existing nutrients, for different soil and climate conditions in Portugal, with the aim of assuring the sustainability of productive forestry.

The first steps were also taken in 2009 towards a research programme centred on climate issues. Up-to-date information was gathered over the course of the year on climate and water use in eucalyptus woodlands in Portugal, to serve as the basis for a research project which in coming years will provide a clearer understanding of questions relating to sustainable productivity in eucalyptus plantations, considering possible scenarios for medium and long term change.

Another important development was the start of the PT – Lyptus project (2009-2012), in partnership with the ISA (Higher Institute of Agronomy) and the Group's forestry interests, seeking to develop genetic materials for eucalyptus varieties better suited to the soil and climate conditions in Portugal, with a view to increased efficiency in the production of timber, pulp and renewable energy, with minimum environmental impact.

In the field of forestry research related to bioenergy crops, the first stage in the assessment of potential species was concluded in 2009, pointing to eucalyptus and willow as amongst the best suited species.

Industrial research proceeded into refining pulp for paper production, taking into account the specific characteristics of *Eucalyptus globulus* fibres, leading to adjustments at Group mills which have resulted in energy savings in the order of 20%. In 2009, the Cacia pulp mill also implemented measures resulting from a water system optimization study, leading to a reduction of 25% in consumption. A similar optimization study was conducted for the water system at the Setúbal paper mill, and the proposed measures are currently being assessed.

Innovation efforts were also focused on paper products in 2009, with progress on a research project into the influence of the physical and chemical characteristics of the paper surface on the quality of bubble jet printing. This project, which involved the universities of Aveiro, Coimbra and Beira Interior, has designed an innovative methodology for assessing the suitability of paper for printing, which is now being applied at the Portucel group's mills.

In the field of the reuse of solid waste in the production of pulp, an innovative solution has been successfully developed for incorporating waste from the process of causticizing bituminous pavements. This solution will be validated in a full-scale demonstration project in collaboration with the University of Aveiro, and could provide a form of absorbing all the waste of this type produced at the Group's

three industrial sites.

Other developments in 2009 included steps to strengthen strategic partnerships between Instituto RAIZ and various research institutions in Portugal and abroad with a view to technical and scientific development of the project for integrated biorefineries in the pulp and paper industry. The work being carried out in this area will provide the Portucel Group with privileged information in order to be able to select the most interesting alternatives using the biorefinery concept.

4 Cement and Derivatives Business Area – SECIL

As mentioned above, the Semapa Group has a 51% holding in the Secil Group, whose financial statements are consolidated by the proportional consolidation method, on the basis of the same percentage.

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

4.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Dec 09	Dec 08	09/08 (Var.%)
Sales	572.2	598.5	(4.4%)
Other income	35.7	72.9	(51%)
Costs and losses	(454.0)	(514.5)	12%
EBITDA	153.9	156.9	(1.9%)
Recurrent EBITDA	153.1	156.2	(2.0%)
Depreciation and impairment losses	(42.9)	(42.4)	(1%)
Provisions (increases and reversals)	(0.5)	(2.2)	80%
EBIT	110.6	112.2	(1.5%)
Net financial profit	(5.0)	(6.8)	26%
Pre-tax profit	105.6	105.5	0%
Tax on profits	(15.4)	(24.6)	37%
Retained earnings	90.1	80.9	11%
Attributable to Secil equity holders *	77.5	73.3	6%
Attributable to minority interests (IM)	12.6	7.6	67%
Cash-flow	133.5	125.5	6%
EBITDA Margin (%)	26.9%	26.2%	3%
EBIT Margin (%)	19.3%	18.8%	3%
	31-12-2009	31-12-2008	09/08 (Var.%)
Total net assets	945.4	965.9	(2%)
Equity (before MI)	483.5	476.4	1%
Net debt	95.3	124.7	(24%)

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

4.2 Leading Operating Indicators

The following table presents consolidated operating indicators for 2009:

	Unit	Dec 09	Dec 08	09/08 (%)
Annual cement production capacity	1 000 t	6,850	6,850	0%
Sales grey cement	1 000 t	5,005	5,307	(6%)
Sales white cement	1 000 t	94	94	0%
Sales artificial lime	1 000 t	60	61	(3%)
Sales clinker	1 000 t	655	309	112%
Ready-mixed	1 000 m3	2,034	2,350	(13%)
Aggregates	1 000 t	2,755	2,353	17%
Precast concrete	1 000 t	160	145	10%
Mortars	1 000 t	350	436	(20%)
Hydraulic lime	1 000 t	21	31	(34%)
Mortar fixative	1 000 t	5	6	(15%)

4.3 Secil Group – Overview of Operations

The financial year of 2009 was dominated by the serious crisis in the world economy which started in 2008, badly affected the economies of developed countries and, to a lesser extent, those of emerging and less developed countries. Figures published during the final months of the year showed the first signs of stabilization in the world economy, but these still include factors of uncertainty which could undermine the economic upturn.

The construction industry and cement demand both contracted sharply around the world. This drop in business was felt throughout the developed world, not least in Europe and also in Portugal, which is the key market for the Secil Group. Cement consumption in the European Union is thought to have fallen by around 20%.

In this adverse environment, Secil recorded consolidated turnover of **572.2 million euros**, only 4% down on the figure for 2008.

In cement operations in Portugal, cement and clinker sales were down in volume by around 4% and export prices also fell. However, there was an increase in cement prices on the domestic market.

Cement operations in Tunisia and Lebanon recorded growth in turnover of 3.4% and 17.3% respectively. Sales in Angola were up by 4% in volume over the previous year.

EBITDA stood at **153.9 million euros**, down by around 1.9% on 2008. The performance achieved by business units in Lebanon and Angola was not enough to offset the poorer performance of cement business in Tunisia and operations in Portugal.

Net profits attributable to Secil equity holders stood at **77.5 million euros**.

Capital expenditure totalled **39.6 million euros**, corresponding to 30.9 million in operational investment and 8.7 million in acquisition of stakes in subsidiaries.

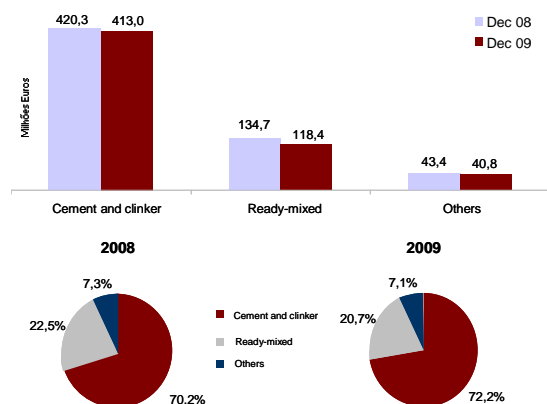
Net debt stood at **95.3 million euros** in 2009, down on the figure recorded at year-end 2008 (124.7 million euros).

Sales by Segment and Geographical Region

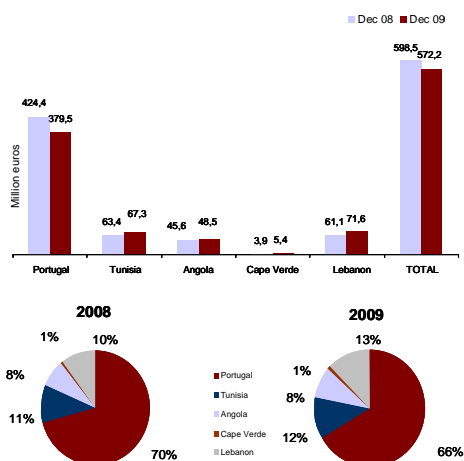
Turnover in the cement and clinker segment was down by 1.7% on 2008, due to the drop in Sales recorded by the business unit operating in Portugal. The other two segments also recorded contraction in comparison with 2008.

Turnover on operations outside Portugal accounted for approximately 34% of total, with operations in Lebanon and Tunisia accounting for the largest share.

Segments



Geographical regions

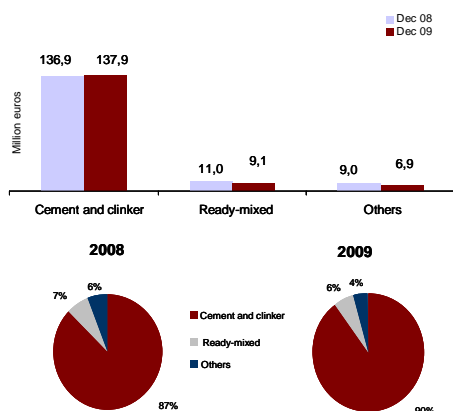


EBITDA by Segment and Geographical Region

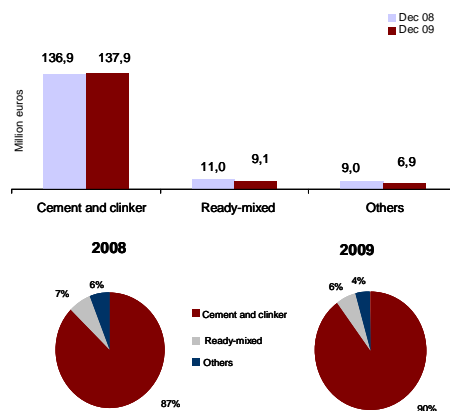
The cement and clinker segment grew in relative importance in comparison with 2008, contributing to approximately 90% of the total EBITDA of the Secil Group.

In terms of geographical distribution, EBITDA was more dispersed than in the previous year, with operations outside Portugal accounting for approximately 33% of the Secil Group's total EBITDA.

Segments



Geographical regions



4.4 Business and Operations

4.4.1 Portugal

The following table presents overall operating indicators for the Secil Group in Portugal, in 2008 and 2009:

Portugal (in million euros)	Turnover			EBITDA			Quantities sold			
	Dec 09	Dec 08	09/08 (%)	Dec 09	Dec 08	09/08 (%)	Unid.	Dec 09	Dec 08	09/08 (%)
Cement and clinker	236.9	259.7	-8.8%	89.4	98.4	-9.2%	1.000 t	3,080.6	3,197.6	-3.7%
Ready-mixed	103.2	122.5	-15.8%	7.1	9.8	-27.7%	1.000 m3	1,708.0	2,071.4	-17.5%
Aggregates	13.8	12.2	12.9%	4.0	4.7	-15.0%	1.000 t	2,684.4	2,284.2	17.5%
Mortars	16.4	20.8	-21.1%	2.5	3.8	-34.4%	1.000 t	375.0	472.9	-20.7%
Pre-cast	9.3	9.2	0.7%	0.0	0.2	-99.0%	1.000 t	139.9	125.3	11.6%
Total	379.5	424.4	-10.6%	103.0	117.0	-12.0%				

4.4.1.1 Market Background

In 2009, the economy remained highly constricted by the worldwide economic crisis, and especially by the recession experienced in the main European Union countries.

The civil construction industry in Portugal continued in decline as a result of the economic recession and contraction in the residential construction segment. Indicators published by INE (National Institute of Statistics) show that construction and public works activity contracted by approximately 4.9% (INE production index for construction and public works – January 2010). According to figures from FEPICOP (Portuguese Construction and Public Works Federation), the reduction in construction business was in the order of 7.3% (Business Analysis – January 2010).

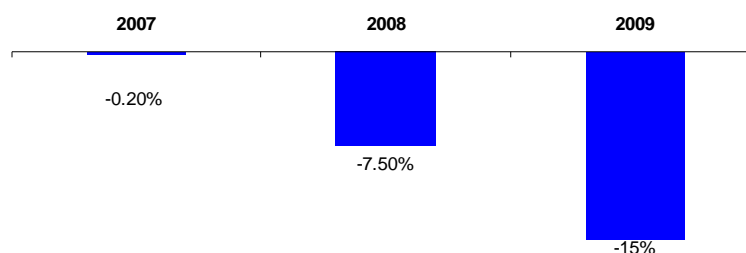
4.4.1.2 Cement and Clinker

Cement consumption is thought to have declined by 15% in 2009, standing at 6.2 million tons, representing a further sharpening of the downward trend which started in 2002.

The decline in cement demand in recent years reflects the recession in the construction sector which has been sharpest in the residential segment and less acute in the non-residential and public works

sectors.

Annual Consumption of Cement and Clinker

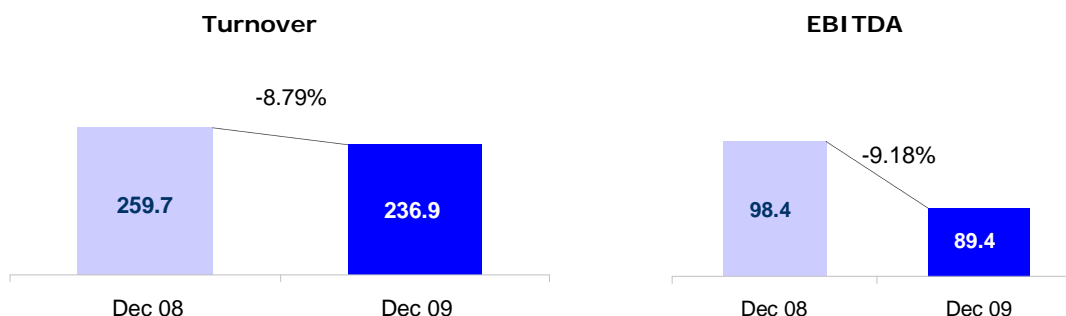


Source: Secil Group

The business environment was highly competitive in 2009, due to the activities of Portuguese operators and importers from the Spanish market, which is contracting sharply, and also due to overcapacity in the country in relation to current levels of demand. It was in this context that the Group continued to pursue a policy of dynamic marketing combined with efforts to maintain close ties with clients.

Indicators

Turnover stood at **236.9 million euros**, down by 8.8% on 2008 due to a significant reduction in sales on the domestic market. This decline was mitigated by growth in exports and rising prices on the home market.



In this difficult environment, performance in cement operations in Portugal was down on the previous year, with EBITDA standing at **89.4 million euros**, 9.2% lower than in 2008.

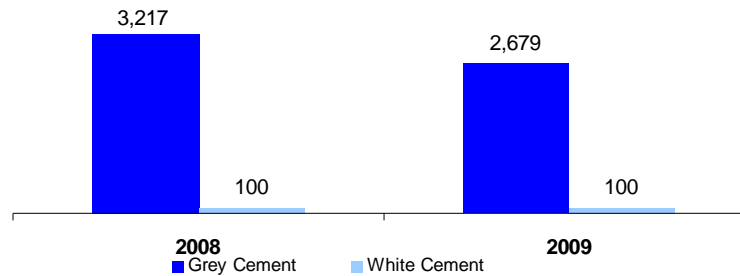
Performance in this business unit was hit by falling sales in quantity and a drop of around 28% in export prices in relation to 2008.

Nonetheless, positive factors should be mentioned, including rising cement prices on the domestic market, record sales to export markets (1.2 million tons, up by 3% from 2008), lower coke prices, increased use of alternative fuels and continued efforts to control operating costs.

Industrial Operations

Cement output from the Secil Group mills stood at 2.8 million tons in 2009, down by 16% due to the slump in demand as referred to above.

Cement Output ('000 ton)



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

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

The Group has pressed ahead and increased the use of industrial waste as thermal fuel. Overall, the rate of use of alternative thermal fuels rose from 18% in 2008 to 24% in 2009.

The Maceira-Liz mill obtained the operating license needed to extend its use of alternative fuels, in addition to tyres, which it has used for energy since 1986.

Overall, CO₂ emissions were reduced to approximately 91 000 tons, keeping within the annual limits for the Group's licences under the PNALE scheme.

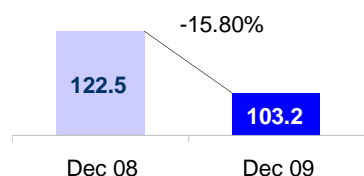
Capital Expenditure

Capital expenditure projects were launched and undertaken in order to improve the performance of the plants and to prepare them to use various types of waste as an energy source, as well as to improve the quality of products and services supplied, environmental conditions and customer service. Capital expenditure stood at a total of **15.3 million Euros**. The most important projects were:

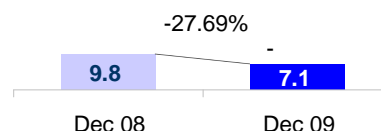
- Preparations at the three plants for the use of RDF - residue derived fuels;
- Following through the final investments to perfect the optimised production process for compound cements;
- Further work on a research and development project at the Cibra-Pataias plant for use of CO₂ to farm micro-algae.

4.4.1.3 Ready-Mixed

Turnover



EBITDA

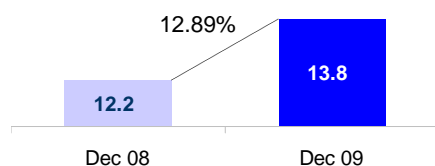


The ready-mixed market is thought to have declined by 18% as a result of contraction of the residential construction sector.

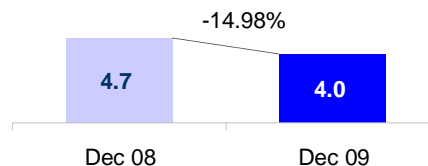
In this negative environment, sales fell by 17.5% in quantity, and by 15.8% in value. As with cement, sales of ready-mixed were sharply lower than in 2008, leading to appreciably poorer performance. EBITDA stood at **7.1 million euros**, down by 27.7% on the previous year.

4.4.1.4 Aggregates

Turnover



EBITDA

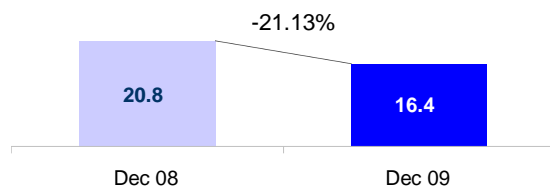


Sales of aggregates increased by 13%, in value, and by 17.5%, in quantity, thanks fundamentally to the increase in capacity achieved through acquisition of Quimipetra.

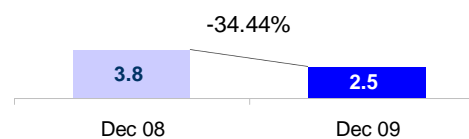
Despite the increase in sales, EBITDA stood at **4.0 million euros**, down by 15% on the previous year. The decline in performance was due essentially to a reduction in prices, which fell by an average of 5% over the year.

4.4.1.5 Mortars

Turnover



EBITDA



The crisis in the construction sector in general, and in the residential construction segment in particular, caused a decline in the mortar market, with business down in the order of 20%. At the same time, the artificial lime market continued to contract, recording a reduction of 35%.

In this environment, turnover in this business unit stood at **16.4 million euros**, representing a reduction of 21% in relation to 2008. EBITDA stood at **2.5 million euros** and was down by 34% due to declining sales in quantity and worsening prices for mortars, as a result of fierce competition in the sector.

4.4.1.6 Precast concrete

The Group activity remained affected by the continued recession in the sector. Estimates point to a continued decline in demand for precast products, with a particularly sharp reduction in certain regions, especially the Algarve.

Turnover in the precast concrete sector totalled **9.3 million euros**, in line with the figure recorded in the previous year. However, overall performance was down on 2008, with EBITDA dropping to approximately **0.02 million euros**.

4.4.2 Tunisia

The following table shows business indicators for the Secil Group in Tunisia in 2008 and 2009:

Tunisia (in million euros)	Turnover			EBITDA			Quantities sold			
	Dec 09	Dec 08	09/08 (%)	Dec 09	Dec 08	09/08 (%)	Unid.	Dec 09	Dec 08	09/08 (%)
Cement and clinker	59.4	57.4	3.4%	11.9	14.0	-14.4%	1.000 t	1,290.3	1,254.8	2.8%
Ready-mixed	7.6	5.6	35.2%	1.4	0.7	91.4%	1.000 m3	175.3	134.1	30.7%
Pre-cast	0.4	0.4	-11.5%	0.1	0.1	25.6%	1.000 t	16.2	18.2	-10.8%
Total	67.3	63.4	6.1%	13.4	14.7	-9.0%				

4.4.2.1 Market background

The world economic crisis affected growth in the Tunisian economy, due in particular to falling exports and a reduction in tourism. The IMF has estimated a slowdown in economic growth to 3% in 2009, falling short of the rate of 4.5% recorded in 2008.

Despite the crisis in the tourism sector, the construction industry performed well, achieving a reasonable rate of growth.

Inflation stood at 3.5%, down from the figure of 5% recorded in 2008. The Central Bank's reference interest rate dropped from 5.19% in December 2008 to 4.18% in December 2009.

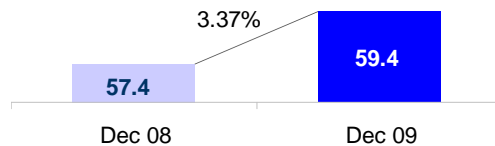
The Tunisian dinar continued to fall against the euro, ending the year with a depreciation of 3.8%.

4.4.2.2 Cement and Clinker

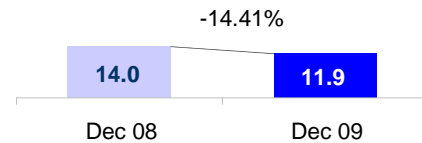
Indicators

Despite the slowdown in the economy and the crisis in the tourism sector, the construction industry maintained a reasonable rate of growth, and consumption of cement and artificial lime stood at 6.6 million tons, up by 5.2% on 2008. In the southern region this growth was less marked, at approximately 3.8%.

Turnover



EBITDA



Total turnover in the cement and clinker sector stood at **59.4 million euros**, representing an increase of 3.4% over the previous year.

Nonetheless, EBITDA dipped to **11.9 million euros**, down by 14.4% on 2008.

In effect, successful performance in Sales, reflected in increased turnover, was not sufficient to offset (i) the appreciable increase in energy costs – thermal fuels and power, and (ii) the high petcoke prices resulting from the fact that the stocks being consumed were purchased in 2008 at a higher price.

Once again, contrary to expectations and in breach given commitments from the Tunisian government, cement prices were not deregulated. It should be recalled that on the privatisation of the cement industry, price deregulation was expressly provided for in the relevant tender documents. We should also draw attention to the severe restrictions imposed by the Government on exports, which offer higher margins than in the domestic market.

Industrial Operations

Output of cement and artificial lime totalled 1.3 million tons, up by 3% on the previous year.

A significant increase in the cost of thermal energy and electricity had a big impact on the costs of cement production.

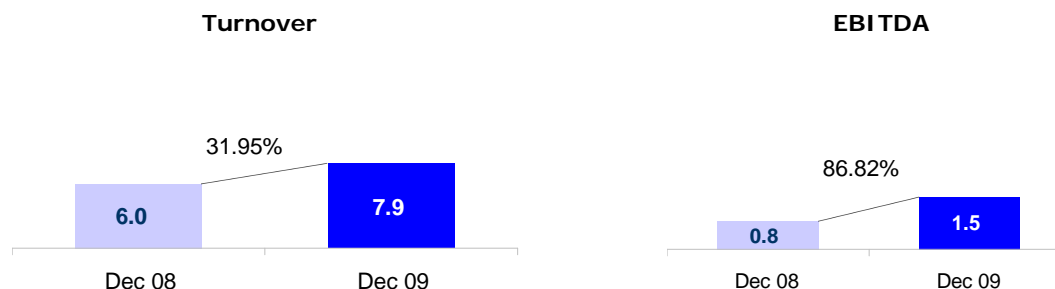
Capital expenditure

Capital expenditure in 2009 totalled **2.6 million euros**, including the start of the project aimed at preparing plant facilities for the burning of alternative fuels.

In view of the growth potential of the domestic market and the export market, plans are underway for construction of a new cement mill.

Special attention should be drawn to the fact that SCG reached an agreement with the Tunisian authorities under which it can generate its own wind power, and feasibility studies are currently being carried out with a view to the construction of a wind farm.

4.4.2.3 Ready-mixed and Precast Concrete



This business unit recorded appreciable growth in turnover, which stood at **7.9 million euros**, up by approximately 32%.

EBITDA stood at **1.5 million euros** representing growth of 87%, which illustrates the improved operating performance in this unit, especially in the ready-mixed segment, which presented growth in EBITDA of 91.4%.

4.4.3 Lebanon

The following table shows business indicators for the Secil Group in Lebanon in 2008 and 2009:

Lebanon (in million euros)	Turnover			EBITDA			Quantities sold			
	Dec 09	Dec 08	09/08 (%)	Dec 09	Dec 08	09/08 (%)	Unid.	Dec 09	Dec 08	09/08 (%)
Cement and clinker	63.9	54.5	17.3%	28.5	18.8	51.5%	1.000 t	1,087.7	996.1	9.2%
Ready-mixed	7.7	6.6	16.0%	0.6	0.5	29.1%	1.000 m3	150.6	144.5	4.2%
Total	71.6	61.1	17.1%	29.1	19.3	51.0%				

4.4.3.1 Market background

The Lebanese economy is thought to have grown by 7% in 2009, slightly down from the figure of 8.5% recorded in 2008.

One of the main contributing factors to this continued growth was undoubtedly the stabilization of the political situation, with the successful holding of parliamentary elections in May.

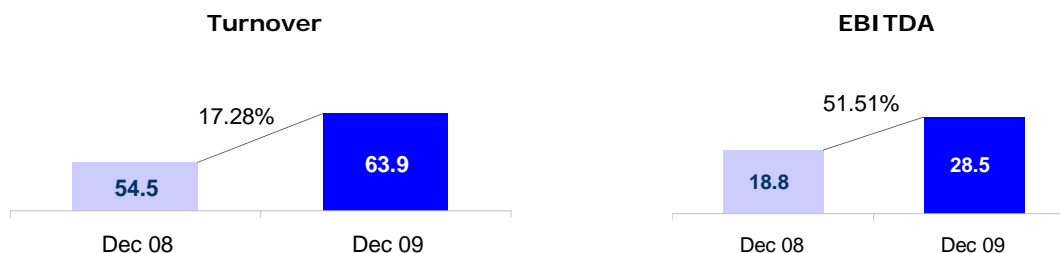
The construction and property sectors presented highly significant growth, which may be expected to continue in the near future.

The average inflation rate stood at 2.5%, down from the figure recorded in 2008 (11%). The lending rate stood at 9.13%, slightly down on the previous year (9.95%).

4.4.3.2 Cement and Clinker

Indicators

Demand for cement totalled 4.5 million tons, up by 5% on 2008. Part of this demand was due to the underground market sales, with Syria as the final destination. Considering only demand from the domestic market, growth was higher, at approximately 13%.

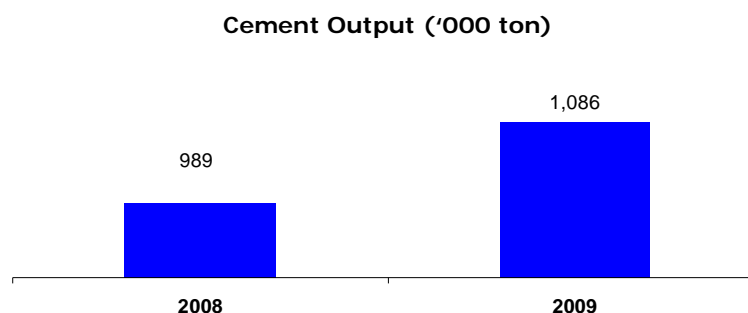


In 2009, cement operations in Lebanon recorded turnover of **63.9 million euros**, up by 17.3% on the previous year. Sales on the domestic market grew by 14% whilst exports fell by 46%.

EBITDA stood at approximately **28.5 million euros**, up by 51.5% on the previous year. The growth in this indicator was achieved thanks to excellent commercial and industrial performance, and to the reduction in thermal energy costs due to the decrease in petcoke prices.

Industrial Operations

Cement output rose to above one million tons, representing an all-time record and growth of 10% over 2008.



Capital expenditure

Capital expenditure projects included the installation of a new automation and supervision system for production lines.

4.4.3.3 Ready mixed

Soime, which operates in this sector in Lebanon, recorded stronger business activity than in 2008, selling 151 000 m³ of ready-mixed concrete, 4% more than in the previous year.

During the financial year of 2009, turnover stood at **7.7 million euros**, representing an increase of 17.1% over 2008. Operating performance was significantly stronger than in the previous year, with EBITDA of **0.6 million euros**.

4.4.4 Angola

The following table shows business indicators for the Secil Group in Angola in 2008 and 2009:

Angola (in million euros)	Turnover			EBITDA			Quantities sold			
	Dec 09	Dec 08	09/08 (%)	Dec 09	Dec 08	09/08 (%)	Unid.	Dec 09	Dec 08	09/08 (%)
Cement and clinker	48.5	45.6	6.4%	8.1	5.7	41.5%	1.000 t	306.8	294.7	4.1%

4.4.4.1 Market Background

The Angolan economy, strongly dependent on the international petroleum market, was significantly hard hit in 2009 with negative growth of 0.4%. The downturn in GDP was caused by contraction of 5.8% in the oil sector, with the non-oil sector growing by 6.7%.

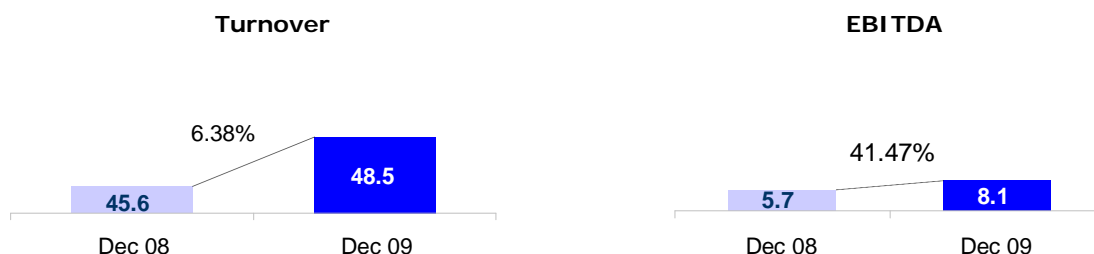
As a result of the economic and financial policy measures implemented in May, Angola suffered a severe financial crisis involving a shortage of hard currency and an abrupt fall in budget revenues, bringing public sector investment close to a standstill.

Inflation stood at 14%, up slightly from 2008. In annual terms, the kwanza fell against the US dollar by approximately 18%.

4.4.4.2 Cement and Clinker

Indicators

Cement consumption is thought to have stood at 3 million tons, representing growth of 4% over the previous year. This overall figure reflects the combination of strong growth in the first half, followed by a downturn in the second half.



In this context, performance in cement operations in Angola improved on the previous year, with sales in volume of 307 thousand tons (up by 4% on 2008). Turnover stood at approximately **48.5 million euros** in 2009, representing an increase of 6.4% over 2008.

As a result of increased business and growth in the operating margin, EBITDA stood at **8.1 million euros**, up by 41.5% on the figure recorded in 2008. This improvement was due essentially to sales prices and to a reduction in production costs due to the lower price of clinker.

Capital expenditure

Capital expenditure stood at **2.3 million euros**, focussing primarily on the new cement bulk loading line.

It was not possible to start construction work on the new plant in 2009. However, in addition to completing the engineering designs and obtaining the necessary planning permission, including the environmental licence, bank finance has been arranged, totalling 106.5 million USD.

Secil Lobito also signed the design, supply and build contract for the new plant at the end of the year with CMBI (SINOMA Group), with a total value of 85.6 million USD. The latest estimate of total investment in this project at 2009 prices is 173 million USD.

4.5 Resources and Supporting Functions

4.5.1 Sustainability

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

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

- Publication of the Sustainability Report on operations over the period 2005-2009 including, for the first time, the cement plants located outside Portugal.
- Increase in the use of alternative fuels from 18%, in 2008, to 24%, in 2009.
- Reduction in the rate of incorporation of clinker in cement from 74%, in 2008, to 73%, in 2009.
- Combined CO₂ emissions by the three Portuguese plants were within the upper limits of the respective licenses.
- The **Maceira-Liz** obtained the operating license needed to extend its use of alternative fuels, in addition to tyres, which it has used for energy since 1986.
- Work continued on the Biodiversity Project, with **Secil** leading the way in the cement industry in its systematic, planned and scientific approach to questions of fauna.

4.5.2 Environment

The Secil Group made substantial progress in 2009 towards even greater environmental responsibility in its operations. Measures were implemented with a view to integrated quality, environmental and safety systems, involving the industrial units in Portugal, and development of projects for protecting the environment.

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

4.5.3 Energy

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

One significant development in 2009 was the increased stake taken up by Secil in AVE – Gestão Ambiental e Valorização Energética, which is engaged in reusing industrial waste as secondary raw materials and alternative fuels, using best environmental practice.

5 Environment Business Area – ETSA

The Semapa Group acquired full ownership of the ETSA Group on 15 October 2008, and accordingly the ETSA Group's financial statements are only consolidated in the Semapa Group's financial statements for that year from 1 October to 31 December 2008.

In 2009, the Semapa Group sold 20% of the share capital in the ETSA Group to SGVR, establishing a partnership with this company aimed to grow and develop new business in the environmental sector.

In order to provide a clearer picture of the real evolution of the affairs of the ETSA Group and its subsidiaries, it has been decided to present, in this chapter of the report only, an analysis covering the full twelve months of 2008.

5.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Dec 09	Dec 08	09/08 (Var.%)
Sales	28.9	32.8	(12%)
Other income	1.0	2.3	(55%)
Costs and losses	(23.0)	(26.2)	12%
EBITDA	7.0	8.9	(22%)
Recurrent EBITDA	7.0	8.9	(22%)
Depreciation and impairment losses	(1.8)	(1.7)	(5%)
Provisions (increases and reversals)	0.2	(0.3)	190%
EBIT	5.4	6.9	(22%)
Net financial profit	(0.5)	(0.9)	41%
Pre-tax profit	4.9	6.1	(19%)
Tax on profits	(1.5)	(1.8)	21%
Retained earnings	3.4	4.2	(19%)
Attributable to ETSA equity holders *	3.5	4.3	(18%)
Attributable to minority interests (MI)	(0.0)	(0.0)	14%
Cash-Flow	5.0	6.2	(19%)
EBITDA margin (%)	24.2%	27.2%	(11%)
EBIT margin (%)	18.7%	21.1%	(11%)
	31-12-2009	31-12-2008	09/08 (Var.%)
Total net assets	26.3	26.3	(0%)
Equity (before MI)	7.0	7.1	(2%)
Net debt	12.8	8.7	46.5%

* of which 80% are attributable to Semapa

5.2 Leading Operating Indicators

	Unit	Dec 09	Dec 08	09/08
Collection of raw materials – Animal waste (categories 1 and 2)	1 000 t	44.5	44.5	0.1%
Collection of raw materials – Animal waste (category 3)	1 000 t	60.3	62.8	-4.0%
Sales – animal fats	1 000 t	20.4	20.7	-1.7%
Sales – meal	1 000 t	9.7	9.1	6.6%
Sales – Frozen products for pet food	1 000 t	14.4	21.0	-31.7%

5.3 Overview of ETSA Group Operations

The ETSA Group carried on its operations in an extremely difficult business environment, affected both upstream and downstream by sharp reductions in the volume processed.

Upstream, a significant reduction in the level of raw materials collected was caused by the recession, visible in the slowdown in foodstuff consumption and changing consumer habits. It should be noted that some of the raw materials collected by the ETSA Group are being increasingly used in human foodstuff.

At the same time, downstream, demand from the petfood and biodiesel industries has slowed, associated with falling prices for animal meals and fats, caused by international trends in prices for soya and corn oil (substitutes for the products produced by the Group), putting pressure on ETSA Group operations over the course of 2009.

The ETSA Group recorded turnover in 2009 of **28.9 million euros**. Collection of category 1 and 2 by-products, carried out by the subsidiary ITS accounted in 2009 for approximately 44% of the total turnover of the ETSA Group. The marketing of animal fats, meals, frozen products for petfood and used food oils represented approximately 55% of total turnover.

EBITDA stood at **7 million euros** in 2009, with an EBITDA margin of 24.2%, and net profits of **3.5 million euros**. Net debt totalled **12.8 million euros**, representing an increase over 2008 and reflecting capital expenditure by the Group.

Special attention should be drawn to the development of new business lines over the period, such as new partnerships for collecting food waste from wholesale chains, and selection by IFAP of the consortium comprising ITS (ETSA Group)/Luis Leal in the tendering procedure for the collection, transport, processing and disposal of animal by-products in the Portuguese market through to 2011 (incorporating animal species not previously included for processing), adding new sources of revenue for the ETSA Group.

6 Semapa Group Human Resources

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

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

The workforce of the Semapa Group rose from 5,033 employees in December 2008 to 5,167 employees in December 2009, as shown in the following table:

Segment	Dec 09	Dec 08	09/08
Paper and Pulp	2,288	2,164	124
Cement	2,676	2,674	2
Environment	182	174	8
Holdings	21	21	0
TOTAL	5,167	5,033	134

The increase in the workforce in the paper and pulp segment was due essentially to the contracting of staff to manage the Group's new paper mill.

In a context of rising unemployment rates, the Semapa Group has continued to create new jobs, particularly in Portugal.

7 Social Responsibility in the Semapa Group

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

The start-up of the Portucel Group's new paper mill in Setúbal represented an important step forward in consolidating a socially responsible attitude, helping to boost employment and create value for the country, and in particular for one of its socially and economically depressed regions.

In 2009, the Portucel Group continued to pursue a policy of social responsibility by supporting a wide range of institutions working in the regions in which it operates. Special mention should be made of the following projects:

- Old people's park in Cacia – support for a park planned by Cacia Parish Council for its older population, encouraging them to take physical exercise and to take part in outdoor activities;
- Marinha das Ondas Crèche – a joint project with Figueira da Foz Municipal Council for construction of a crèche in the parish of Marinha das Ondas, to support families and enable women to take up employment.
- Sado Holiday Camp – support for underprivileged children living around the Setúbal industrial complex, by providing them with a summer camp, as part of a project organized by Sado Parish Council;
- Book on the history of Aveiro – support for a publication by Aveiro Municipal Council as part of the celebrations for the 250th anniversary of Aveiro's elevation to the status of city.

Paper was also donated to schools and welfare organizations in the area of influence of the Group's mills. A total of 156 donations were made to social, educational and cultural projects in 2009, corresponding to approximately 26 tons of paper.

As part of its continued efforts to strengthen ties with stakeholders in the course of its various operations, the Group supported a number of seminars, organized by high-profile organizations, including "Iberian Logistical Platforms" (Setúbal and Sesimbra Port Authority), 10th National Maintenance Conference (Portuguese Maintenance Association), "Energy and Innovation" Seminar (Portuguese Energy Association), and the Seminar on "Models and Simulators for Estimating Carbon Sequestration and Timber Production" (Inovisa – Association for Business Innovation and Development). The Group also supported the "Planet Earth Lisbon Event 2009" organized by UNESCO and IUGS (International Union of Geological Sciences), designed to bring together scientists, politicians and representatives of industry to assess the results of the International Year of Planet Earth and primarily to launch innovative initiatives for the planet.

As reported above, in its capacity as a key player in the development of Portugal's forestry resources, the Portucel Group organized in 2009 an international seminar devoted to the theme of "Forests, Sustainability and Prosperity".

In the field of internal social responsibility, the Company has continued to pay tribute to its employees who complete 15 and 30 years in the company's service, presenting them with an award to acknowledge their hard work and dedication.

Commendable work has also been carried out by the Sports Groups which, with the Company's support, have organized a varied range of cultural and sporting activities designed to encourage healthy social relations between the workforce, with the possibility of involving their families and improving internal cohesion.

For the seventh consecutive year, the Secil Group signed agreements to support cultural, sporting and social welfare organizations in the Setúbal area.

In order to help preserve the environment and contribute to the quality of life of local communities, the ETSA Group has formed a partnership with Loures municipal council and its local services for the provision of 20 Oil Collectors with a capacity of 360 litres each, for the disposal of used cooking oil.

This will make it possible to transform food oils used by local people into biodiesel. Part of the monetary value of the food oils deposited will be assigned to the corporate social responsibility policy, and used to donate wheelchairs.

Semapa and its holding companies have supported a range of projects, including:

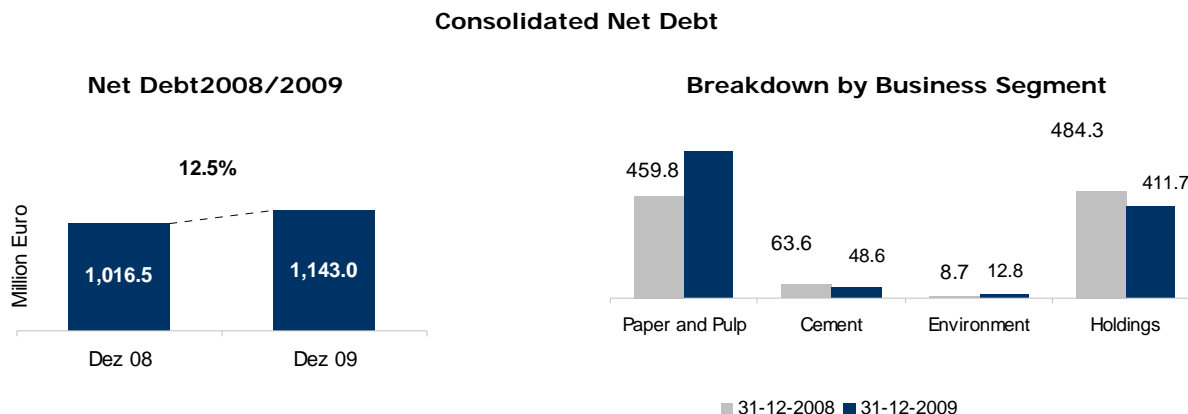
- *MDV Projecto Família* – A pioneering project in Portugal seeking to work with families with children at risk. The aim is keep the family together through intensive, immediate and individualized support.
- *Associação Hípica Terapêutica* – This charitable organization offers riding therapy and equine assisted therapy for any individuals with special needs, irrespective of their age, provided there is no obstacle to their riding.
- *Associação Salvador* – Association which works to defend the interests and rights of persons with reduced mobility, especially individuals with motor handicaps.
- *QE* – Rehabilitation services for the disabled – Welfare support activities for disabled people, with accommodation.

8 Semapa Group – Financial Area

8.1 Net Debt

At year-end 2009, Semapa's consolidated net debt totalled approximately **1,143.0 million euros**, comparing with **1,016.5 million euros** at 31 December 2008. It should be noted that the Semapa Group's capital expenditure in 2009 stood at **549.6 million euros**.

The following graph shows total consolidated debt and a breakdown at year-end 2009, compared with year-end 2008:



8.2 Risk Management

As detailed in the specific item in the Notes to the consolidated financial statements, Semapa Group operations are exposed to a number of risks, both financial and operational. Risk management priorities have been to detect and hedge against risks which might have a materially relevant impact on the net profits or equity, or which may create significant constraints on the pursuit of the Group's business interests.

8.2.1 Financial Risks

Exchange rate risk

Variations in the exchange rate of the Euro against other currencies can significantly affect the Portucel Group's revenues in several ways. On the one hand, BEKP pulp prices on the international market are traditionally fixed in USD, meaning that variations in the Euro against the USD can have an impact on the Group's future sales, irrespective of whether the sales are denominated in Euros or a different currency. On the other hand, a part of UWF paper sales are denominated in currencies other than the Euro, including the USD and others less frequently used. This means that variations in the Euro against these currencies can also have a significant effect on the Group's future sales.

In this context, as and when it sees appropriate, the Portucel Group contracts financial instruments to minimize the effects of changing exchange rates, hedging part of its sales subject to exchange rate risk in this period and nearly all balance sheet amounts denominated in foreign currency.

Accordingly, in order to hedge sales subject to the EUR/USD exchange rate risk, as budgeted for 2009, the Group contracted a series of hedging operations in late 2008 and early 2009: zero cost

collars, with a value of 175 million USD, maturing at the end of 2009.

The Secil Group maintained its policy of maximising the potential of natural cover of its exchange rate exposure, by offsetting intra-group currency flows. In relation to the USD, the main currency to which we are exposed, natural hedging was in excess of 70%.

The ETSA Group and Semapa SGPS and its instrumental sub-holdings are not exposed to exchange rate risk as they conduct no business in foreign markets and/or in currencies other than the euro.

Interest rate risk

The main market indexes, used as reference in the Group's borrowing, fell significantly over the course of 2009, reaching record lows, in the wake of the severe recession suffered by the European economy. In addition, the sharp contraction of credit markets resulted in upwards revision of the spreads offered by the banks.

In relation to the Portucel Group, the cost of the financial borrowing contracted by the Group is indexed to short term reference rates, reviewed at intervals of less than one year (generally six months for medium and long term debt), plus risk premiums as negotiated from time to time. This means that variations in interest rates can affect the Group's results.

The Group used derivatives, in the form of interest hedges, a significant portion of which mature in 2010. These swaps cover approximately 30% of the Group's interest bearing debt, and are designed to keep the interest rate on borrowing within defined parameters.

For its part, the Secil Group opted in 2005 to partially hedge its interest rate risk using a structure of derivatives which sets a maximum value of the financial charges on long term debt with repayment in scheduled instalments.

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

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

In order to mitigate this risk, and in view of the current interest rates, at historically low levels, Semapa SGPS contracted in July an interest rate hedge for two bond loans maturing in 2016, with a total hedged value of 225 million euros. This operation consisted of contracting zero cost collars with a number of financial institutions in Portugal.

Liquidity Risk

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

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

8.3 Pensions and Other Post-employment Benefits

Total liabilities for pensions, in consolidated terms, at 31 December 2009, stood at 262.3 million euros, of which 151.8 million euros were covered by independent pension funds. Uncovered liabilities at this date, totalling 110.5 million euros, comprise i) 16.7 million euros for the Portucel Soporcel Group, ii) 3.1 million euros for the Secil Group and iii) 90.6 million euros for Semapa.

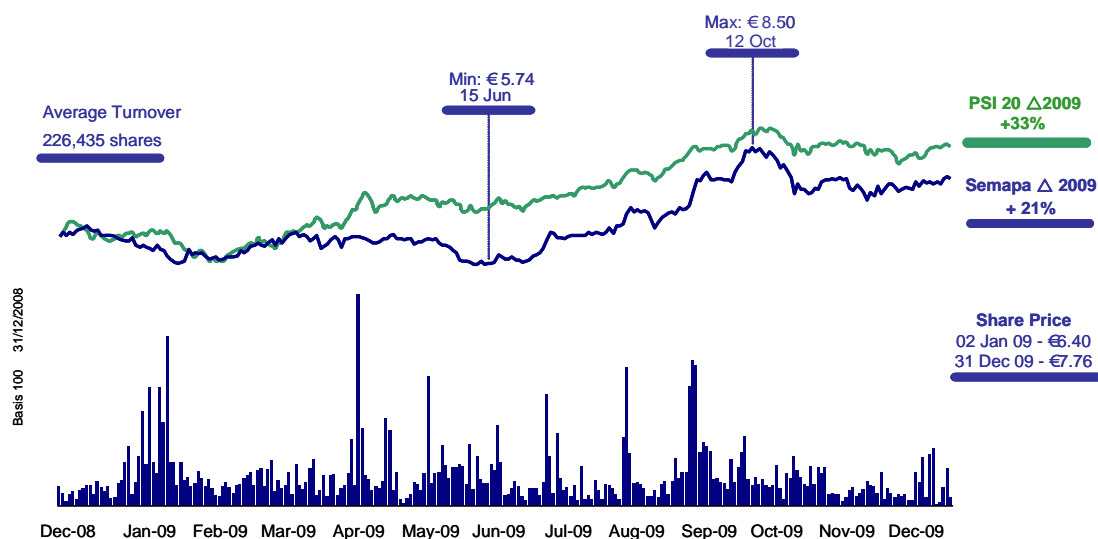
In addition, the Semapa Group also calculated liabilities for other post-employment benefits totalling 10.0 million euros (2.8 million euros for the Portucel Soporcel Group and 7.2 million euros for the Secil Group).

8.4 Listed Share Prices

The downward trend in the main share indexes in 2008 continued into early 2009. However, from mid-March onwards, the markets started to rally. Equity markets began to climb back up after the sentiment of panic experienced at the start of the year. From the lowest point in March to the end of 2009, the world's main share indexes rose by close to 60%.

With significant gains being recorded in the leading indexes, the PSI 20 presented the largest gain of all European exchanges (+ 33%).

Semapa shares followed the general trend in the Portuguese equity market, although the overall gain was swifter, at 21%:



It should be noted that in the previous year Semapa shares had suffered losses much smaller than the PSI20 (27%, as compared to 51%).

The closing price for Semapa shares ranged between a minimum of 5.74 euros and a maximum of 8.50 euros. Average daily trading over the period stood at 226,425 shares.

In the period immediately following publication of the results for 2008, on 10 March 2009, no significant change was observed in the share price. The payment of dividends for the previous year also had no relevant impact on formation of the share price.

8.5 Dividends

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

- At the General Meeting of Semapa, held on 31 March 2009, it was decided to distribute a dividend of 25.5 cents per share, which was paid on 23 April, representing a total dividend of 29,481,173 euros.
- At the General Meeting of Portucel, held on 6 March 2008, it was resolved to distribute a dividend of 10.5 cents per share, which was paid on 6 April, representing a total dividend of 80,585,500 euros.
- Secil approved distribution of a dividend of 84 cents per share, which was paid on 16 April, representing a total dividend of 42.019.690 euros. This subsidiary also paid out an additional dividend, totalling 19,981,571, in December 2009.
- At the General Meeting of ETSA, held on 6 April 2009, it was decided to distribute a total dividend of 2.1 million euros.

8.6 Net profits for 2009

Semapa recorded a consolidated net profit for 2009, before minority interests, of 105.7 million euros, of which 78.8 million euros is attributable to Semapa equity holders.

9 Leading Developments in 2009

Holdings – Semapa SGPS and instrumental sub-holdings

- Semapa paid a dividend of 25.5 cents per share, on 23 April, representing a total dividend of **29.5 million euros**.
- In the course of 2009, **Semapa acquired 382 thousand shares in Portucel for a price of 531.8 thousand euros**, increasing its holding to 76.95% of the capital of the Portucel Group.
- In early April, the Semapa Group sold 20% of the ETSA Group to SGVR - Serviços de Gestão e Valorização de Resíduos, establishing a partnership with the potential to grow and develop new business for the Semapa Group in the environmental sector.
- Semapa informed the market that it has decided, for the time being, not to proceed with its plans with a view to establishing a partnership to study the possibility of submitting a joint bid with other entities in the tendering procedure which the Portuguese Government has been intending to launch for privatization of ANA – Aeroportos de Portugal and for the design and construction of the new Lisbon International Airport.

Paper and Paper Pulp - PORTUCEL SOPORCEL Group

- Portucel paid out a dividend of 10.5 cents per share, on 6 April, representing a total dividend of **80.6 million euros**.
- The Portucel acquired 1,707,911 of its own shares for approximately **2.4 million euros**.
- Official opening of the new paper mill in Setúbal in the 4th quarter, representing investment of approximately 550 million euros.

Cement and Derivatives – SECIL Group

- Secil paid out a dividend of 84 cents per share, on 16 April, representing a total dividend of **42 million euros**. This company also paid out an additional dividend totalling approximately **20 million euros**.
- Acquisition of an additional holding in AVE – Gestão Ambiental e Valorização Energética, bringing its interest up to 70%.
- Acquisition of a 100% stake in Quimipetra, located in Sesimbra.

Environment – ETSA Group

- The company's General Meeting, held on 6 April 2009, decided to distribute a total dividend of **2.1 million euros**.

In June 2009, ITS, in a consortium with Luís Leal e Filhos SA, was awarded a contract by IFAP for collection, transport, processing and disposal, in Portuguese territory, of animal carcasses: bovine, equine, sheep, goats and pigs.

10 Outlook for 2010

Signs of recovery in the world economy were already visible in 2009. The prospects for economic growth in 2010 point to recovery, which is likely to be swifter in some economies than in others. Emerging countries, led by Asia, enjoy the most favourable outlook.

However, the developed economies are expected to grow albeit at a moderate pace, recovering more slowly, especially in countries struggling with deeper structural problems, in terms of private or public sector borrowing, adjustments in the property market or persisting problems in the balance sheets of the banking sector.

Short term economic prospects are extremely uncertain and subject to volatility, stemming from a number of risk factors and underlying issues which could jeopardise an economic upturn worldwide.

The world economic recovery could prove precarious insofar as the main driving forces behind global growth have been temporary phenomena, such as budgetary and monetary stimulus packages, restocking and an upturn in exports after the historical collapse in early 2009. These questions raise legitimate doubts as to the sustainability of growth in future.

High rates of unemployment, soaring public debt and, in some countries, the poor state of domestic finances all add to the challenge of recovery.

The withdrawal of stimulus measures implemented by the authorities could endanger the hoped upturn.

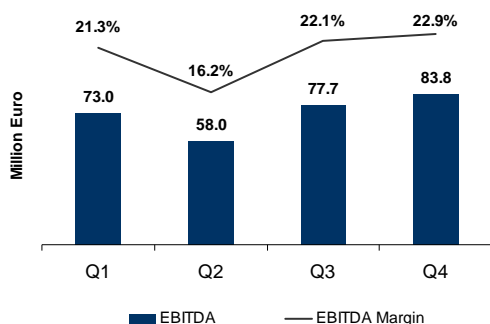
The worsening state of public sector finance around the world means that clear strategies will inevitably have to be implemented with a view to budgetary consolidation. The pressure on governments to adopt restrictive fiscal policies can hamper growth, and could lead to recession in countries where the situation is most fragile.

The financial markets have shown particular concern at the state of public finances in a number of countries, Greece in particular. Recent developments in these countries have alerted the governments of EU member States to the need to present strategies specifically geared to consolidating budgets, on pain of undermining their credibility in the international financial markets and thereby jeopardizing the stability of Economic and Monetary Union.

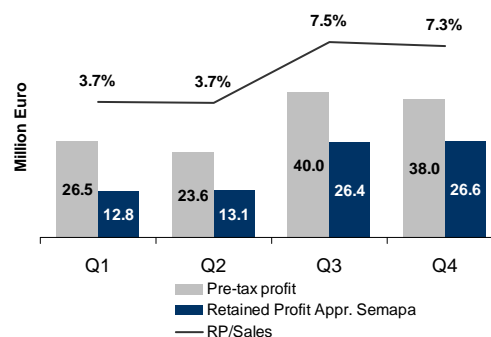
In the case of Portugal, heavy external borrowing needs, close scrutiny from international investors and the scenario of sluggish growth envisaged for the next few years could all be reflected in an increase in the relative cost of finance for the State and Portuguese institutions and companies abroad.

Quarterly analysis of the Semapa Group's operating performance shows that contraction during the 1st half of 2009 was followed by sustained improvement in subsequent quarters. The EBITDA margin recovered by 42.6% from its lowest level for the year in the second quarter, climbing from 16.2% to 22.9%. Pre-tax profits for the final quarter were 43.4% higher than those for the first quarter, up from 26.5 million euros to 38.0 million euros, permitting moderate optimism with regard to the coming year.

EBITDA and Consolidated EBITDA Margin in 2009



Pre-tax profits, Net Profits and NP/Sales in 2009



The results of the Semapa Group depend in part on this economic environment.

Paper and Pulp (Portucel Group)

In the UWF office paper market, despite the existence of positive signs, continued uncertainty prevails in the short term. This is due to the absence of any clear signs of a recovery in demand which, and combined with structural over-capacity in Europe, is expected to keep up the pressure on prices.

In the pulp market, after a sharp downturn in the first quarter, demand rallied from the second quarter onwards, a number of factors point to continued uncertainty in 2010 in relation to the main driving forces in the industry, such as the evolution of demand in different paper sectors, the impact of new capacity starting up in Asia and the resumption of production at plants which were temporarily closed.

With the start-up of the new natural gas co-generation plan in Setúbal and the two new biomass-fuelled power station, together with the investment set to go ahead in the new turbine for the biomass cogeneration plant at the Figueira da Foz industrial complex, the Portucel Group is increasingly committed to the energy sector, and will have capacity to generate approximately 5% of all power produced in Portugal.

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

Cement (Secil Group)

The prospects for cement business are generally unfavourable, although, due to geographical diversification, the different markets in which the Secil Group operates present varying outlooks.

For Portugal, which is its principal market, prospects are still poor for the construction industry, and especially for the residential construction segment.

In Tunisia, cement consumption is expected to grow more slowly than in 2009. The Group's results will however depend on the stance taken by the Tunisian government on the issue of price deregulation.

In Lebanon, stabilization of the political situation should help the industry to maintain the moderate growth recorded in 2009.

In Angola, despite the climate of uncertainty in the country's economy, prospects for growth in the market remain favourable, both in the country as a whole and in the southern region, which is Secil-Lobito's natural market.

Environment (ETSA Group)

The moderately optimistic economic outlook for Portugal should enable ETSA to develop its business and to achieve sustained growth in the operations of its subsidiaries.

The various projects launched in 2009 and the continued adoption of policies aimed at boosting sales and competitiveness mean that the Group can look forward to the financial year of 2010.

Subsequent Developments

- The Council of Ministers of Mozambique has approved a resolution granting Portucel a provisional permit to use and develop an area of 173,327 hectares in the province of Zambézia, for forestry purposes, along with a package of benefits for possible future industrial investment which Portucel may decide to implement in Mozambique. The same resolution also includes the right to use and develop an additional area of 220,000 hectares in Manica province, as soon as the formalities currently underway are completed.
- At the meeting of the Board of Directors of Semapa held on 8 January, Dr. António Pedro de Carvalho Viana-Baptista was co-opted as member, filling the existing vacancy.
- It is with great sadness that we mention the death of our fellow director, Dr. António Paiva de Andrada Reis, on 14 March 2010, and we once again pay tribute to his great qualities, both personal and professional, and express our most sincere condolences to his family.

11 Acknowledgements

In a context of global economic recession, the financial year of 2009 was for Semapa a period of consolidation and the end of a successful cycle of investment, reaffirming the Semapa Group as one of Portugal's largest industrial conglomerates.

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

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

12 Proposal for distribution of profits

Considering that the Company needs to maintain a financial structure compatible with sustained growth of its Group, in the various business areas in which it operates;

Considering that in order for the Company to remain independent from the financial system, it needs to preserve levels of consolidated short, medium and long term debt which allow it to maintain sound solvency indicators;

We propose that the net profits from individual operations determined under the POC rules of 78,849,323.85 euros (seventy eight million, eight hundred and forty nine thousand, three hundred and twenty three euros and eighty five cents) as follows:

Dividends for shares in circulation (25.5 cents/share)	29,481,173.48 euros
Free Reserves	49,368,150.37 euros

Lisbon, 24 March 2010

The Board of Directors

Pedro Mendonça de Queiroz Pereira
Chairman

Maria Maude Mendonça de Queiroz Pereira Lagos
Director

José Alfredo de Almeida Honório
Director

Francisco José de Melo e Castro Guedes
Director

Carlos Maria Cunha Horta e Costa
Director

José Miguel Pereira Gens Paredes
Director

Paulo Miguel Garcês Ventura
Director

Rita Maria Lagos do Amaral Cabral
Director

António da Nóbrega de Sousa da Câmara
Director

Joaquim Martins Ferreira do Amaral
Director

António Pedro de Carvalho Viana-Baptista
Director

Information on
Corporate Governance

INTRODUCTION

Significant changes were made in 2009 and in the first quarter of 2010 to the legislation and regulations concerning corporate governance, with the publication of Law 28/2009, of 19 June, Decree-Law 185/2009, of 12 August, and Securities Market Commission Regulation 1/2010.

The new Regulation, which approves a revised model for corporate governance reports and revokes Regulation 1/2007, took effect in February 2010 and applies to the report drawn up in 2010 in relation to the financial year of 2009. However, the Securities Market Commission has allowed listed companies the possibility of drawing up their report using the previous model if they were already at an advanced stage of the drafting process, which was the case with Semapa.

The company has put in motion a number of adjustments to its corporate governance structure, including the newly created Strategy Committee, seeking on the one hand to reflect the natural course of development within the company and at the same time to incorporate recommendations which, as we stated in last year's report, we believe can have a positive effect on corporate governance, notwithstanding the critical view taken by the company with regard to the existence of a set of recommendations, as expressed in our previous report and reaffirmed this year.

In this Information we will go into greater detail on the question of remuneration, in order to provide the disclosures which are now mandatory under Law 28/2009, of 19 June, and Article 3 of the new Regulation.

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

- I. Report on the corporate governance structure and practices, drawn up in accordance with Securities Market Commission Regulation no. 1/2010, but following the model approved by Securities Market Commission 1/2007;
- II. Remuneration policy statement;
- III. Disclosures required under Articles 447 and 448 of the Companies Code, and
- IV. Assessment of the corporate governance model adopted and activities of non-executive directors.

I. REPORT ON THE CORPORATE GOVERNANCE STRUCTURE AND PRACTICES, DRAWN UP IN ACCORDANCE WITH SECURITIES MARKET COMMISSION REGULATION NO. 1/2010, BUT FOLLOWING THE MODEL APPROVED BY SECURITIES MARKET COMMISSION REGULATION NO. 1/2007

**Chapter 0
Declaration of compliance**

► 0.1. CODES ADOPTED

Semapa has not voluntarily opted to submit to any other corporate governance code and is only subject to the “Corporate Governance Code” approved by the Securities Market Commission in September 2007, given that the new Recommendations contained in the 2010 Corporate Governance Code are only applicable as from the financial year of 2010, and this report refers to the financial year of 2009.

Nonetheless, because the new model for corporate governance reports took effect at a time when Semapa was already at an advanced stage of preparing this report, it opted to present this report in accordance with the old model established in Regulation 1/2007, in line with the understanding set out by the Securities Market Commission in a circular. These texts are available online at the website of the Securities Market Commission (www.cmvm.pt).

► 0.2. AND 0.3 RECOMMENDATIONS ADOPTED AND REASONS FOR DIVERGENCE

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

I. GENERAL MEETING

I.1 OFFICERS OF THE GENERAL MEETING

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

ADOPTED

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

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

NOT ADOPTED

As in the previous year, the remuneration of the Chairman of the General Meeting is not disclosed as it is the company's understanding that the individual remuneration of its officers should not be disclosed, although this disclosure is now mandatory in relation to directors and members of the audit board. We do not however believe that this should prevent the company from maintaining a policy of reserving information, where this is permitted, in view of the principles it defends.

I.2 PARTICIPATION AT THE MEETING

- I.2.1 THE OBLIGATION TO DEPOSIT OR FREEZE SHARES BEFORE THE GENERAL MEETING, CONTAINED IN THE ARTICLES OF ASSOCIATION, SHALL NOT EXCEED 5 BUSINESS DAYS.

ADOPTED

The articles of association define the period in question in terms of days elapsed (five) and not business days, and define the time limit in relation to the date of receipt of the document at the company and not in relation to the date of freezing, which means that compliance with the recommendation cannot be directly assessed. As stated previously, and as follows directly today from the understanding of the Securities Market Commission, as set out in the new Corporate Governance Code, the company considers that this recommendation has been adopted considering that: (i) the date of receipt of the document is counted as from the date on which the first fax or email is received with a copy of the document, provided the original is presented prior to the start of the meeting, (ii) when the time limit in days ends during a weekend or on a public holiday, the company accepts notification received on the next business day, and (iii) under normal conditions, a period of more than two days cannot be considered to elapse between the freezing of the shares by financial institutions and receipt of the document at the company by fax or email, and it is clear that the five business days, due to the situation described in (ii), corresponds to a minimum of 7 days. This issue is dealt with further in chapter I.4 of this Report.

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

ADOPTED

This is the understanding of the Chairman of the General Meeting, who has confirmed that this solution will be adopted in the event of adjournment. The company therefore complies with the recommendation. This issue is further referred to in chapter I.5 of this Report.

I.3 VOTING AND EXERCISE OF VOTING RIGHTS

- I.3.1 THE ARTICLES OF ASSOCIATION SHALL NOT IMPOSE ANY RESTRICTION ON POSTAL VOTING.

ADOPTED

The company has adopted this recommendation insofar as there is no restriction on exercise of the right to cast postal votes. This question is referred to in further detail in chapters I.8 to I.10 of this Report.

- I.3.2 THE DEADLINE ESTABLISHED IN THE ARTICLES OF ASSOCIATION FOR RECEIVING POSTAL BALLOTS SHALL NOT EXCEED 3 BUSINESS DAYS.

ADOPTED

The company accepts all postal votes received up to the day before the General Meeting, and this recommendation is therefore adopted in full. This issue is further referred to in chapter I.10 of this Report.

- I.3.3 THE COMPANY'S ARTICLES OF ASSOCIATION SHALL PROVIDE FOR THE ONE SHARE-ONE VOTE PRINCIPLE.

ADOPTED

We are pleased to record that the new recommendations bear out the interpretation defended by this company. As we have argued in the past, this recommendation

should not be understood in the most literal sense of meaning that a single share entitles the holder to vote and therefore take part in the general meeting. This interpretation has the perverse consequence that participation by the shareholder in the general meeting might be more costly, due to the expense of travel and of the declaration of frozen shares from the relevant financial institution, than the actual capital outlay required to acquire the share or shares which entitle the holder to attend the meeting or put questions to the company officers.

Article 384.2 a) of the Companies Code provides for the possibility of one vote being assigned to each 1000 euros of share capital, reflecting the concerns felt by the authors of the code that the right of the holders of insignificant portions of the share capital to attend and take part in discussions at the general meeting can often be prejudicial to the interests of the company and of the shareholders in general. The need for voting rights to be matched to capital is nonetheless assured by the possibility of small shareholders grouping together.

The essential purpose of this recommendation is to assure that there are no shares without voting rights, due to restrictions on voting, and this is not the case in this company. If all shareholders are present or represented, with the groupings necessary, the number of votes which can be cast is equal to the total number of shares in the company, divided by 385, the number of shares carrying one vote. There are therefore no shares without voting rights.

We believe that the text of the new recommendations of the Securities Market Commission sheds an interpretative light which allows us to classify this recommendation as adopted.

This question is also referred to in chapter I.6 of this report.

I.4 QUORUM AND RESOLUTIONS

- I.4.1 COMPANIES SHALL NOT SET A QUORUM FOR HOLDING THE MEETING OR ADOPTING RESOLUTIONS GREATER THAN THAT ESTABLISHED IN LAW.

ADOPTED

The company's articles of association do not set quorums for holding the meeting or adopting resolutions greater than that established in law; the recommendation is accordingly adopted by the company. This question is also referred to in chapter I.7 of this report.

I.5 MINUTES AND INFORMATION ON RESOLUTIONS PASSED

- I.5.1 THE MINUTES OF THE GENERAL MEETINGS SHALL BE MADE AVAILABLE TO SHAREHOLDERS ON THE COMPANY'S WEBSITE WITHIN 5 DAYS, IRRESPECTIVE OF CONSTITUTING PRIVILEGED INFORMATION UNDER THE TERMS OF THE LAW. THE LIST OF ATTENDEES, AGENDA ITEMS OF THE MINUTES AND RESOLUTIONS PASSED DURING SUCH MEETINGS SHALL CONTINUE ONLINE AT THE COMPANY'S WEBSITE FOR A PERIOD OF 3 YEARS.

NOT ADOPTED

With the extended scope it now has, the company has not adapted this recommendation, and is indeed prevented from doing so by Article 22 of its Articles of Association, which lay down that: "The information to be provided to shareholders which, under the terms of the law, depends or may depend on their holding shares corresponding to a minimum percentage in the share capital may only be provided on the company's website if such provision is imposed by law or by mandatory requirement of the regulatory authority".

The Board of Directors has not seen fit to propose amendment of this article to the shareholders, considering that under the terms of Article 288.1 of the Companies Code part of the information in question in this recommendation can only be provided

to shareholders who hold no less than 1% of the share capital, when they allege due grounds. Now, when this rule is viewed in conjunction with the provisions of paragraph 4 of the same article, it is not entirely clear whether access through the company's website should not even so depend on the ownership of the minimum 1% holding, leading to the creation of reserved areas and complex procedures for controlling access.

The recommendation is not therefore adopted, in order to assure clear compliance with the law, and the company welcomes the recent restriction on scope in the new recommendations, focussing on the information also relevant to shareholders with a holding of less than 1%, which is sufficient to protect their interests. The company will accordingly adopt the new recommendation.

I.6 MEASURES ON CORPORATE CONTROL

- I.6.1 MEASURES AIMED AT PREVENTING SUCCESSFUL TAKEOVER BIDS, SHALL RESPECT BOTH THE COMPANY'S AND THE SHAREHOLDERS' INTERESTS.

ADOPTED

As explained below in chapter III.5 of this Report, shareholders representing more than half the non-suspended voting rights in the company openly coordinate the exercise of their voting rights. This does not involve any specific rules or agreement for the event of a take-over bid, nor does it constitute a bar to the sale of shares in the company in connection with such a bid. No measure has therefore been adopted to prevent the success of take-over bids and this recommendation has been adopted in full.

This issue is also referred to in chapter I.14 of this Report.

- I.6.2 THE COMPANY'S ARTICLES OF ASSOCIATION THAT RESTRICT/LIMIT THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SOLE SHAREHOLDER, EITHER INDIVIDUALLY OR IN CONCERT WITH OTHER SHAREHOLDERS, SHALL ALSO FORESEE FOR A RESOLUTION BY THE GENERAL MEETING, (5 YEAR INTERVALS, AT LEAST) ON WHETHER THAT STATUTORY PROVISION IS TO PREVAIL – WITHOUT SUPER QUORUM REQUIREMENTS AS TO THE ONE LEGALLY IN FORCE – AND THAT IN SAID RESOLUTION, ALL VOTES ISSUED BE COUNTED, WITHOUT APPLYING SAID RESTRICTION.

NOT APPLICABLE

As follows from the above, this recommendation does not apply to the company.

- I.6.3 IN CASES SUCH AS CHANGE OF CONTROL OR CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS, DEFENSIVE MEASURES SHOULD NOT BE ADOPTED THAT INSTIGATE AN IMMEDIATE AND SERIOUS ASSET EROSION IN THE COMPANY, AND FURTHER DISTURB THE FREE TRANSMISSION OF SHARES AND VOLUNTARY ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS BY THE SHAREHOLDERS.

ADOPTED

No defensive measures have been adopted in the company with the effect of causing erosion of its assets in the event of transfer of control or a change in the composition of the board of directors; the recommendation is therefore adopted in full. This issue is also referred to in chapter I.13 of this Report.

II. MANAGEMENT AND AUDIT BOARD

II.1. GENERAL TERMS

II.1.1. STRUCTURE AND DUTIES

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

ADOPTED

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

II.1.1.2 COMPANIES SHALL SET UP INTERNAL CONTROL SYSTEMS IN ORDER TO DETECT EFFECTIVELY ANY RISK TO THE COMPANY'S ACTIVITY, SO AS TO PROTECT ITS ASSETS AND KEEP ITS CORPORATE GOVERNANCE TRANSPARENT.

ADOPTED

This recommendation has been adopted by the company. In addition to the specific bodies and procedures in place within the subsidiaries, the company has its own Internal Control Committee with specific powers in the field of risk control, as described in chapter II.4 of this Report. The powers of this Committee have recently been extended by the Board of Directors to encompass risk management, taking on board the spirit of the new recommendations.

II.1.1.3 THE MANAGEMENT AND AUDIT BOARDS SHALL ESTABLISH INTERNAL REGULATIONS WHICH IT SHALL DISCLOSE ON ITS WEBSITE.

ADOPTED

The company complies in full with this recommendation, and the rules of procedure in question are disclosed on its website. This issue is further discussed in chapter II.6 of this Report.

II.1.2 INCOMPATIBILITY AND INDEPENDENCE

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

ADOPTED

The company's Board of Directors has delegated powers to an Executive Board comprising seven directors, although this board has at this moment only six members. More than 1/3 of the directors are non-executive, representing a proportion which, in the view adopted by the Securities Market Commission and most listed companies, assures effective capacity to oversee, audit and assess the activities of the other directors.

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

ADOPTED

In keeping with the legal and regulatory criteria on the classification of directors as independent or otherwise, the company in 2008 had only one director who qualified as such, although one of the other directors modified his position at the end of 2009, and

can now also qualify as independent. Another independent director was co-opted in early 2010. This recommendation is therefore adopted on quantitative grounds, insofar as three of the eleven members of the Company's board of directors are independent. As stated in previous years, the company acknowledges that diversity and the inclusion of a number of directors who are removed from the life of the company can contribute to the successful exercise of their office and the overall performance of the board of directors.

However, it considers that the filter for formal qualification as independent and the quantitative assessment adopted are not effective in assessing overall the existence of such circumstances which might be of interest to the company. This assessment should instead be conducted in the light of the specific team, its personal and professional characteristics and its overall relationship with the company.

The Board of Directors considers that, irrespective of compliance with this directive, its individual membership, thanks to its different origins and relations with the company and its subsidiaries and to its personal characteristics, effectively assures a complementary range of views and independence of judgment, such as safeguards the principles which the regulatory authority sought to protect with this recommendation.

II.1.3 ELIGIBILITY AND APPOINTMENT

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

ADOPTED

This recommendation has been adopted by the company, insofar as the Chairman of the Audit Board complies with the legal criteria for independence and possesses the appropriate expertise. This issue is further referred to in chapter II.12 of this Report.

II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES

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

ADOPTED

The company complies with this recommendation and has adopted internal rules on the reporting of irregularities allegedly occurring within the company, setting down the channels, the persons to whom such reports are to be addressed and the rules on treatment, as described in further detail in chapter II.22 of this report.

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

ADOPTED

This recommendation has been fully adopted by the company, and the policy in question is outlined in chapter II.22 of this Report.

II.1.5 REMUNERATION

II.1.5.1 THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE STRUCTURED SO AS TO BE ALIGNED WITH THE INTERESTS OF THE COMPANY. ACCORDINGLY: I) THE REMUNERATION OF DIRECTORS WITH EXECUTIVE DUTIES SHALL INCLUDE A PERFORMANCE-BASED COMPONENT AND A PERFORMANCE ASSESSMENT SHALL BE CARRIED OUT PERIODICALLY BY THE COMPETENT BODY OR COMMITTEE; II) THE VARIABLE COMPONENT SHALL BE CONSISTENT WITH THE MAXIMIZATION OF THE LONG TERM PERFORMANCE OF THE COMPANY, AND SHALL BE DEPENDENT ON SUSTAINABILITY OF THE PERFORMANCE VARIABLES ADOPTED; III) WHEN THE REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS IS NOT SET BY LAW, IT SHALL COMPRISE SOLELY A FIXED COMPONENT.

NOT ADOPTED

The form in which the remuneration of the Board of Directors is structured is further described both in chapter II.18 of this Report and in the Remuneration Policy Statement approved at the general meeting of 2007, reproduced in part II of this Information on Corporate Governance. In the light of legal and regulatory requirements, applicable with reference to 2009, and in order to permit compliance with the new recommendations in 2010, the Remuneration Committee has drawn up a new Remuneration Policy Statement which it shall submit for the consideration of the annual general meeting.

However, with regard to the recommendations, Semapa's previous comments still hold:

I) Directors' remuneration includes a performance-related component, and performance is only assessed by the Remuneration Committee on the basis of this information at its disposal and that which it requests from the Chairman of the Board of Directors. There would appear to be no need for the creation of a new structure or committee to assess the performance of executive directors, given that the Remuneration Committee has access to all the information it requires for this purpose, both through access to the Chairman of the Board of Directors, who has primary responsibility for the team, and through access to the non-executive directors and to the Audit Board, whose members are the most direct observers of the performance of the executive directors. In the company's current circumstances, it is not felt that such a new structure would bring any fresh advantages.

II) With regard to the relationship between variable remuneration and long-term performance, the Remuneration Committee's assessment includes an overall weighting of performance in the broadest possible sense, which therefore also considers the sustainability of the company's results and performance. However, there is no procedure for suspending part of the remuneration or for making payment dependent on future performance.

III) As follows from the 2007 Remuneration Policy Statement, the company has opted in certain cases for variable payments to non-executive directors, in line with their responsibilities and the tasks they actually perform, as their role is not solely that of "supervisors" or advisers at meetings of the Board of Directors.

II.1.5.2 THE REMUNERATION COMMITTEE AND THE BOARD OF DIRECTORS SHALL SUBMIT A STATEMENT ON THE REMUNERATION POLICY TO BE PRESENTED AT THE ANNUAL SHAREHOLDERS GENERAL MEETING ON THE MANAGEMENT AND SUPERVISORY BODIES AND OTHER MANAGERS AS PROVIDED FOR IN ARTICLE 248/3/B OF THE SECURITIES CODE. THE SHAREHOLDERS SHALL BE INFORMED OF THE PROPOSED CRITERIA AND PRINCIPAL PARAMETERS FOR ASSESSING PERFORMANCE WITH A VIEW TO DETERMINING THE VARIABLE

COMPONENT, IN THE FORM OF SHARE BONUSES, SHARE OPTIONS, ANNUAL BONUSES OR OTHER COMPONENTS.

NOT ADOPTED

The company complies in full with this recommendation with regard to the company officers. The document in question, approved for a three-year period which ended in 2009, is reproduced in part II of this Information on Corporate Governance.

The company holds to its understanding as previously expressed and continues not to comply with this recommendation with regard to managers who are not company officers. It is easy to understand why, in its new recommendations, the Securities Market Commission, has provided for different treatment for such different situations. This question relates to company managers, and the directors consider that the remuneration policy for employees is a management issue which is their sole responsibility, as follows clearly from combined interpretation of Articles 373.3 and 405 of the Companies Code. Contrary to the case in companies by quota shares, in limited liability corporations shareholders are only involved in the management of the company in very exceptional situations, and only on the initiative of the management body. It is felt that in this case no exception was justified, as that the existence of a constraint on the directors' powers to decide the remuneration of management staff might even undermine their responsibility vis-à-vis the shareholders.

II.1.5.3 NO LESS THAN ONE OF THE REMUNERATION COMMITTEE'S REPRESENTATIVES SHALL BE PRESENT AT THE ANNUAL SHAREHOLDERS' GENERAL MEETING

ADOPTED

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

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

ADOPTED

The company has no share allocation schemes. It does however have a pension plan, for directors only, with regulations approved by resolution of the shareholders. The recommendation is therefore adopted in full.

This issue is further referred to in chapter II.20 of this Report.

II.1.5.5 THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS SHALL BE INDIVIDUALLY AND ANNUALLY DISCLOSED AND, INFORMATION ON FIXED AND VARIABLE REMUNERATION SHALL BE PROVIDED AS WELL AS ANY OTHER REMUNERATION RECEIVED FROM OTHER COMPANIES WITHIN THE GROUP OF COMPANIES OR COMPANIES CONTROLLED BY THE OWNERS OF QUALIFYING HOLDINGS.

NOT ADOPTED

The company does not comply fully with this recommendation.

Indeed, as argued in the past, the decision not to comply fully was taken after weighing up all the interests at stake which, in the view of the directors, suggest, in addition to other potential negative effects, that the gains of such a disclosure would not outweigh the advantages of maintaining the privacy of each director. However, part of the content of this recommendation has now been incorporated into regulations and law, meaning that it is no longer a mere option at the level of corporate governance. The company limits itself to complying with the mandatory requirements, opting not to disclose individual remuneration received in other group companies or in companies controlled by the holders of qualifying holdings.

This issue is further referred to in chapter II.20 of this Report.

II.2. BOARD OF DIRECTORS

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

ADOPTED

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

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

NOT ADOPTED

As in the previous year, the recommendation is not adopted in full because the powers delegated to the Executive Board include some of the powers contemplated in the recommendation.

However, in practice, this recommendation has been adopted, as the powers in question have so far been exercised by the Board of Directors, and it is the intention of both the Board of Directors and of the Executive Board that this should continue to be the procedure in future.

However, the Board of Directors considers that the formal situation of wider delegated powers should be maintained, as the company should not take the risk that, in particular situations not compatible with the relative inflexibility of the procedures for holding meetings of the Board of Directors, important steps might not be taken in due time because the Executive Board lacks the necessary powers.

II.2.3. IF CHAIRMAN OF THE BOARD OF DIRECTORS EXERCISES EXECUTIVE DUTIES, THE BOARD OF DIRECTORS SHALL SET UP EFFICIENT MECHANISMS FOR COORDINATING NON-EXECUTIVE MEMBERS THAT CAN ENSURE THAT THESE MAY REACH DECISIONS IN AN INDEPENDENT AND INFORMED MANNER, AND FURTHERMORE SHALL EXPLAIN THESE MECHANISMS TO THE SHAREHOLDERS IN THE CORPORATE GOVERNANCE REPORT.

ADOPTED

The Chairman of the Board of Directors is also Chairman of the Executive Board, but the necessary procedures are in place in the company to assure efficient coordination of the work of non-executive directors; this recommendation is therefore adopted in full. This issue is further referred to in Chapter II.3 of this Report.

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

ADOPTED

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

- II.2.5.** THE MANAGEMENT BODY SHALL ROTATE THE MEMBER WITH RESPONSIBILITY FOR FINANCIAL AFFAIRS, AT LEAST AT THE END OF EVERY OTHER TERM OF OFFICE.

NOT ADOPTED

The company considers that responsibility for financial questions should be shared between and exercised by the most appropriate persons, in the manner which best serves the company's interests. The recommendation of rotation, which is made without reference to any other circumstances, does not appear to be capable of serving any type of interest or concern higher than the duty of ensuring that the solution implemented in the company is that which best serves its interests, irrespective of whether this involves an element of rotation or alteration of previous options.

Moreover, there are various arrangements for oversight of the company's affairs, most notably the Audit Board, which provides effective supervision in this and other areas of the company's activities.

Adoption of this recommendation does not therefore appear to be in the company's best interest.

These issues are considered further in chapters II.3 and II.4.

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

- II.3.1.** DIRECTORS WHO EXERCISE EXECUTIVE DUTIES, WHEN REQUESTED BY OTHER BOARD MEMBERS TO SUPPLY INFORMATION, SHALL DO SO IN A TIMELY MANNER AND THE INFORMATION SUPPLIED SHALL ADEQUATELY RESPOND TO THE ENQUIRY.

ADOPTED

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

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

ADOPTED

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

- II.3.3.** THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS SHALL SEND THE NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE GENERAL AND AUDIT BOARD AND TO THE CHAIRMAN OF THE FINANCIAL AFFAIRS COMMITTEE.

NOT APPLICABLE

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

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

- II.4.1.** IN ADDITION TO ITS SUPERVISORY DUTIES, THE GENERAL AND AUDIT BOARD SHALL ADVISE, MONITOR AND ASSESS, ON AN ONGOING BASIS, THE MANAGEMENT OF THE COMPANY BY THE EXECUTIVE BOARD OF DIRECTORS. IN ADDITION TO OTHER MATTERS, THE GENERAL AND AUDIT BOARD SHALL PRONOUNCE ON: I) DEFINITION

OF THE STRATEGY AND GENERAL POLICIES OF THE COMPANY; II) THE CORPORATE STRUCTURE OF THE GROUP; AND III) DECISIONS WHICH SHOULD BE CONSIDERED STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED.

NOT APPLICABLE

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

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

ADOPTED

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

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

ADOPTED

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

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

NOT ADOPTED

The letter of this recommendation has not been adopted but, as with other recommendations, the company complies with its spirit.

As explained in the previous year, the company considers in the first place that the recommendation should not be interpreted as meaning that formal powers to represent the company in this regard should be granted to the audit board, by powers of attorney or other equivalent instruments.

The Audit Board effectively maintains an important dialogue with the External Auditor, and the reports are generally received and discussed at joint meetings with the Audit Board and a member of the Board of Directors; the Audit Board assures that proper arrangements have been made within the company for the audit services to be conducted correctly.

But the letter of the recommendation goes further, asserting that the Audit Board should be "the" point of contact between the company and the external auditor, and also requiring that instead of the report being received simultaneously it should instead be submitted in the first place to the Audit Board. This appears excessive. The company takes the sufficient steps to assure there are no barriers or filters between the external auditor and the Audit Board which would deny the Audit Board direct knowledge of the auditor's work; the Board of Directors takes the necessary steps to assure the reports are submitted simultaneously to the Audit Board and itself, but it cannot in all conscience deny itself knowledge of the findings of the external auditors, or delay the moment when it learns of such findings. Final responsibility for the company's affairs and its financial statements lies with the Board of Directors.

As regards the contracting of the external auditor, the Audit Board proposes the auditor under the terms of Article 420.2 b) of the Companies Code and is party to the process of fixing the respective remuneration. It should be noted that the External Auditor is the

company's Official Auditor and has been elected by the shareholders for a term of office identical to that of the Audit Board.

This means that in 2010, an election year for company officers, the company may be faced with the procedural difficulty referred to in last year's report, relating essentially to the fact that the proposal refers to a term of office for which the actual members of the audit board do not know if they will remain in office, as this depends on a decision of the shareholders, which will be taken at the same time as it elects the official auditor. It should be noted that, in view of the need to rotate the members of the Audit Board (Article 414.5 b) of the Companies Code), it could happen that they will be proposing an auditor for a period when they themselves will not be following through his activities.

In other words, the concerns which prompted this recommendation have been taken into due account by Semapa, but the literal text of the recommendation has not been adopted.

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

ADOPTED

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

This recommendation has therefore been adopted in full by the company.

II.5. SPECIAL COMMITTEES

II.5.1 EXCEPT IN SMALL COMPANIES AND DEPENDING ON THE ADOPTED MODEL, THE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY BOARD SHALL SET UP THE NECESSARY COMMITTEES IN ORDER TO: I) ASSURE A COMPETENT AND INDEPENDENT ASSESSMENT OF THE PERFORMANCE OF THE EXECUTIVE DIRECTORS, AS WELL AS OF THEIR OWN OVERALL PERFORMANCE AND ALSO THAT OF ALL EXISTING COMMITTEES; II) STUDY THE ADOPTED GOVERNANCE SYSTEM AND VERIFY ITS EFFECTIVENESS AND PROPOSE TO THE RELEVANT BODIES THE MEASURES REQUIRED FOR ITS IMPROVEMENT.

ADOPTED

With regard to the question of a committee to assess the performance of executive directors, the company considers that, as it is a holding company with a very simple management structure, with direct business operations carried on by its subsidiaries, there is no need to create such an independent committee. Given the nature of the company, this role is satisfactorily filled by the Chairman of the Board of Directors, by the Audit Board, by the Remuneration Committee and by the shareholders.

As indicated in chapter II.3 of this Report, the company has a committee responsible for corporate governance issues.

The company therefore complies in full with this recommendation.

II.5.2 MEMBERS OF THE REMUNERATION COMMITTEE OR THE EQUIVALENT SHALL BE INDEPENDENT OF THE MEMBERS OF THE BOARD OF DIRECTORS.

ADOPTED

In previous years, the company already considered this recommendation to be adopted, as there were objective criteria for assessing such independence, and these criteria were satisfied in relation to all the members of the committee. However, with regard to the financial year of 2007, the Securities Market Commission considered that the recommendation was not adopted because one of the members had been a director of the company. This question therefore requires careful consideration.

We should start by pointing out that there is now no objective criterion for assessing independence, although chapter II.19 of the annex to Securities Market Commission

Regulation no. 1/2007, which governs the preparation of this report, continues to require that these same objective factors be identified with regard to the relationship between members of the Remuneration Committee and the Board of Directors.

The committee member, Mr. Paulo Abreu, has no relationship of any kind with the company. The committee member, Eng. Frederico da Cunha, was in fact a director of the company until 2005. However, this fact would not appear to undermine his independence given that a closer examination of this relationship shows that there is no position of dependency vis-à-vis the company. The only bond which subsists is that of the retirement pension, which is an entitlement which cannot be called into question by the directors. It is impossible to see what advantages this member of the committee might have in acting in a biased or partial manner. It might be possible, from a more superficial approach, to make much of the fact that, if Eng. Frederico da Cunha were by chance to be elected again as a non-executive director, he could no longer qualify as an independent non-executive director on the grounds that he has held office in the company for more than two terms of office.

However, the assessment of independence for the purposes of an office regarded as supervisory cannot be conducted using the same parameters as for assessing independence for the purpose of setting remuneration. Not least because until recently the criteria to be used for assessing independence were radically different between these two cases. For the remuneration committee, the emphasis must be laid on whether or not the directors are able to exert influence on its members, and no factors are therefore identified which might prevent this member of the committee from qualifying as independent.

As regards Dr. José Maury, who represents Egon Zender, there are occasional instances of services rendered by this entity which are nonetheless insignificant in the overall context of the affairs of both Egon Zender or Semapa. In the course of 2009, Egon Zender was not involved in any contract work for Semapa, and its subsidiaries were involved in only 2 contracts. There is similarly nothing here to undermine the independence of this member of the committee.

If we extend this analysis to encompass the position of the different members of the committee, we find instead that the membership is extremely favourable to a correct and independent assessment. In effect, the committee consists of one person with no relationship with the company and no direct relation with the activity of remuneration setting, one person who is familiar with the internal working of the company from the time when he was a director and one more who is a specialist on the question of remuneration.

The company therefore considers that this recommendation has been fully adopted.

This issue is further referred to in item II.19 of this Report.

II.5.3 ALL COMMITTEES SHALL DRAW UP MINUTES OF THE MEETINGS HELD.

ADOPTED

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

III. REPORTING AND AUDITING

III.1 GENERAL REPORTING DUTIES

III.1.2 COMPANIES SHALL MAINTAIN PERMANENT CONTACT WITH THE MARKET, THEREBY UPHOLDING THE PRINCIPLE OF EQUALITY FOR SHAREHOLDERS AND PREVENTING ANY INEQUALITY IN ACCESS TO INFORMATION FOR INVESTORS. TO THIS END, THE COMPANY SHALL HAVE AN INVESTOR SUPPORT OFFICE.

ADOPTED

This recommendation has been adopted, as follows from the detailed treatment of this issue in Chapter III.12 of this Report.

III.1.3 THE FOLLOWING INFORMATION PUBLISHED ON THE COMPANY'S WEBSITE SHALL BE DISCLOSED IN THE ENGLISH LANGUAGE:

- a) THE COMPANY NAME, PUBLIC COMPANY STATUS, REGISTERED OFFICE AND OTHER DATA REQUIRED BY ARTICLE 171 OF THE COMPANIES CODE;
- b) ARTICLES OF ASSOCIATION;
- c) IDENTITY OF COMPANY OFFICERS AND MARKET RELATIONS OFFICER;
- d) INVESTOR SUPPORT OFFICE, RESPECTIVE SERVICES AND CONTACT DETAILS;
- e) FINANCIAL STATEMENTS AND REPORTS;
- f) SIX-MONTHLY SCHEDULE OF COMPANY EVENTS;
- g) MOTIONS TO BE TABLED AT THE GENERAL MEETING;
- h) NOTICES OF GENERAL MEETINGS.

ADOPTED

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

► 0.4. INDEPENDENCE OF COMPANY OFFICERS

The company bodies are required, on an ongoing basis, to assess the independence of each of their members and inform the shareholders, with due grounds, of their assessment at the time of appointment or in the event of any supervening circumstance undermining their independence.

We should record here that Eng. Joaquim Martins Ferreira do Amaral has discontinued his duties in a company controlled by Semapa, due to the envisaged project not going ahead, meaning that this director now qualifies again as independent.

Dr. António Viana-Baptista was co-opted onto the board of directors in early 2010, and should be regarded as qualifying as independent.

Two explanations are required for why such qualification is consistent with the criterion in Article 414-A.1 h) of the Companies Code. In the first place, some of his directorships are held in companies of the same group, meaning that determination of whether the quantitative requirement was met considered these positions as constituting only one directorship. And secondly, the company has reservations as to whether this criterion has a place in determining the independence of directors insofar as it involves an underlying judgement as to the availability of a given person, and not of his position in relation to a given company, and is therefore in our opinion a factor undeserving of attention when assessing independence.

Chapter I General Meeting

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

The officers of the General Meeting are:

Chairman - Dr. José Pedro Correia de Aguiar-Branco
Secretary - Dr. Rita Maria Pinheiro Ferreira Soares de Oliveira

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

The officers of the general meeting indicated above were elected at the annual general meeting of 21 March 2007, to hold office until the end of the term of office in progress of the other company officers, i.e. 31 December 2009.

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

This information, which is recommended be disclosed, is not revealed by the company for the reasons indicated in the previous chapter on compliance with recommendations. Please see the explanation on recommendations I.1.2 and II.1.5.5.

► I.4. TIME DURING WHICH SHAREHOLDERS MUST DEPOSIT OR FREEZE THEIR SHARES IN ORDER TO PARTICIPATE IN THE GENERAL MEETING.

The Articles of Association require that shareholder present documentary evidence of ownership of shares and that they have been frozen no less than five days prior to the date of the general meeting. These five days are counted continuously and whenever a time limit ends on a weekend or bank holiday, the end of the period is transferred to the next business day.

The company considers as the date of receipt the date on which the document is first received by fax or email, provided the original is presented by the starting date of the general meeting.

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

The chairman of the general meeting considers that shares do not need to be frozen for the entire adjournment period until resumption of the meeting, it being sufficient for the rules applying to the first session to apply to the second in this respect.

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

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

- I.7. THE EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON THE EXERCISE OF VOTING RIGHTS, INCLUDING QUORUMS FOR HOLDING MEETINGS OR ADOPTING RESOLUTIONS OR SYSTEMS FOR EQUITY RIGHTS.

Nothing to report in this regard except that there are time limits for presentation of the documentation needed for participation in the general meeting and postal votes.

The time limits comply with the relevant recommendations and are as follows:

Deadline for presenting document proving ownership of shares 5 days

Deadline for presentation of proxy letters 5 days

Deadline for presentation of postal voting documentation.....day before the GM

- I.8. EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON POSTAL VOTES.

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

- a) An envelope containing the voting declarations shall be addressed to the Chairman of the General Meeting, and received at the registered offices by the day before the meeting;
- b) This envelope shall contain (1) letter addressed to the Chairman of the General Meeting, with notarized signature, expressing the intention to vote, and (2) the voting declarations, one for each item on the order of business, in a separate sealed envelope indicating on the outside the item on the order of business to which it refers;
- c) Postal votes are counted as votes against any motions submitted subsequent to their casting, and
- d) The Board of Directors may issue rules on alternative forms of exercising voting rights, not using paper, provided they also assure the authenticity and confidentiality of votes until the moment of casting.

- I.9. PROVISION OF POSTAL VOTING FORMS.

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

- I.10. TIME LIMIT FOR RECEIPT OF POSTAL BALLOTS PRIOR TO THE DATE OF GENERAL MEETINGS.

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

► I.11. EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS.

Exercise of voting rights by electronic means is still not possible.

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

► I.12. INFORMATION ON THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE REMUNERATION POLICY OF THE COMPANY AND ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS.

In the financial year of 2007, a remuneration policy statement for company officers, drawn up by the Remuneration Committee, and valid until the end of the current term of office, was submitted by the same committee to the shareholders at the general meeting where it was discussed and approved, in conjunction with the other financial statements and reports..

The document in question is reproduced in part II of this Information on Corporate Governance.

At the annual general meeting this year, the Remuneration Committee will submit for the consideration of shareholders a new remuneration policy statement, not only because the current statement was valid only until the end of the financial year now ended, but also because the statement has to incorporate new legal and regulatory requirements in this area.

► I.13. DEFENSIVE MEASURES DESIGNED TO CAUSE AUTOMATIC AND SERIOUS EROSION IN THE COMPANY'S ASSETS IN THE EVENT OF A CHANGE OF CONTROL OR ALTERATIONS TO MEMBERSHIP OF THE MANAGEMENT BODY.

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

► I.14. SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS PARTY AND WHICH TAKE EFFECT, ARE AMENDED OR TERMINATE IN THE EVENT OF A CHANGE IN THE CONTROL OF THE COMPANY, TOGETHER WITH THE RESPECTIVE EFFECTS, UNLESS, DUE TO ITS NATURE, DISCLOSURE OF SUCH AGREEMENTS WOULD BE SERIOUSLY DETRIMENTAL TO THE COMPANY, EXCEPT IF THE COMPANY IS SPECIFICALLY REQUIRED TO DISCLOSE SUCH INFORMATION BY OTHER MANDATORY PROVISION OF LAW.

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

► I.15. AGREEMENTS BETWEEN THE COMPANY AND DIRECTORS OR MANAGERS, AS DEFINED BY ARTICLE 248-B.3 OF THE SECURITIES CODE, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT CONTRACT AS A RESULT OF A CHANGE OF CONTROL OF THE COMPANY.

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

Chapter II

Management and Supervisory Bodies

► II.1. COMPANY BODIES AND RESPECTIVE MEMBERSHIP

The following company officers were elected for term running from 2006 to 2009, and remain in office until a fresh election is held:

General Meeting

Chairman:	Dr. José Pedro Correia de Aguiar-Branco
Secretary:	Dr. Rita Maria Pinheiro Ferreira Soares de Oliveira

Audit Board

Chairman:	Dr. Duarte Nuno d' Orey da Cunha
Full members:	Dr. Miguel Camargo de Sousa Eiró Dr. Gonçalo Nuno Palha Gaio Picão Caldeira
Alternate member:	Dr. Marta Isabel Guardalino da Silva Penetra

Official Auditor:

Full:	PricewaterhouseCoopers & Associados – SROC, Lda, represented by Dr. Abdul Nasser Abdul Sattar (ROC) or Dr. Ana Maria Ávila de Oliveira Lopes Bertão (ROC)
Alternate:	Dr. Jorge Manuel Santos Costa (ROC)

Board of Directors: (*)

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

* From the start of 2009 through to the present, the following changes have taken place in the board of directors: the director Fernando Maria Costa Duarte Ulrich resigned from office on 06-02-2009, the director Eng. Carlos Eduardo Coelho Alves resigned from office on 20-02-2009, the director Dr. António Paiva de Andrada Reis ceased to hold office on 14-03-2010 due to his death, and on 08-01-2010 the Board of Directors resolved to elect Dr. António Pedro de Carvalho Viana-Baptista by co-option.

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

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

Executive Board

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

Internal Control Committee

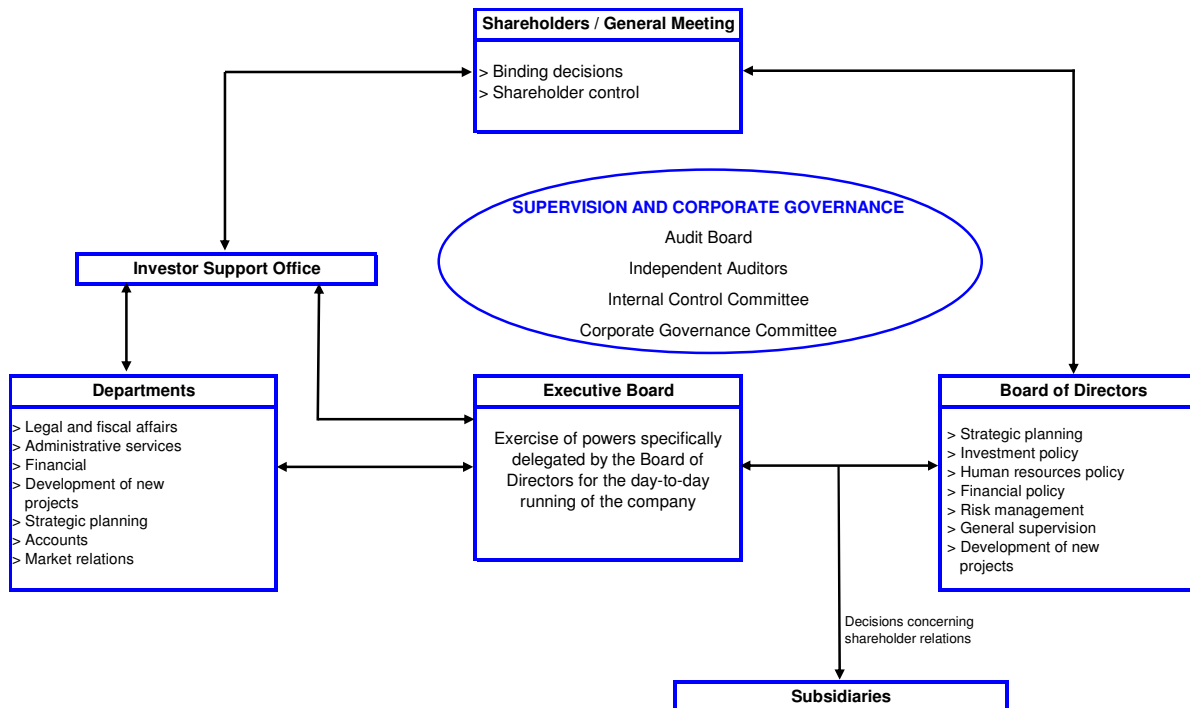
Eng. Joaquim Martins Ferreira do Amaral
Eng. Jaime Alberto Marques Sennfelt Fernandes Falcão
Dra. Margarida Isabel Feijão Antunes Rebocho

Corporate Governance Control Committee

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

- II.3. ORGANIZATIONAL CHARTS OR FLOW CHARTS SHOWING THE DIVISION OF RESPONSIBILITIES BETWEEN THE DIFFERENT COMPANY BODIES, COMMITTEES AND/OR DEPARTMENTS, INCLUDING INFORMATION ON POWERS DELEGATED OR SPECIAL RESPONSIBILITIES ASSIGNED TO SPECIFIC DIRECTORS OR MEMBERS OF THE AUDIT BOARD AND A LIST OF MATTERS WHERE POWERS ARE NOT TO BE DELEGATED.

The following chart illustrates the organization of the company and the division of responsibilities between bodies and committees:



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

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

The Executive Board has been granted wide management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407/4 of the Companies Code.

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

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

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

The Executive Board cannot resolve on the following:

- i) Selection of the chairman of the Board of Directors;
- ii) Co-opting of directors;
- iii) Requests for the call of a general meeting;
- iv) Annual reports and financial statements;
- v) Provision of bonds and personal or real guarantees by the company;
- vi) Change in registered offices and increases in share capital; and
- vii) Plans for merger, break-up or transformation of the company.

No special powers or responsibilities are allocated to individual members of the Audit Board.

In addition to the Audit Board and the Internal Control Committee, as outlined in the following item of this chapter, the company has a Corporate Governance Control Committee (CGCC) which monitors on a continuous basis the company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance, and is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the company.

The CGCC meets at intervals appropriate to its duties, and is required to submit a full annual report to the Board of Directors on corporate governance, together with any proposals for changes, as it sees fit.

The Committee comprises three to five members appointed by the Board of Directors, and must include at least one non-executive director and a person without management duties in the company. The Committee members are currently Dr^a Rita Maria Lagos do Amaral Cabral, a non-executive director of the company, Eng. Gonçalo Allen Serras Pereira, who is a consultant and was an executive director of the company until 2005, and Eng. Jorge Manuel de Mira Amaral, who is a director of controlled/controlling companies who was for several years an officer of Semapa's general meeting.

► **II.4. DESCRIPTION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS WITHIN THE COMPANY, NAMELY AS REGARDS THE FINANCIAL INFORMATION DISCLOSURE SYSTEM**

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

The Audit Board plays a particularly important role in this field, with all the powers and responsibilities assigned to it directly by law. The ICC's sphere of responsibility is closely connected, and their proceedings are coordinated by their common member, the Chairman of the Audit Board.

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

- (a) To assure compliance by the company with the entire regulatory framework applicable to it, deriving both from law and regulations;
- (b) To monitor the company's business affairs, with integrated and permanent analysis of the risks associated with these affairs;
- (c) To propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the company's business risks, with a view to perfecting the internal risk control and management system, involving at least the following components:
 - Setting strategic aims for the company in terms of risk-taking;
 - Identifying the main risks associated with the specific business carried on and the events which may give rise to risks;
 - Analysis and measurement of the impact and likelihood of the occurrence of each of the potential risks;
 - Risk management with a view to aligning the risks effectively run with the company's strategic options on risk-taking;
 - Procedures for monitoring the execution of risk management measures adopted and their effectiveness;
 - Adoption of internal reporting and notification procedures on the various system components and for risk alerts.
- (d) To check implementation of the adjustments to the internal control and risk management system proposed by the Audit Board;
- (e) To monitor the quality of financial and accounting information, taking steps to ensure that it is reliable; and
- (f) To issue its opinion on the choice of external auditors and to monitor their independence.

Up to July 2006, the ICC no longer supervises the system for notification of irregularities, but with the change in the law introduced by Decree-Law 76-A/2006, of 29 March, which took effect on 30 June 2006, these powers were expressly assigned to the Audit Board.

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

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

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

► II.5. POWERS OF THE MANAGEMENT BODY, IN PARTICULAR WITH REGARD TO RESOLUTIONS ON INCREASING THE SHARE CAPITAL

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

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

► II.6. INDICATION OF THE EXISTENCE OF RULES OF PROCEDURE FOR CORPORATE BODIES OR ANY INTERNALLY DEFINED RULES ON INCOMPATIBILITY AND THE MAXIMUM NUMBER OF POSITIONS THAT A MEMBER IS ENTITLED TO HOLD AND WHERE THESE RULES MAY BE CONSULTED

The board of directors and the audit board have rules of procedures which are published on the company website (www.semapa.pt), where they may be consulted.

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

► II.7. RULES APPLICABLE TO APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

There are no special rules in Semapa on the appointment and replacement of members of the board of directors. The general rules contained in the Companies Code should therefore be applied.

As the code provides a balanced framework, for both the appointment and the replacement of directors, and given that there are no special circumstances in Semapa requiring another solution, the Board of Directors has seen fit to maintain the situation as it stands.

► II.8. NUMBER OF MEETINGS IN THE PERIOD OF THE MANAGEMENT AND SUPERVISORY BODIES AND OTHER COMMITTEE WITH MANAGEMENT AND SUPERVISORY POWERS

In the course of 2009 there were 4 meetings of the Board of Directors, 4 meetings of the Audit Board and 32 meetings of the Executive Board.

The Internal Control Committee met twice and the Corporate Governance Control Committee also met twice during the period.

- II.9. IDENTIFICATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER COMMITTEES CREATED WITHIN THE COMPANY, DISTINGUISHING BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS, AND WITH REGARD TO THE LATTER, DETAILING MEMBERS WHO COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1, EXCEPT FOR ITEM B), AND THE INDEPENDENCE CRITERION REFERRED TO IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

Executive Directors

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

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

None of the directors who are not members of the executive board can be classified as “executive” directors. Even in the case of Eng. Joaquim Ferreira do Amaral, who is the non-executive directors that keeps the closest contact with management affairs, there is no general and permanent involvement such as would justify such classification. Nor would the close involvement of Ms. Maria Maude Mendonça de Queiroz Pereira Lagos on matters of strategic planning and investment policy justify this classification.

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

Non-executive Directors

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

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

Eng. António da Nóbrega de Sousa da Câmara may be classified as independent and there is no factor of incompatibility.

Eng. Joaquim Martins Ferreira do Amaral has ceased to hold office in a controlled company and may therefore qualify as independent, and there is no factor of incompatibility.

Dr. António Pedro de Carvalho Viana-Baptista qualifies as independent under Article 414.5 of the Companies Code. As regards factors of incompatibility, we can only refer to the circumstance envisaged in Article 414-A.1 h) of the Companies Code, in relation to which the Company has the understanding set out above in Chapter 0.4, which does not prevent him from being classified as an independent director.

- II.10. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, INDICATING THEIR PROFESSIONAL ACTIVITIES OVER AT LEAST THE LAST FIVE YEARS, THE NUMBER OF SHARES HELD IN THE COMPANY, THE DATE OF FIRST APPOINTMENT AND OF EXPIRY OF THEIR TERM OF OFFICE.
- II.11. OFFICE HELD BY MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP.

Below we detail, for each of the members, their professional qualifications, the number of shares held, the date when first appointed and term of office, office held in other companies inside and outside the Semapa Group, and other professional activities carried on in the last 5 years.

Pedro Mendonça de Queiroz Pereira

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: General High School Certificate (Lisbon), studied at the Instituto Superior de Administração
3. Date of first appointment and term of office: 1991 - 2009
4. Office held in other Semapa Group companies:

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

5. Office held in other companies:

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

6. Other professional activities over the last five years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....	Chairman of the Board of Directors
CIMO - Gestão de Participações, SGPS, S.A.....	Chairman of the Board of Directors
CMPARTIN - Inversiones y Participaciones Empresariales S.L.	Chairman of the Board of Directors
ECOLUA - Actividades Desportivas, L.da.....	Manager
IMOCIPAR – Imobiliária, S.A.....	Director
PARSECIL, S.L.	Chairman of the Board of Directors
PARSEINGES - Gestão de Investimentos, SGPS, S.A.	Chairman of the Board of Directors
SEMAPA Inversiones, S.L.	Chairman of the Board of Directors
Sociedade Agrícola da Quinta da Vialonga, S.A.....	Chairman of the Board of Directors
SOPORCEL – Gestão de Participações Sociais, SGPS, S.A.....	Director

Maria Maude Mendonça de Queiroz Pereira Lagos

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: General High School Certificate (Lisbon).
3. Date of first appointment and term of office: 1994 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

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

6. Other professional activities over the last five years:

LONGAVIA - Imobiliária, S.A.	Director
VÉRTICE – Gestão de Participações, SGPS, S.A.	Director

José Alfredo de Almeida Honório

1. Number of shares held in the company: 20,000 shares
2. Professional qualifications: Degree in Economics from the Faculty of Economics, University of Coimbra (1980)
3. Date of first appointment and term of office: 1994 - 2009
4. Office held in other Semapa Group companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Director and Chairman of the Executive Board
ALIANÇA FLORESTAL – Soc. para o Des. Agro-Florestal, S.A.	Chairman of the Board of Directors
CIMENTOSPAR - Participações Sociais, SGPS, L.da	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
CMP - Cimentos Maceira e Pataias, S.A.	Director
IMPACTVALUE - SGPS, S.A.	Chairman of the Board of Directors
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A.	Director and Chairman of the Executive Board
PORTUCEL FLORESTAL – Empresa de Desenv. Agro-Florestal, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Energia, SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Floresta, SGPS, S.A (before named SOPORCEL – Gest. de Part. Sociais, SGPS, S.A)	Chairman of the Board of Directors
PORTUCELSOPORCEL Papel – SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL Participações, SGPS, S.A.	Chairman of the Board of Directors
PORTUCELSOPORCEL N.V.	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director and Chairman of the Executive Board
TECNIPAPEL – Soc. de Transformação e Distribuição de Papel, L.da	Chairman of the Management Board
RAIZ – Instituto de Investigação da Floresta e Papel	Member of the Management Board

5. Office held in other companies:

IBET – Instituto de Biologia Experimental e Tecnológica	Chairman of the Management Board
CELPA – Associação da Indústria Papeleira	Chairman of the General Board and Member of the Executive Board
CEPI – Confederation of European Paper Industries	Member of the Board of Directors and of the Executive Board

6. Other professional activities over the last five years:

BETOPAL, S.L.	Director
CIMIGEST, SGPS, S.A.	Director
CIMO - Gestão de Participações, SGPS, S.A.	Director
CIMPOR – Cimentos de Portugal, SGPS, S.A.	Director
CMPartin - Inversiones y Participaciones Empresariales S.L.	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da.	Manager
HEWBOL – SGPS, L.da.	Manager
LONGAPAR, SGPS, S.A.	Director
PARCIM Investments B.V.	Director
PARSECIL, S.L.	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A.	Director
SEMAPA Inversiones, S.L.	Director

Francisco José Melo e Castro Guedes

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras; MBA Insead.
3. Date of first appointment and term of office: 2001 - 2009
4. Office held in other Semapa Group companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Director
CMP- Cimentos Maceira e Pataias, S.A.	Director
CIMENTS DE SIBLINE S.A.L.	Director
CIMENTOSPAR – Participações Sociais, SGPS, L.da.	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da.	Manager
HEWBOL – SGPS, L.da.	Manager
SECIL – Companhia Geral de Cal e Cimento, S.A.	Director
SEINPART Participações, SGPS, S.A.	Director
SECILPAR S.L.	Director
SEMINV – Investimentos, SGPS, S.A.	Director
SCG – Société des Ciments de Gabès, S.A.	Director
SEMAPA Inversiones, S.L.	Chairman of the Board of Directors
SERIFE – Soc. Estudos e Realiz. Indust. Fornec. Equipamentos, L.da.	Manager
SILONOR, S.A.	Director
So.I.Me Liban S.A.L.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
VERDEOCULTO - Investimentos, SGPS, S.A.	Chairman of the Board of Directors

5. Office held in other companies:

VIROC PORTUGAL – Indústrias de Madeira e Cimento, S.A.	Chairman of the Board of Directors
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6. Other professional activities over the last five years:

ENERSIS - Sociedade Gestora de Participações Sociais, S.A.	Director
ENERSIS II – Sociedade Gestora de Participações Sociais, S.A.	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A.	Director

Carlos Maria Cunha Horta e Costa

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics from the Instituto Superior de Economia
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies:

GREAT EARTH - Projectos, S.A. Director

5. Office held in other companies:

CIMIGEST, SGPS, S.A. Director
 CIMIPAR, Sociedade Gestora de Participações Sociais, S.A. Chairman of the Board of Directors
 CIMO - Gestão de Participações, SGPS, S.A. Director
 GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. Director
 LONGAPAR, SGPS, S.A. Director
 SONACA, SGPS, S.A. Chairman of the Board of Directors

6. Other professional activities over the last five years:

CTT- Correios de Portugal, S.A. Chairman of the Board of Directors
 CTT Expresso, S.A. Chairman of the Board of Directors
 CTT – Gestão de Serviços e Equipamentos Postais Chairman of the Board of Directors
 Payshop, S.A. Chairman of the Board of Directors
 Mailtec – Holding, SGPS, S.A. Chairman of the Board of Directors
 Postcontacto, L.da Manager

José Miguel Pereira Gens Paredes

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies:

ABAPOR - Comércio e Indústria de Carnes, S.A. Director
 Aprovechamiento Integral de Subprodutos Ibéricos, S.A. Director
 BIOLOGICAL - Gestão de Resíduos Industriais, L.da Manager
 CIMENTOSPAR - Participações Sociais, SGPS, L.da Manager
 ETSA - Empresa de Transformação de Subprodutos Animais S.A. Director
 GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. Director
 I.T.S. - Indústria Transformadora de Subprodutos, S.A. Director
 SEBOL - Comércio e Indústria de Sebo, S.A. Director
 SEINPART - Participações, SGPS, S.A. Director
 SEMINV - Investimentos, SGPS, S.A. Director
 VERDEOCULTO - Investimentos, SGPS, S.A. Director

5. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A. Director
 CIMO – Gestão de Participações, SGPS, S.A. Director
 LONGAPAR, SGPS, S.A. Director
 O E M – Organização de Empresas, SGPS, S.A. Director
 SONACA, SGPS, S.A. Director

6. Other professional activities over the last five years:

BECIM – Corretora de Seguros, L.da	Manager
CIMINPART – Investimentos e Participações, SGPS, S.A.	Director
ENERSIS – Sociedade Gestora de Participações Sociais, SGPS, S.A.	Director
ENERSIS II – Sociedade Gestora de Participações Sociais, SGPS, S.A.	Director
ECH – Exploração de Centrais Hidroelétricas, S.A.	Director
PESL – Parque Eólico da Serra do Larouco, S.A.	Director
SILONOR, S.A.	Director
SODIM, SGPS, S.A.	Member of the Audit Board
SECILPAR Inversiones, S.L.	Director
TERCIM – Terminais de Cimento, S.A.	Director

Paulo Miguel Garcês Ventura

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon. Registered with the Portuguese Bar Association. IEP Insead.
3. Date of first appointment and term of office: 2006 – 2009
4. Other office held in Semapa Group companies:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Director
Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, L.da	Manager
CIMENTOSPAR – Participações Sociais, SGPS, L.da	Manager
ETSA - Empresa de Transformação de Subprodutos Animais S.A.	Director
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Director
SEBOL - Comércio e Indústria de Sebo, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director
SEMAPA Inversiones, S.L.	Director
SEMINV - Investimentos, SGPS, S.A.	Director
VERDEOCULTO – Investimentos, SGPS, S.A.	Chairman of the General Meeting

5. Office held in other companies:

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

6. Other professional activities over the last five years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Chairman of General Meeting
CIMO - Gestão de Participações, SGPS, S.A.	Chairman of General Meeting
IMOCIPAR – Imobiliária, S.A.	Chairman of General Meeting
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.	Chairman of General Meeting
LONGAPAR, SGPS, S.A.	Chairman of General Meeting

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

Rita Maria Lagos do Amaral Cabral

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon. Registered with the Portuguese Bar Association.
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

Casa Agrícola Amaral Cabral, L.da. Manager
 CIMIGEST, SGPS, S.A. Director
 Companhia Agrícola da Quinta do Duque Chairman of the General Meeting
 Sociedade Amaral Cabral & Associados – Soc. de Advogados, RL. Director
 Sociedade Agrícola do Margarido, L.da. Manager
 SODIM, SGPS, S.A. Director
 Banco Espírito Santo, S.A. Member of the Remuneration Committee

6. Other professional activities over the last five years:

Guest Lecturer at the Faculty of Law, Portuguese Catholic University.
 Member of the National Ethics Council for Life Sciences

António da Nóbrega de Sousa da Câmara

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree Civil Engineering (1977), IST; MSc (1979) and PhD (1982) in Environmental Engineering Systems; Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

YDREAMS - Informática S.A. Chairman of the Board of Directors

6. Other professional activities over the last five years:

Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.

Joaquim Martins Ferreira do Amaral

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Mechanical Engineering - IST
3. Date of first appointment and term of office: 2006 - 2009

4. Office held in other Semapa Group companies: No office held in other Semapa Group companies.

5. Office held in other companies:

LVT - Lisboa Vista do Tejo.....Chairman of the Board of Directors
LUSOPONTE – Concessionária para a Travessia do Tejo S.A.....Chairman of the Board of Directors
Transdev – Transportes.....Consultant

6. Other professional activities over the last five years:

GREAT EARTH - Projectos, S.A.Chairman of the Board of Directors
CIMIANTO - Sociedade Técnica de Hidráulica, S.A.Director
ENERSIS - Sociedade Gestora de Participações Sociais, S.A.....Director
ENERSIS II – Sociedade Gestora de Participações Sociais, SGPS, SA..Director
GALP ENERGIA, SGPS, S.A.Chairman of the Board of Directors

António Pedro de Carvalho Viana-Baptista

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics from the Portuguese Catholic University (1980); post-graduate studies in European Economics from the Portuguese Catholic University (1981); MBA from INSEAD, Fontainebleau, France (1983).
3. Date of first appointment and term of office: 08 January 2010 (co-opted)
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

IJM Investments, SLConsultant
O2 Europe (United Kingdom, Ireland, Germany, Czech Republic).....Director
RIM – Research In Motion (BlackBerry) (Canada).....Director
TELESP (São Paulo, Brazil)Director
Telefonica Moviles Mexico (Mexico)Director
NH Hoteles (Madrid, Spain)Director

6. Other professional activities over the last five years:

Telefonica S.A.Director
Telefonica Moviles, S.A.Chairman of the Board of Directors and
the Executive Board
Telefonica EspañaChairman of the Board of Directors and
the Executive Board
Portugal Telecom.....Director

► II.12. IDENTIFICATION OF THE MEMBERS OF THE AUDIT BOARD, INDICATING THE MEMBERS THAT COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1 AND THE INDEPENDENCE CRITERION PROVIDED FOR IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

The composition of the Audit Board is indicated above; there are three full members and one alternate member.

In the financial year of 2009, all members of the Audit Board were independent as defined in Article 414.5 of the Companies Code and complied with the incompatibility rules established in Article 414-A of the same Code.

- II.13. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE AUDIT BOARD, PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS OR MORE, THE NUMBER OF SHARES HELD IN THE COMPANY, DATE OF FIRST APPOINTMENT AND EXPIRY OF TERM OF OFFICE
- II.14. OFFICE HELD BY MEMBERS OF THE AUDIT BOARD IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP

Duarte Nuno D'Orey da Cunha

1. Number of shares held in the company: holds 2,907 shares in the company
2. Professional qualifications: Degree in Finance, ISCEF
3. Date of first appointment and term of office: 2004-2009
4. Office held in other Semapa Group companies:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AChairman of the Audit Board

5. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....Chairman of the General Meeting
 LONGAVIA – Imobiliária, S.A.Director
 VÉRTICE – Gestão de Participações, SGPS, S.A.....Director
 Sociedade Agrícola da Quinta da Vialonga, S.A.....Director
 SONACA, SGPS, S.A.Chairman of the General Meeting

6. Other professional activities over the last five years:

BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.Director
 CIMILONGA – Imobiliária, S.A.....Adviser to the Directors

Miguel Camargo de Sousa Eiró

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in law, University of Lisbon (1971)
3. Date of first appointment and term of office: 2006-2009
4. Office held in other Semapa Group companies:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AMember of the Audit Board

5. Office held in other companies: No office held in other companies.

6. Other professional activities over the last five years:

Legal practice

Gonçalo Nuno Palha Gaio Picão Caldeira

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in law, Portuguese Catholic University, Lisbon (1990);; Post-graduate in Management – Master of Business Administration (MBA), Universidade

Nova de Lisboa (1996); Attended postgraduate course in real estate management and valuation, ISEG (2004)

3. Date of first appointment and term of office: 2006-2009

4. Office held in other Semapa Group companies:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AMember of the Audit Board

5. Office held in other companies:

LOFTMANIA – Gestão Imobiliária, LdaManager

6. Other professional activities over the last five years:

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.....Consultancy
Property management and development, on an individual and family basis

► II.18. DESCRIPTION OF THE REMUNERATION POLICY AND THE ALIGNMENT OF THE DIRECTORS' INTERESTS WITH THOSE OF THE COMPANY AND THE PERFORMANCE ASSESSMENT, DISTINGUISHING BETWEEN EXECUTIVE AND NON-EXECUTIVE DIRECTORS, A SUMMARY OF AND THE RATIONALE FOR THE COMPANY'S POLICY ON COMPENSATION GRANTED BY CONTRACT OR SETTLEMENT IN THE EVENT OF DISMISSAL AND OTHER PAYMENTS FOR EARLY TERMINATION

Remuneration policy is not set by the Board of Directors, and aligns the interests of the directors with those of the company, dividing remuneration into a fixed component and a variable component.

The fixed component is determined in line with the usual criteria in directorships, taking special account of responsibilities, the size and capacity of the company, the remuneration paid in the market for equivalent posts and the fact of the director being executive or non-executive. The variable component comprises a share in profits, limited by the articles of association to 5% of the net profits for the directors as a whole.

There are no formal rules on distinguishing between the remuneration of executive and non-executive directors, and this factor is taken into account in a general way when setting the various figures, just as the individual degree of involvement in company affairs and their specific contribution are considered when assessing the remuneration of non-executive directors.

The only body with powers to assess the performance of directors for remuneration purposes is the Remuneration Committee, which conducts the appraisal needed to set the fixed and variable remuneration.

The company has no policy on compensation or other payments on departure from office, other than the retirement benefits approved by the general meeting and detailed below.

We refer on this issue to the declaration from the Remuneration Committee, included in part II of this Information on Corporate Governance.

- II.19. COMPOSITION OF THE REMUNERATION COMMITTEE OR SIMILAR BODY, WHENEVER APPLICABLE, IDENTIFYING THE RELEVANT MEMBERS WHO ARE ALSO MEMBERS OF THE BOARD OF DIRECTORS, AS WELL AS THEIR SPOUSES, RELATIVES AND IN-LAWS IN THE DIRECT LINE, TO THE THIRD DEGREE, INCLUSIVE.

The composition of the Remuneration Committee:

Egon Zehnder, represented by Dr. José Gonçalo Maury
Eng. Frederico José da Cunha Mendonça e Meneses.
Paulo Luís Ávila de Abreu

No member of this committee is also a member of the Board of Directors or spouse, relative or in-law, in the direct line, to the third degree, of the respective members, nor is a member of the company's other bodies.

- II.20. INDICATION OF THE INDIVIDUAL AND COLLECTIVE REMUNERATION, UNDERSTOOD IN THE BROAD SENSE SO AS TO INCLUDE PERFORMANCE BONUSES EARNED DURING THE PERIOD BY THE MEMBERS OF THE BOARD OF DIRECTORS.

The total remuneration earned by the company's directors in 2009 is indicated in the following table, which provides a breakdown between executive and non-executive directors, and between fixed and variable components:

	Executive directors	Non-exec. directors	Total
Fixed remuneration	1.801.585, 11 €	820.073,58 €	2.621.658,69 €
Variable remuneration	2.390.905,00 €	903.953,00 €	3.294.858,00 €
Total	4.192.490,11 €	1.724.026,58 €	5.916.516,69 €

As required by Article 3 of Law 28/2009 of 19 June, and paragraphs a) and b) of Article 3 of Regulation 1/2010, the following table shows the remuneration paid to individual directors in 2009:

	Fixed Remuneration	Variable Remuneration
António da Nóbrega de Sousa da Câmara	8.073,14 €	-
António Paiva de Andrada Reis	148.598,91 €	-
Carlos Eduardo Coelho Alves (*)	113.395,63 €	685.443,00 €
Carlos Maria Cunha Horta e Costa	373.683,67 €	-
Fernando Maria Costa Duarte Ulrich (*)	1.586,70 €	-
Francisco José Melo e Castro Guedes	87.071,43 €	53.174,00 €
Joaquim Martins Ferreira do Amaral	225.084,75 €	53.174,00 €
José Alfredo de Almeida Honório	264.172,57 €	366.569,00 €
José Miguel Pereira Gens Paredes	267.700,31 €	212.695,00 €
Maria Maude Mendonça de Queiroz Pereira Lagos	427.105,15 €	744.432,00 €
Paulo Miguel Garcês Ventura	268.456,35 €	212.695,00 €
Pedro Mendonça de Queiroz Pereira	427.105,15 €	860.329,00 €
Rita Maria Lagos do Amaral Cabral	9.624,93 €	106.347,00 €

(*) The remuneration for these directors relates to the period during which they were in office in 2009.

Provision is made for the foreseeable variable component in the accounts of the financial year to which it relates and this component is subsequently fixed by the Remuneration Committee, in

keeping with the limit established in the Articles of Association, which lay down that: “The remuneration may comprise a fixed component and a variable component, which shall include profit sharing, and such profit sharing shall not exceed, for the directors as a whole, five per cent of the net profits from the preceding period.”

The variable remuneration system is therefore based on results and on the judgment of the Remuneration Committee, as described in detail below in the respective statement included in part II of this Information on Corporate Governance. The appraisal of the duties of each individual, of the company's state of affairs and of compliance with market criteria presupposes an assessment of the company's performance as a whole and that of each individual director.

Payment of the variable component is not deferred; this remuneration is paid in the period in which the respective resolution is adopted.

In addition to these amounts, the company's executive directors also earned remuneration for their management duties in controlled companies totalling 6,681,769.59 €, including fixed and variable remuneration.

The company does not allocate any non-pecuniary benefits or other pecuniary benefits other than the remuneration indicated. There is also no share allocation or share option scheme in operation, and no compensation was paid or due to former executive directors leaving office in the course of the year.

There is a retirement benefits system for directors approved by the general meeting, under which the directors are entitled to a monthly life pension, paid 12 times a year, as from the age of 55, if they have served as directors of the company for a minimum of 8 years, consecutively or non-consecutively. In the event of invalidity, the entitlement is not subject to an age requirement.

The value of the pension is fixed at between 80% and 27.2% of the result of dividing by 12 the fixed annual remuneration earned by the director at the date of leaving office as director of Semapa or any other controlled company. The percentage is determined by the total length of service, in this case including service in Semapa or controlled companies, as director or in another capacity. The percentage of 80% applies to service of 20 years or more, and there is a sliding scale with 27.2% being applied to those with 8 years' service. The General Meeting of 30 March 2005 decided to apply the upper limit to 6 directors.

It is relevant to note that the regulations also allow for half the value of the pension to be transferred to the surviving spouse or underage or incapable children of the director. In addition, any sums earned for services subsequently rendered to Semapa or controlled companies, together with the value of any pensions which the beneficiary is entitled to receive from public social security systems in relation to the same period of service, must be deducted from the pension paid.

The Audit Board is also subject to Article 3 of Law 28/2009 of 19 June, and to paragraphs a) and b) of Article 3 of Regulation 1/2010, and the following table shows that the remuneration for its members consisted only of a fixed component, as follows:

	Remuneration
Duarte Nuno d' Orey da Cunha	19.810,00 €
Miguel Camargo de Sousa Eiró	14.150,00 €
Gonçalo Nuno Palha Gaio Picão Caldeira	14.150,00 €
Total	48.110,00 €

- II.21. INDIVIDUAL INFORMATION ON THE AMOUNTS PAYABLE, OF ANY NATURE, IN THE EVENT OF DEPARTURE FROM OFFICE PRIOR TO EXPIRY OF TERM, WHEN MORE THAN TWICE THE FIXED MONTHLY REMUNERATION

As stated above, the company has no policy on compensation or other severance payments in the event of departure from office, other than the retirement pension plans approved at the general meeting and referred to in above in chapter II.21.

- II.22. INFORMATION ON THE POLICY ADOPTED IN THE COMPANY ON THE REPORTING OF IRREGULARITIES

The company has a set of “Regulations on Notification of Irregularities”, which govern the procedure whereby company employees give notice of irregularities allegedly taking place within the company.

These regulations enshrine the general duty to give notice of alleged irregularities, indicating the Audit Board as the body to be informed, and also providing for an alternative solution in the event of there being a conflict of interests on the part of the Audit Board as regards the irregularity to be reported.

The Audit Board may request the assistance of the Internal Control Committee, and is required to conduct a preliminary investigation of all the facts necessary for assessing the alleged irregularity. This process ends with filing or with a submission to the Board of Directors or the Executive Board, depending on whether a company officer is involved, of a proposal for appropriate measures in the light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the company.

Access to the “Regulations on Notification of Irregularities” is reserved.

The Company also has a set of “Principles of Professional Conduct”, approved by the Board of Directors. This document establishes ethical principles and rules applicable to company staff and officers.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to guard against conflict of interest situations, and the duty of confidentiality, in relation to the treatment of relevant information.

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, namely minority shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

Chapter III Information

- III.1. CAPITAL STRUCTURE, INCLUDING INDICATION OF SHARES NOT ADMITTED FOR TRADING, DIFFERENT CATEGORIES OF SHARES, RIGHTS AND DUTIES ATTACHED TO THE SAME, AND THE PERCENTAGE OF THE CAPITAL REPRESENTED BY ANY SUCH CATEGORY

Semapa's share capital comprises solely ordinary shares, with a nominal value of one euro each, with no differences in the rights and duties pertaining to each share.

The share capital is represented by 118,332,445 shares, corresponding to share capital of the same amount in euros; all shares are admitted for trading.

- III.2. QUALIFYING HOLDINGS IN THE ISSUER'S SHARE CAPITAL, CALCULATED IN ACCORDANCE WITH ARTICLE 20 OF THE SECURITIES CODE.

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
A -	Cimigest, SGPS, SA	1.097.966	0,93%	0,97%
	Cimo - Gestão de Participações, SGPS, S.A.	14.106.675	11,92%	12,50%
	Longapar, SGPS, S.A.	20.769.300	17,55%	18,40%
	Sonaca, SGPS, S.A.	1.630.590	1,38%	1,44%
	OEM - Organização de Empresas, SGPS, S.A.	515.000	0,44%	0,46%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625.199	0,53%	0,55%
	Directors of Soc. Agrícola da Q.ta da Vialonga:			
	Duarte Nuno d'Orey da Cunha	2.907	0,00%	0,00%
	Maude da Conceição Santos M. de Queiroz Pereira	145.685	0,12%	0,13%
	Sodim, SGPS, S.A.	18.842.424	15,92%	16,69%
	Sub-total:	57.735.746	48,791%	51,15%
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%
	Sub-total:	12.009.004	10,15%	10,64%
C -	Banco Espírito Santo, S.A.	-	-	-
	Fundo de Pensões do BES	3.222.308	2,72%	2,85%
	Sub-total:	3.222.308	2,72%	2,85%

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
D -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	3.892.368	3,29%	3,45%
	Bestinfond, F.I.	2.384.394	2,01%	2,11%
	Bestinver Mixto, F.I.	696.737	0,59%	0,62%
	Soixa SICAV	453.626	0,38%	0,40%
	Bestinver Bestvalue SICAV	414.359	0,35%	0,37%
	Bestinver Global, FP	407.007	0,34%	0,36%
	Bestinver Ahorro, F.P.	343.616	0,29%	0,30%
	Texrenta Inversiones SICAV	127.855	0,11%	0,11%
	Loupri Inversiones	34.058	0,03%	0,03%
	Divalsa de Inversiones SICAV, SA	22.064	0,02%	0,02%
	Acciones, Cup. y Obli. Segovianas	16.740	0,01%	0,01%
	Linker Inversiones, SICAV, SA	12.442	0,01%	0,01%
	Bestinver Empleo FP	12.059	0,01%	0,01%
	Jorick Investment	5.897	0,00%	0,01%
	Sub-total:	8.823.222	7,46%	7,82%
E -	ESAF - Espírito Santo Fundos de Investimento Mobiliário, S.A.	-	-	-
	Fundo Inv. Mobiliário ES Plano Dinâmico - Fundo Flexível	2.569.232	2,17%	2,28%
	Sub-total:	2.569.232	2,17%	2,28%

Semapa holds 2,720,000 own shares, and the company Seminv - Investimentos, SGPS, S.A., wholly controlled by Semapa, holds 2,727,975 shares in Semapa, meaning that there are 5,447,975 shares, corresponding to 4.6% of the capital, subject to the rules on own treasury stock.

► III.3. IDENTIFICATION OF SHAREHOLDERS WITH SPECIAL RIGHTS, AND DESCRIPTION OF SUCH RIGHTS.

No shareholders or categories of shareholders in Semapa have special rights.

► III.4. ANY RESTRICTIONS ON THE TRANSFERABILITY OF SHARES, SUCH AS CONSENT CLAUSES FOR DISPOSAL, OR LIMITATIONS ON OWNERSHIP OF SHARES

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

► III.5. SHAREHOLDERS' AGREEMENTS KNOWN TO THE COMPANY OR WHICH MIGHT LEAD TO RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

The company is unaware of any shareholders' agreement on shares in its capital, notwithstanding the open coordination of voting rights by Cimigest, SGPS, S.A. and other entities, on terms which follow from the list of qualifying holdings.

► III.6. RULES APPLICABLE TO AMENDMENT OF THE ARTICLES OF ASSOCIATION

Semapa has no special rules on the amendment of its articles of association. The general rules deriving from the Companies Code therefore apply to these issues.

► III.7. CONTROL MECHANISMS IN AN EMPLOYEE OWNERSHIP SCHEME INsofar AS VOTING RIGHTS ARE NOT DIRECTLY EXERCISED BY EMPLOYEES

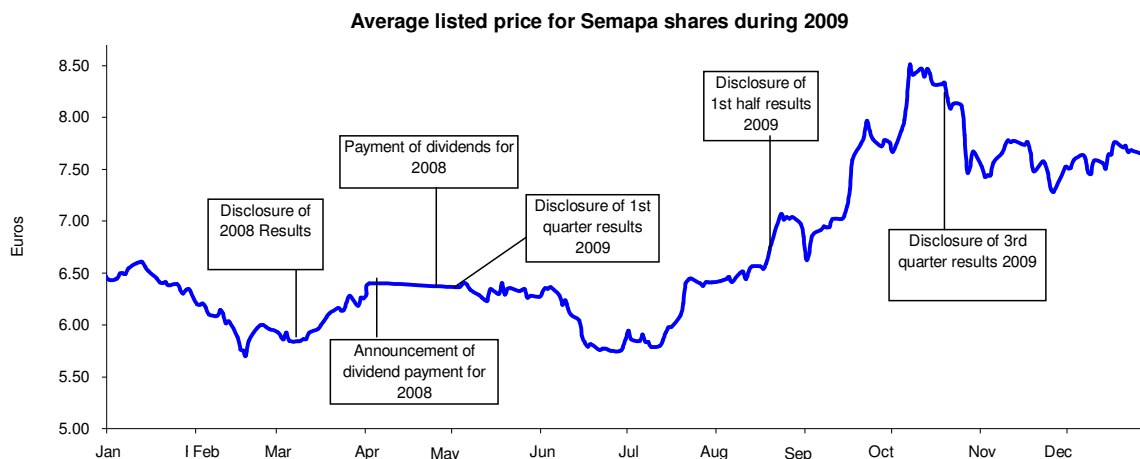
There is no employee ownership scheme in Semapa.

► III.8. DESCRIPTION OF EVOLUTION IN THE ISSUER'S SHARE PRICE.

The downward trend observed in the main share indexes in 2008 continued into early 2009. However, from mid-March onwards, the markets started to rally. Equity markets began to climb back up after the sentiment of panic experienced at the start of the year. From the low point in March to the end of 2009, the world's main share indexes rose by close to 60%.

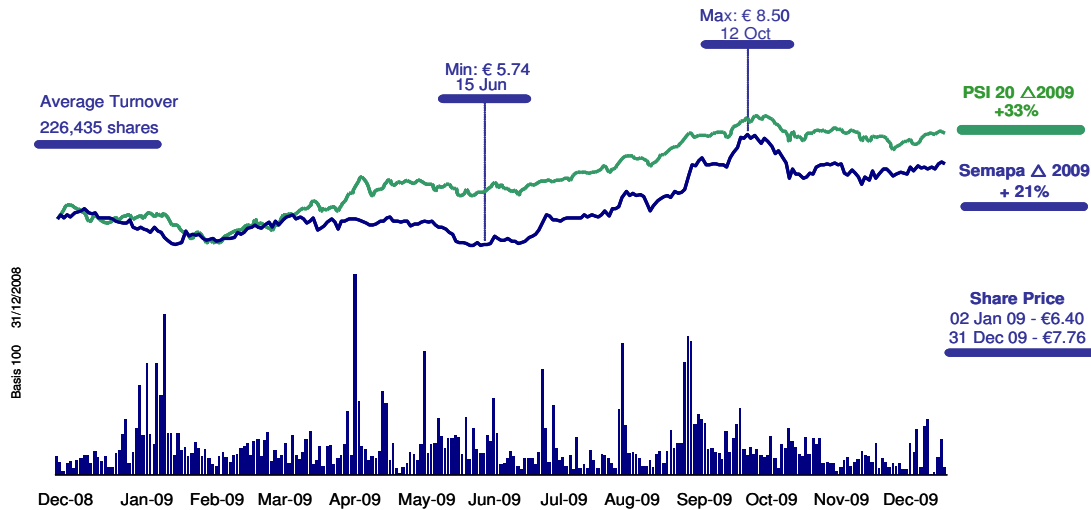
With significant gains being recorded in the leading indexes, the PSI 20 presented the largest gain of all European exchanges (+ 33%).

The following graph shows average listed prices over the period, together with the main disclosures made to the market:



In the period immediately following publication of the results for 2008, on 10 March 2009, no significant change was observed in the share price. The payment of dividends for the previous year also had no relevant impact on formation of the share price.

Semapa shares followed the general trend in the Portuguese equity market, although the overall gain was less marked, at 21%:



Note: closing prices

It should be noted that in the previous year Semapa shares had suffered losses much smaller than the PSI20 (27%, as compared to 51%).

The closing price for Semapa shares ranged between a minimum of 5.74 euros and a maximum of 8.50 euros. Average daily trading over the period stood at 226,425 shares.

► III.9. DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY ADOPTED BY THE COMPANY, INCLUDING THE DIVIDEND PER SHARE DISTRIBUTED DURING THE LAST THREE PERIODS

The Company has followed a dividend policy of distributing a large amount without resorting to additional borrowing for this purpose and without jeopardising its sound financial position. The aim is to maintain a financial structure compatible with the sustained growth of the company and the different business areas, whilst also maintaining sound solvency indicators.

The pay-out ratio (dividends/net profit) in recent years has been high, reaching a high point of 94% in 1995, and standing at its lowest in 2004, at 7.1%.

Over the last three years, the dividend per share in circulation has been as follows:

2007 (in relation to 2006) 0.230€ per share
2008 (in relation to 2007) 0.255€ per share
2009 (in relation to 2008) 0.255€ per share

- III.10. A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE AND SHARE OPTION PLANS ADOPTED OR VALID FOR THE FINANCIAL YEAR IN QUESTION, THE REASON FOR ADOPTING SAID SCHEME AND DETAILS OF THE CATEGORY AND NUMBER OF PERSONS INCLUDED IN THE SCHEME, SHARE-ASSIGNMENT CONDITIONS, NON-TRANSFER OF SHARE CLAUSES, CRITERIA ON SHARE-PRICING AND THE EXERCISING OPTION PRICE, THE PERIOD DURING WHICH THE OPTIONS MAY BE EXERCISED, THE CHARACTERISTICS OF THE SHARES TO BE DISTRIBUTED, THE EXISTENCE OF INCENTIVES TO PURCHASE AND/OR EXERCISE OPTIONS, AND THE RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR EXECUTING AND/OR CHANGING THE PLAN

As stated above, the company has no share or share option plans.

- III.11. DESCRIPTION OF THE MAIN TRANSACTIONS AND OPERATIONS CARRIED OUT BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODY, THE OWNERS OF QUALIFYING HOLDINGS OR CONTROLLED, CONTROLLING OR GROUP COMPANIES, WHEN ECONOMICALLY SIGNIFICANT FOR ANY OF THE PARTIES INVOLVED, EXCEPT FOR THOSE TRANSACTIONS OR OPERATIONS THAT ARE CARRIED OUT ON AN ARMS-LENGTH BASIS AND FORM PART OF THE COMPANY'S NORMAL BUSINESS

There are no transactions to record.

- III.12. REFERENCE TO THE EXISTENCE OF AN INVESTOR SUPPORT OFFICE OR OTHER SIMILAR SERVICE.

The investor support service is provided from an office headed by Dr. José Miguel Gens Paredes, who is also the company's market relations representative. The office is adequately staffed and enjoys swift access to all sectors of the company, in order to ensure an effective response to requests, and also to transmit relevant information to shareholders and investors in good time and without any inequality.

Dr. José Miguel Gens Paredes can be contacted at the email address jmparedes@semapa.pt or on the company's general telephone numbers. All public information on the company can be accessed by these means. It should be noted, in any case, that the information most frequently requested by investors is available at the company's website at www.semapa.pt.

- III.13. INDICATION OF ANNUAL REMUNERATION PAID TO THE AUDITOR OR OTHER INDIVIDUALS OR ENTITIES BELONGING TO THE SAME NETWORK SUPPORTED BY THE COMPANY AND/OR BY CONTROLLED, CONTROLLING OR GROUP ENTITIES AND DETAILS OF THE PERCENTAGE RELATING TO SUCH SERVICES

The following costs were incurred in relation to auditors in 2009 by the company and other related companies:

Services – Audit of Accounts	512.386,00 €
Fiscal advisory services	186.279,00 €
Other reliability assurance services	120.457,00 €
Services other than legal auditing	- €
Total:	819.122,00 €

In relation to fiscal consultancy services and services other than legal auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the company, in particular by the Audit Board and the Internal Control Committee.

III. REMUNERATION POLICY STATEMENT

The Securities Market Commission specifically recommends that a statement on the remuneration policy of company officers be submitted for the consideration of the general meeting of shareholders. This was done in 2007 with the submission to the shareholders of the remuneration policy statement drawn up by Semapa's Remuneration Committee. This statement was approved together with the other financial statements, as none of the shareholders requested that a separate vote be held.

As may be seen from a reading of the statement, it sets out the options which the Committee feels should be maintained until the end of the current term of office of the company officers. We reproduce this statement below:

**Remuneration policy statement currently in force,
drawn up by the Remuneration Committee and approved in March 2007**

"1. Introduction

The two most common possibilities for setting the remuneration of company officers are significantly different from each other. On the one hand, the remuneration may be fixed directly by the general meeting, a solution which is not often adopted for various reasons of practicality, whilst on the other hand there is the option of remuneration being set by a committee, which decides in accordance with criteria on which the shareholders have had no say.

We therefore believe in the value of an intermediate solution, whereby a declaration on remunerations policy, to be followed by the committee, is submitted for the consideration of the shareholders. This is what this document seeks to do.

2. The law and the articles of association

Any remuneration system must inevitably take into account both the general legal rules and the particular rules established in the articles of association, if any.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

- Powers to fix the remuneration lie with the general meeting of shareholders of a committee appointed by the same.
- The remuneration is to be fixed in accordance with the duties performed and the company's state of affairs.
- Remuneration may be fixed, or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the articles of association, and shall not apply to distribution of reserves or any part of the profits for the period which could not, under the law, be distributed to shareholders.

For the Audit Board and the officers of the General Meeting, the law states that the remuneration shall consist of a fixed amount, determined in the same way by the general meeting, or by a committee appointed by the same, in accordance with the duties performed and the company's state of affairs.

Semapa's articles of association contain a specific clause only for the directors. This is article 17, which also makes provision for retirement pensions, and lays down the following in respect of remuneration:

"2 – The remuneration of the directors [...] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.

3 – The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."

This is the formal framework within which the remuneration policy must be defined.

3. Historical background

Since the incorporation of Semapa and up to 2002, all directors of Semapa received remuneration comprising a fixed component, paid fourteen times a year, and fixed by the Remuneration Committee, then called the *Comissão de Fixação de Vencimentos*.

In 2003, the resolution on the distribution of profits from 2002 included, for the first time, a part of the profits to be directly paid as remuneration to the directors, divided between the directors as decided by the Remuneration Committee.

This procedure was repeated through to 2005, with regard to the profits from 2004.

In 2006, the allocation of profits from 2005 did not provide for any amount for directors' remuneration, which was understandable, given that the profits already reflected a provision for the variable remuneration of the directors, under the new accounting standards applicable. The variable component of the remuneration was fixed in 2006 by the Remuneration Committee, also with reference to the profits, in accordance with the articles of association.

The variable remuneration of the directors has represented a percentage of approximately 5% of profits since variable remuneration was first paid, except for the remuneration paid in 2006, with regard to 2005, when it was approximately 4%.

There is therefore a procedure which has been constant since 2003, whereby the remuneration of the directors comprises a fixed component and another variable component, determined as a percentage of profits.

Since the incorporation of the company, the members of the Audit Board have received fixed monthly remuneration. The officers of the general meeting have only recently received remuneration, calculated in accordance with the number of meetings actually held.

4. General Principles

The general principles to be observed in fixing the remuneration of company officers are essentially those deriving in a very general way from the law: they depend on the duties performed, and on the state of the company's affairs. If we add to these the general market conditions for equivalent positions, we find what we may call the three main general principles:

a) Duties performed

It is necessary to consider the duties performed by each company officer, not merely in the formal sense, but also in the broader sense of the work actually undertaken and the associated responsibilities. For instance, not all executive directors are in the same position, nor very often all the members of the audit board. Duties must be assessed in the broadest sense, using criteria as diverse as, for example, responsibility, time devoted to duties, or the value to the company resulting from a given type of work or from institutional representation.

Office held in other controlled companies may also be a factor in this, as it may add to responsibilities whilst also providing other sources of income.

b) The state of the company's affairs

This criterion also needs to be understood and interpreted with care. The size of the company and inevitable complexity of the management tasks is clearly one of the relevant aspects of the state of affairs taken in the broadest sense. The implications exist both in the need to remunerate a responsibility which is greater in larger companies, with more complex management models, and in the capacity to remunerate management services appropriately.

c) Market criteria

The match between supply and demand is an unavoidable factor in defining any remuneration, and company officers are no exception to this. Only by conforming to market practices is it possible to retain professionals of the calibre appropriate to the complexity of the duties and the responsibility to be accepted, and thereby assure not only the interests of the officers, but essentially those of the company, and consequently of the shareholders.

5. Specific policies

The specific remuneration policies which we are pleased to submit for the consideration of the shareholders are as follows:

1. The remuneration of the executive directors shall comprise a fixed component and a variable component.
2. The remuneration of the non-executive directors, the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only. Exceptionally, non-executive directors may receive extra remuneration for additional work requested and carried out. In these cases, this remuneration shall be separate from that they earn regularly due to holding office.

3. The fixed component of the remuneration paid to directors shall consist of a monthly amount paid fourteen times a year, or of a pre-set amount for each meeting of the Board of Directors attended.
4. The monthly amount for the fixed component of the directors' remuneration shall be set for all those who sit on the Executive Board and for those who although not members of the Executive Board exercise specific duties or carry out specific work on a recurrent or continuous basis.
5. The pre-set amount for attendance at each meeting shall be fixed for those directors with essentially advisory or supervisory duties.
6. The fixed remuneration paid to all members of the Audit Board shall consist of a fixed monthly amount payable fourteen times a year.
7. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting.
8. The process of awarding variable remuneration to the executive directors shall conform to the criteria proposed by the Remuneration Committee, and shall not exceed a total of five per cent of the net consolidated profits, recorded under IFRS rules, without prejudice to other considerations in the event of results of a highly exceptional nature.
9. In setting all remuneration, including the distribution of the total amount for the variable remuneration for the directors, the general principles set out above shall be followed: duties performed, the state of the company's affairs and market criteria.

We consider that these options should be maintained through to the end of the present term of office of the company officers.

The Remuneration Committee

Chairman: Egon Zehnder, represented by José Gonalo Maury
Member: Ant3nio Mota de Sousa Horta Os3rio
Member: Frederico Jos3 da Cunha Mendona e Meneses"

IV. DISCLOSURES REQUIRED BY ARTICLES 447 AND 448 OF THE COMPANIES CODE

(with reference to the financial year of 2009)

1. Securities issued by the company and held by company officers, in the meaning of article 447/1 and 2 of the Companies Code:

- José Alfredo de Almeida Honório – 20,000 shares in the company
- Duarte Nuno d'Orey da Cunha – 2,907 shares in the company
- Maria Rita Carvalhosa Mendes de Almeida Queiroz Pereira – 34,091 shares in the company

2. Securities issued by companies controlled by or belonging to the Semapa Group, held by company officers, in the meaning of article 447/1 and 2 of the Companies Code:

- Duarte Nuno d'Orey da Cunha – 16,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

3. Securities issued by the company and related companies held by companies in which directors and auditors hold corporate office:

- Cimigest, SGPS, S.A. – 1,097,966 shares in the company and 1,669,253 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Cimo - Gestão de Participações, SGPS, S.A. – 14,106,675 shares in the company and 107.204 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.
- Longapar, SGPS, S.A. – 20,769,300 shares in the company
- Sodim, SGPS, SA – 18,842,424 shares in the company
- Sociedade Agrícola da Quinta da Vialonga, S.A. – 625,199 shares in the company and 61,696 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonagi, SGPS, S.A. – 96,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonaca, SGPS, SA – 1,630,590 shares in the company.
- OEM - Organização de Empresas, SGPS, SA – 515,000 shares in the company.

4. Acquisition, disposal, encumbrance or pledge of securities issued by the company or related or group companies by company officers and the companies referred to in 3:

- Pedro Mendonça de Queiroz Pereira carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
24-Set	350.000	7,90 €	Purchase
27-Oct	350.000	7,79 € (*)	Donation

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

Date	Quantity	Price per Share	Purchase/Sale
27-Set	350.000	7,79 € (*)	Acquisition by donation
29-Oct	315.909	7,64 € (*)	Disposal by swap

(*) Determined under the terms and for the purposes of Article 14.2 of Securities Market Commission Regulation 5/2008.

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

Date	Quantity	Price per share	Purchase/Sale
23-Apr	1.000	6,287 €	Purchase
23-Apr	1.000	6,30 €	Purchase
23-Apr	500	6,315€	Purchase
23-Apr	2.881	6,319 €	Purchase
23-Apr	7.755	6,32 €	Purchase
23-Apr	1.864	6,325 €	Purchase

IV. ASSESSMENT OF THE GOVERNANCE MODEL ADOPTED AND ACTIVITIES OF THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors has assessed the governance model adopted, with special assistance to this end from the Corporate Governance Control Committee, and maintains its positions as previously expressed, as largely set out in this document.

The assessment of a corporate governance model is a process of reflection which should involve not only the various aspects of the issues considered throughout the Corporate Governance Report, but most importantly the manner in which governance is structured, in terms of boards and committees. The first part of this reflection has been made in the report, dealing in particular with the recommendations adopted and not adopted, and explanation of the associated reasons. The second part is carried out here, by looking at a range of issues, from the structure adopted under the terms of Article 278 of the Companies Code, the committees operating in the company and the supervisory framework chosen through to the activities of non-executive directors and, in the last instance, the characteristics of the persons suitable or not suitable for appointment to particular office in the company.

This assessment involves a perspective which is halfway between the shareholder view and the management view, because whilst it is the directors who experience the system implemented most directly on a daily basis, it is broadly up to the shareholders to decide on the model they wish to apply and the persons they wish to elect to corporate office, in line with the model chosen.

So in addition to describing the activities of the non-executive members of the board of directors, we shall provide merely a brief outline of the sensibilities of the members of the Board of Directors in this regard, considering also that this is a matter where sensibilities are always highly varied.

Starting with the basic framework, it is generally agreed that the structure adopted under Article 278 of the Companies Code is the most appropriate. This conclusion is reached not merely through resistance to change; instead, it is essentially based on a perception that the other two possible structures are less appropriate.

The possible structure consisting of a board of directors which would have an audit committee is generally rejected intuitively, as it goes against the general feeling as to what constitutes a “normal” organizational structure in a company. To have the persons responsible for supervision as members of the Board of Directors, even if this were essentially just a legal fiction, would generate confusion as to roles and positions which would be experienced negatively by most of the directors. This might be the easiest option for companies who look on their non-executive directors as essentially “supervisors”, but this is not the case at Semapa and is consequently the reason for this feeling.

The other possible structure, consisting of an Executive Board of Directors and a General and Supervisory Board, also appears less appropriate than the model currently in place. A General and Supervisory Board would appear to function, in comparison with the model currently in place in Semapa, as a hybrid between the non-executive directors and the Audit Board: on the one hand it has powers of supervision, on the other hand it can act as a second instance for management matters. Here too, the blurring of the line between management duties and supervisory duties is not very attractive, and the option of a General and Supervisory Board without the need to authorize certain management acts would not bring any great advantage in comparison with the structure of a Board of Directors and an Audit Board.

Another factor in favour of the existing system is always the familiarity of the persons involved with the existing structure, allowing them to take better advantage of its potential, and also the inevitable costs of a radical change.

No advantage is therefore seen in proposing to the shareholders any structural change in the company's organization.

As regard the auditing structure, the legislation in these cases leaves no other option to listed companies – Article 413.2 of the CSC.

The decision to set up the committees currently existing in the company, except for the Remuneration Committee, was taken in the exercise of the Board of Directors' own powers.

Special reference should be made to the Executive Board. Although Semapa is a holding company, and therefore has a very simple administrative structure, the delegation of powers to this board is considered to be fully justified. There are many matters which require immediate collegiate attention, and the intervention of the other directors is reserved for matters of greater moment or specific issues. The directors without delegated powers are not only not regarded as mere "supervisors" of the company but are also in some cases more deeply engaged than simply as advisers at board meetings.

The Internal Control Committee and the Corporate Governance Control Committee are justified by reasons already explored in other parts of this Corporate Governance Report. However, as a result of the assessment conducted by the Corporate Governance Control Committee, questions have been raised as to the usefulness of maintaining the Internal Control Committee, which was originally created in response to the rules on whistleblowing, for which responsibility has since been transferred by law to the Audit Board, whilst the simplified administrative structure of Semapa as a holding company and the fact that its subsidiaries have their own systems for internal control means that the need for the internal control committee is less keenly felt. However, the issuing of new Securities Market Commission recommendations on this matter has led to a different solution, with the committee being retained, and some of its powers of control being reinforced.

The actual activities of the non-executive members of the Board of Directors is an important part of the general assessment of the governance model in force in the company. As we have already seen, the activity of the non-executive directors of Semapa does not consist merely of attending and providing advice at meetings of the Board of Directors.

The position, participation and engagement of the non-executive directors is not the same in all cases. Some directors are further removed from daily activities, as is the case of Eng. António Câmara or Senhor Fernando Ulrich, who collaborate as advisers at the formal meetings of the Board of Directors and are heard and asked to contribute to specific discussions on particular issues.

Other directors, such as Dr. Rita Amaral Cabral and Eng. Joaquim Ferreira do Amaral, in addition to taking part in the way described, are also more directly involved in the company's activities, not least by sitting on the committees set up by the Board of Directors. Dr. Amaral Cabral sits on the Corporate Governance Control Committee whilst Eng. Ferreira do Amaral sits on the Internal Control Committee.

There are other specific tasks carried out by non-executive directors which are not related to the specialist committees, such as the participation by the director Ms. Maude Queiroz Pereira Lagos in the corporate representation of the company.

In addition, a non-institutionalized group for strategy discussion has gradually taken shape, and was more clearly defined during the last financial year, functioning on a more regular basis.

These assessments of the current situation and developments in the corporate governance of Semapa have led to the formal creation of the Strategy Committee, whose members are the Chairman of the Board of Directors, Ms. Maria Maude Queiroz Pereira Lagos, Dr. José Alfredo de Almeida Honório, Eng. Joaquim Ferreira do Amaral and Dr. António Pedro Carvalho Viana-Baptista. The other executive directors are able to take part in meetings, depending on the matters under discussion.

As already explained elsewhere in this report, the non-executive directors have access to all information on company affairs, are supported at all times by the executive directors and have reported no constraints experienced in the course of their work.

The essential feature of the activities of non-executive directors is the diversity of their participation and contribution, which is believed to be healthy and positive for the company's interests.

The most important decision to be taken by shareholders with regard to corporate governance and the composition of the company bodies is whether or not to appoint independent directors. The other independence restrictions are mandatory legal requirements. There are no great reasons for wishing independent non-executive directors in the case of Semapa and, as stated above in relation to the clear distinction between those with responsibility for management (with more or less direct or hands-on involvement) and those with responsibility for supervision, this option fits in with the directors' understanding of the role of the different company officers.

It is sincerely believed that the manner in which the company organizes itself and conducts itself within a given form which it has adopted has greater implications in terms of corporate governance than the manner in which the company decided formally to structure itself.

The organization of corporate governance in this company has functioned effectively, without constraints, with respect for the interests of shareholders, employees and officers, and we therefore believe that different arrangements are not currently of interest.

DECLARATION
AS REQUIRED BY ARTICLE 245.1 c)
OF THE SECURITIES CODE

Article 245.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of declarations, as described in this article. In the case of Semapa, a uniform declaration has been adopted, worded as follows:

I hereby declare, under the terms and for the purposes of Article 245.1 c) of the Securities Code that, as far as I am aware, the management report, annual accounts, legal accounts certificate and other financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year of 2009, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the said company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of the said company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face.

Considering that the members of the Audit Board and the Official Auditor sign an equivalent declaration in relation to the documents for which they are responsible, a separate declaration with the above text was signed by the directors only, as it was deemed that the company officers fall within the concept of “persons responsible for the issuer”. As required by this rule, we provide below a list of the persons signing the declaration and their office in the company:

Name	Office
Pedro Mendonça de Queiroz Pereira	Director
Maria Mande Mendonça de Queiroz Pereira Lagos	Director

Name	Office
José Alfredo de Almeida Honório	Director
Francisco José Melo e Castro Guedes	Director
Carlos Maria Cunha Horta e Costa	Director
José Miguel Pereira Gens Paredes	Director
Paulo Miguel Garcês Ventura	Director
Rita Maria Lagos do Amaral Cabral	Director
António da Nóbrega de Sousa da Câmara	Director
Joaquim Martins Ferreira do Amaral	Director
António Pedro de Carvalho Viana-Baptista	Director



CONSOLIDATED
FINANCIAL STATEMENTS

DECEMBER 31, 2009

CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31, 2009 AND 2008

Amounts in Euro	Note	2009	2008
Revenues	4		
Sales		1,381,142,560	1,404,769,228
Services rendered		35,287,857	36,970,861
Other income	5		
Gains on disposal of non-current assets		4,073,467	20,323,523
Other operating income		50,584,494	62,047,069
Change in fair value of biological assets	19	(4,537,080)	(97,703)
Costs, expenses and losses	6		
Sold and consumed inventories		(568,341,107)	(588,135,620)
Change in production inventories		(1,160,048)	32,542,350
Consumed materials and services		(395,511,547)	(387,732,999)
Payroll costs		(172,770,263)	(166,339,811)
Other costs and losses		(36,365,058)	(58,121,600)
Provisions		22,104,770	(15,137,199)
Depreciation, amortization and impairment losses	8	(160,290,426)	(124,179,046)
Operational results		154,217,619	216,909,053
Group share of (loss) / gains of associated companies	9	395,181	432,990
Net financial costs	10	(26,603,620)	(56,178,301)
Profit before tax		128,009,180	161,163,742
Income tax	11	(22,266,123)	(23,778,314)
Net Income		105,743,057	137,385,428
Net income for the year			
Attributable to Semapa shareholders		78,849,324	106,347,480
Attributable to minority interests	13	26,893,733	31,037,948
Earnings per share			
Basic earnings per share, Eur	12	0.698	0.942
Diluted earnings per share, Eur	12	0.698	0.942

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2009 AND 2008

Amounts in Euros	Note	31-12-2009	31-12-2008
Assets			
Non-Current Assets			
Goodwill	15	321,274,798	330,370,980
Other intangible assets	16	169,912,322	176,504,902
Plant, property and equipment	17	2,152,005,430	1,775,576,228
Investment properties		161,117	169,276
Biological assets	18	118,289,970	122,827,050
Investment in associates	19	1,855,433	1,828,322
Financial assets at fair value through profit or loss	20	14,871,574	13,400,586
Available-for-sale financial assets	21	798,167	877,174
Deferred tax assets	28	30,904,802	31,775,603
Other non-current assets		1,363,767	1,365,582
		2,811,437,380	2,454,695,703
Current Assets			
Inventories	23	189,847,791	288,970,191
Receivable and other current assets	24	226,038,886	276,176,825
State and other public entities	25	57,100,036	55,462,868
Cash and cash equivalents	31	89,034,727	205,172,630
		562,021,440	825,782,514
Total Assets		3,373,458,820	3,280,478,217
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	26	118,332,445	118,332,445
Treasury shares	26	(47,164,986)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translation reserves	27	(17,978,700)	(14,005,971)
Fair value reserves	27	(6,220,818)	3,580,893
Other reserves	27	711,616,512	649,750,205
Retained earnings	27	24,386,833	574,051
Consolidated net profit for the year		78,849,324	106,347,480
Consolidated shareholders' equity		865,744,069	821,337,576
Minority interest	13	305,375,260	302,940,493
Total Equity		1,171,119,329	1,124,278,069
Non-current liabilities			
Deferred taxes liabilities	28	280,120,078	278,308,207
Pensions and other post-employment benefits	29	120,484,945	125,142,849
Provisions	30	32,625,824	54,865,795
Interest-bearing liabilities	31	871,817,132	1,227,116,283
Other non-current liabilities	1.2	29,437,896	18,834,060
		1,334,485,875	1,704,267,194
Current liabilities			
Interest-bearing liabilities	31	447,973,519	64,032,032
Payables and other current liabilities	32	346,913,088	326,778,240
State and other public entities	25	72,967,009	61,122,682
		867,853,616	451,932,954
Total liabilities		2,202,339,491	2,156,200,148
Total equity and liabilities		3,373,458,820	3,280,478,217

STATEMENT OF COMPREHENSIVE INCOME

AS OF DECEMBER 31, 2009 AND 2008

Amounts in Euro	2009	2008
Net income for the year	105,743,057	137,385,428
Fair value of derivatives		
Change in fair value	(13,401,886)	(2,081,056)
Tax effect	2,368,236	549,566
Fair value in available-for-sale financial investments	-	76,703
Foreign exchange differences	(5,089,174)	425,018
Actuarial gains / (losses)		
Actuarial gains / (losses)	10,244,403	(312,926)
Tax effect	(3,126)	1,537,079
Net profit directly recognized in equity	(5,881,547)	194,384
Total comprehensive income for the year	99,861,510	137,579,812
Attributable to:		
Semapa's shareholders	73,954,033	108,939,884
Minority Interests	25,907,477	28,639,928
	99,861,510	137,579,812

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1, 2008 TO DECEMBER 31, 2009

Amounts in Euro	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Foreign exchange reserves	Retained earnings	Net profit for the year	Total	Minority interests
Equity as of January 1, 2008	118,332,445	(47,164,986)	3,923,459	4,755,757	614,568,727	(14,378,266)	(56,162,674)	121,950,561	745,825,023	304,873,080
Appropriation of 2007 net profit:										
- Transfer to reserves	-	-	-	-	35,181,478	-	-	(35,181,478)	-	-
- Transfer to retained earnings	-	-	-	-	-	-	57,287,910	(57,287,910)	-	-
- Dividends paid	-	-	-	-	-	-	-	(29,481,173)	(29,481,173)	-
Treasury share acquisitions	-	-	-	-	-	-	-	-	-	(1,020,365)
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	(22,242,206)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(8,902,329)
Revaluation Reserve on acquisition of control *	-	-	-	-	-	-	-	-	-	215,795
Profit directly recognized in equity *	-	-	-	(1,174,864)	-	372,295	3,040,633	-	2,238,064	(912,454)
Differences in minority interests acquisitions	-	-	-	-	-	-	(4,159,989)	-	(4,159,989)	63,594
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-
Other movements	-	-	-	-	-	-	(127,463)	-	(127,463)	(172,571)
Net profit for the year	-	-	-	-	-	-	-	106,347,480	106,347,480	31,037,949
Equity as of December 31, 2008	118,332,445	(47,164,986)	3,923,459	3,580,893	649,750,205	(14,005,971)	574,051	106,347,480	821,337,576	302,940,493
Appropriation of 2008 net profit:										
- Transfer to reserves	-	-	-	-	61,866,307	-	-	(61,866,307)	-	-
- Transfer to retained earnings	-	-	-	-	-	-	15,000,000	(15,000,000)	-	-
- Dividends paid	-	-	-	-	-	-	-	(29,481,173)	(29,481,173)	-
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(21,576,475)
Profit directly recognized in equity *	-	-	-	(9,485,325)	-	(3,972,729)	8,539,032	-	(4,919,022)	(962,525)
Differences in minority interests acquisitions	-	-	-	-	-	-	(421,711)	-	(421,711)	(1,678,024)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-
Other movements	-	-	-	(316,386)	-	-	(173)	-	(316,559)	(241,944)
Net profit for the year	-	-	-	-	-	-	-	78,849,324	78,849,324	26,893,733
Equity as of December 31, 2009	118,332,445	(47,164,986)	3,923,459	(6,220,818)	711,616,512	(17,978,700)	24,386,833	78,849,324	865,744,069	305,375,258

* Net of deferred taxes

CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2009

		DECEMBER 31, 2009				
Amounts in Euro	Note	Cement and derivatives	Pulp and paper	Environment	Holding	Total
OPERATING ACTIVITIES						
Received from customers		327,933,399	1,193,444,683	28,601,032	-	1,549,979,114
Payments to suppliers		(194,956,704)	(918,200,194)	(19,879,959)	(4,100,826)	(1,137,137,683)
Payments to employees		(27,467,367)	(103,495,467)	(4,807,415)	(9,171,054)	(144,941,303)
Cash flow generated from activities		105,509,328	171,749,022	3,913,658	(13,271,880)	267,900,128
(Payments) / receipts of income tax		(8,259,689)	(30,851,143)	(3,052,739)	(88,396)	(42,251,967)
Other (payments) / receipts from operating activities		(29,579,279)	96,386,792	1,670,566	(601,177)	67,876,902
Cash flow from operating activities (1)		67,670,360	237,284,671	2,531,485	(13,961,453)	293,525,063
INVESTING ACTIVITIES						
Inflows						
Financial investments		2,253,176	6,500	-	33,512,515	35,772,191
Property, plant and equipment		87,238	-	69,163	-	156,401
Intangible Assets		-	5,522,900	-	-	5,522,900
Government Grants		182,316	6,009,539	-	-	6,191,855
Interest and similar income		913,931	10,141,814	2,304	7,714	11,065,763
Dividends		275	-	-	560,941	561,216
		3,436,936	21,680,753	71,467	34,081,170	59,270,326
Outflows						
Financial investments		(4,739,558)	-	-	(647,785)	(5,387,343)
Property, plant and equipment		(13,799,186)	(371,228,324)	(2,619,410)	(37,873)	(387,684,793)
		(18,538,744)	(371,228,324)	(2,619,410)	(685,658)	(393,072,136)
Cash flow from investing activities (2)		(15,101,808)	(349,547,571)	(2,547,943)	33,395,512	(333,801,810)
FINANCING ACTIVITIES						
Inflows						
Borrowings		398,912,610	65,000,000	4,139,550	540,249,237	1,008,301,397
		398,912,610	65,000,000	4,139,550	540,249,237	1,008,301,397
Outflows						
Borrowings		(401,265,485)	(6,250,000)	(9,262)	(563,217,262)	(970,742,009)
Amortisation of financial leases		(74,252)	-	(1,212,865)	-	(1,287,117)
Interest and similar expenses		(3,707,479)	(33,108,907)	(383,949)	(20,986,268)	(58,186,603)
Dividends		(3,042,995)	(19,168,976)	(420,000)	(28,785,539)	(51,417,510)
Treasury shares acquisition		-	(2,356,650)	-	-	(2,356,650)
		(408,090,211)	(60,884,533)	(2,026,076)	(612,989,069)	(1,083,989,889)
Cash flow from financing activities (3)		(9,177,601)	4,115,467	2,113,474	(72,739,832)	(75,688,492)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		43,390,951	(108,147,433)	2,097,016	(53,305,773)	(115,965,239)
FOREIGN EXCHANGE DIFFERENCES		(172,665)	-	-	-	(172,665)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		56,134,772	334,327,886	335,470	(185,625,497)	205,172,631
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	99,353,058	226,180,453	2,432,486	(238,931,270)	89,034,727

CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2008

		DECEMBER 31, 2008			
Amounts in Euro	Note	Cement and derivatives	Pulp and paper	Holding	Total
OPERATING ACTIVITIES					
Received from customers		351,045,270	1,196,617,556	32,307,815	1,579,970,641
Payments to suppliers		(225,828,016)	(870,952,333)	(21,876,641)	(1,118,656,990)
Payments to employees		(27,490,169)	(115,241,913)	(13,291,272)	(156,023,354)
Cash flow generated from activities		97,727,086	210,423,310	(2,860,098)	305,290,298
(Payments) / receipts of income tax		(4,130,543)	(49,467,698)	1,951,542	(51,646,699)
Other (payments) / receipts from operating activities		(35,689,578)	(16,452,153)	(3,248,905)	(55,390,636)
Cash flow from operating activities (1)		57,906,965	144,503,459	(4,157,461)	198,252,963
INVESTING ACTIVITIES					
Inflows					
Financial investments		-	-	757,179	757,179
Property, plant and equipment		118,568	648,335	40,585	807,488
Government Grants		-	58,018,671	-	58,018,671
Interest and similar income		1,475,855	33,020,921	95,744	34,592,520
Dividends		435,630	160,000	34,440	630,070
		2,030,054	91,847,927	927,948	94,805,929
Outflows					
Financial investments		(2,069,121)	-	(70,391,601)	(72,460,722)
Cash and cash equivalents from changes in perimeter		83,632	-	426,285	509,917
Property, plant and equipment		(18,840,021)	(236,624,561)	(1,592,485)	(257,057,067)
		(20,825,509)	(236,624,561)	(71,557,801)	(329,007,871)
Cash flow from investing activities (2)		(18,795,455)	(144,776,634)	(70,629,853)	(234,201,942)
FINANCING ACTIVITIES					
Inflows					
Borrowings		211,655,262	-	482,768,870	694,424,132
		211,655,262	-	482,768,870	694,424,132
Outflows					
Borrowings		(233,323,446)	(56,665,577)	(455,453,483)	(745,442,506)
Amortisation of financial leases		(73,767)	(139,525)	-	(213,292)
Interest and similar expenses		(6,088,117)	(49,289,730)	(28,756,457)	(84,134,304)
Dividends		(2,611,258)	(6,716,879)	(28,785,539)	(38,113,676)
Treasury shares acquisition		-	(24,377,377)	-	(24,377,377)
		(242,096,588)	(137,189,088)	(512,995,479)	(892,281,155)
Cash flow from financing activities (3)		(30,441,326)	(137,189,088)	(30,226,609)	(197,857,023)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)					
		8,670,184	(137,462,263)	(105,013,923)	(233,806,002)
FOREIGN EXCHANGE DIFFERENCES					
		235,732	-	-	235,732
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR					
		47,228,855	471,790,149	(80,276,105)	438,742,899
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	56,134,772	334,327,886	(185,290,028)	205,172,630

(Translation of a report originally issued in Portuguese – Note 43)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF THE YEAR ENDED DECEMBER 31, 2009

(Translation from an original report issued in Portuguese)

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

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

Head office: Av. Fontes Pereira de Melo, 14, Lisbon

Share Capital: Euro 118.332.445

Registration No. 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: pulp and paper, cements and related products, and environmental developed respectively through its subsidiaries Portucel - Companhia Produtora de Pasta e Papel, S.A Secil - Companhia Geral de Cal e Cimento, S.A. and ETSA – Empresa Transformadora de sub-Produtos Animais, SA..

These consolidated financial statements were approved by the Board of Directors on 24 March 2010.

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

1. Summary of 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, and financial instruments which are recorded at fair value (Notes 33 and 19).

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

1.2 Changes in consolidation methods and comparability

In the year 2009, there no any change was recorded in the consolidation methods and therefore comparability is not affected by this aspect.

1.3 Basis of consolidation

1.3.1 Subsidiaries

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

These companies' shareholders' equity and net income/loss, corresponding to the third-party investment in such companies, are presented under the caption minority interests respectively in the consolidated balance sheet, in a separate component of shareholders' equity, and in the consolidated income statement. The companies included in the consolidated financial statements are detailed in Note 44.

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

(Translation of a report originally issued in Portuguese – Note 43)

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognised at fair value on the acquisition date, irrespective of the existence of minority interests.

The excess of the acquisition cost relative to the fair value of the Group's share of the identifiable assets and liabilities acquired is recorded as goodwill, as described in note 15.

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

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

Whenever an increased stake in the equity of an associated company results in the acquisition of control, as a result of which it is then included in the consolidated financial statements using the full consolidation method, the proportionate fair values attributed to the assets and liabilities, corresponding to the percentages previously held, are recorded under the caption Fair value reserves (Note 27).

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

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

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

1.3.2 Associates

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

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

The difference between the acquisition cost and the fair value of the assets, liabilities and contingent liabilities attributable to the affiliated company on the acquisition date, is – if positive - recognized as goodwill and recorded as an investments in affiliated companies.

If negative, goodwill is recorded as income for the period under the caption "Profit in affiliated companies".

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

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name.

Unrealised gains on transactions with associates are eliminated to the extent of the Group's investment in the associates. Unrealised losses are also eliminated, except where the transaction reveals evidence of impairment of a transferred asset.

Associates' accounting policies were amended whenever necessary so as to ensure consistency with the policies adopted by the Group.

Investments in associates are detailed in Note 20.

1.3.3 Joint Ventures

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

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

1.4 Segmental reporting

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

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

(Translation of a report originally issued in Portuguese – Note 43)

Pulp and Paper

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

Cement and derivatives

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

Environment

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

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

The segment reporting accounting policies are those consistently used in the Group. All the inter-segment sales and services are 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 functional currency which is different 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;
- (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); and
- (iii) The resulting exchange rates are recognised as a separate component of Shareholders' Equity, under the caption "Foreign currency translation reserve".

1.6 Intangible assets

With the exception of CO2 emission rights, intangible assets are recognized at acquisition cost, less amortization by the straight-line method over a period between 3 and 5 years and impairment losses.

1.6.1 CO2 emission rights

The CO2 emission rights attributed to the Group within the ambit of the Plano Nacional de Atribuição de Licenças de Emissão de CO2 at no cost, are recognised under the caption Intangible Assets at market value on the award date, with a corresponding liability being recorded under the caption "Deferred Income – Grants" for the same amount.

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

(Translation of a report originally issued in Portuguese – Note 43)

Sales of emission rights give rise to a gain or loss, being the difference between the amount realised and the respective acquisition cost, net of the corresponding State subsidy, which is recorded in “Other operating income” or “Other operating costs”, respectively.

1.6.2 Brands

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

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

1.7 Goodwill

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

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

1.8 Property, plant and equipment

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

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

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

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

Depreciation is calculated on the acquisition cost, using the straight-line method, as from the date the

asset enters into service, using the rates that best reflect their estimated useful life, as follows:

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

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

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

1.9 Investment properties

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

1.10 Impairment of non-current assets

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

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

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

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

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

1.11 Biological assets

Biological assets are measured at fair value, less estimated 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, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price deducted by costs relating to harvest and transportation, and also considered plantation costs, maintenance costs and a discount rate.

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

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognized as operating income/ costs.

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

1.12 Financial investments

The Group classifies its investments according to the following categories: financial assets at fair value through the income statement, loans granted and accounts receivable, investments held to maturity and available-for-sale financial assets. The classification depends on the intention motivating the investment's acquisition.

Management determines the classification at the moment of initial recognition of the investments and reappraises this classification on each reporting date.

All acquisitions and disposals of these investments are recognised at the date of the relevant purchase

and sale contracts, irrespective of the financial settlement date.

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

Loans granted and receivables

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

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

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

Financial assets at fair value through profit and loss

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

Investments held to maturity

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that: (i) the Group has the intention of holding for an undefined period of time, (ii) are designated as available-for-sale at initial recognition or (iii) do not meet the conditions to be classified in the above categories. These financial investments are recognized at market value, as quoted on the balance sheet date.

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

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

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

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

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

1.13 Derivative financial instruments

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

Although the derivative financial instruments contracted by the Group represent effective economic hedging instruments, not all of them qualify as hedging instruments in accordance with IAS 39. Derivative financial Instruments which do not qualify as hedging instruments are stated at fair value and changes in fair value are recognized through the income statement as commissions and losses in financial instruments (Note 10).

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

The fair value of derivative financial instruments is essentially included in the captions receivables and other current assets and payables and other current liabilities.

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

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

- i. The beginning date of the transaction and hedge relationship is identified and formally documented, including the identification of the hedged item, the hedge instrument and the evaluation of the hedge's effectiveness;
- ii. There is an expectation that the hedge relationship is extremely effective, at transaction date as throughout the operation;
- iii. The hedge effectiveness can be clearly measured at transaction date and throughout the operation;
- iv. As for cash flow hedge operations, it should be extremely probable that they will occur.

1.14 Corporate income tax

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

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

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

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

1.15 Inventory

Inventories are valued in accordance with the following criteria:

- i) Goods and raw materials

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

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ii) Finished products and work in progress

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

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

1.16 Receivables and other current assets

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

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

1.17 Cash and cash equivalents

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

For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the balance sheet as a current liability, under the caption Interest-bearing liabilities.

1.18 Share capital and treasury shares

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

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

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

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

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

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

1.19 Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value, net of the transaction costs incurred, and are subsequently stated at amortised cost.

Any difference between the amounts received (net of transaction costs) and the repayment amount is recognised in the income statement over the term of the debt, using the effective interest rate method.

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

1.20 Borrowing costs

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

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

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

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

1.21 Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events that will probably entail an outflow of funds and/or resources in order to discharge an obligation and that a reliable estimate can be made of the amount of the obligation.

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The Group incurs expenditure and assumes commitments of an environmental nature. Thus, expenditure on equipment and technical staff responsible for compliance with legislation and applicable regulations (as well as curtailing the environmental impacts to levels which do not exceed those corresponding to the viable application of the best technologies available - ranging from those relating to the minimisation of energy consumption, atmospheric emissions, waste production and noise pollution to those laid down for the execution of visual and landscape requalification plans) are capitalised when they are earmarked to sustain the Group's activity over the long term, as well as where they relate to future economic benefits and permit prolonging the life, increasing the capacity or improving the security or efficiency of the other assets held by the Group (Notes 30 and 36).

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

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

1.22 Pensions and other employee benefits

Pension 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 mentioned in Note 29, the Group constituted autonomous Pension Funds as a means of funding a part of the commitments for such payments.

According to IAS 19, companies with pension plans recognise the costs with the granting of these benefits as and when the services are rendered by the beneficiary employees.

In this manner, the Group's total liability is estimated at least every six months at the date of the interim and annual accounts for each plan separately by an independent and specialised entity in conformity with the projected unit credit method.

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

The liability thus calculated is presented in the 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, in non-current liabilities.

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

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

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

Other post-employment benefits

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

Retirement and death subsidy

The subsidiary CMP – Cements 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.

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

The subsidiary Société des Ciments de Gabes (Tunisia) assumed a commitment to its workers (Collective Labour Agreement, article 52) to pay a retirement subsidy equivalent to: (i) 2 months of the last salary if the worker has less than 30 years service to the company, and (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

Long-service bonus

Secil – Companhia Geral de Cal e Cement, S.A. and the subsidiary CMP – Cements 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.

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Healthcare assistance

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

Under this scheme, certain healthcare costs are reimbursed: (i) at Secil via a Health Insurance contracted by the company, (ii) at CMP, through “Cements – 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 (iii) at Cements Madeira e Brimade by means of the approval of the medical expenses submitted by the pensioners.

Holiday pay and allowances and bonuses

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

According to the current Performance Management System (Sistema de Gestão de Desempenho), employees have the right to a bonus based on annually-defined objectives, entitlement to which is normally acquired in the year preceding its payment.

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

1.23 Payables and other current liabilities

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

1.24 Government grants

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

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

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

Government grants that the Group receives to compensate its capital expenditures are reported under the caption “Payables and other current liabilities” and are recognized in the income statement

under the caption “Other operating income” during the estimated useful life of the granted asset.

1.25 Leases

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

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

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

Leases included in contracts according to IFRIC 4

The Group recognizes an operating or financial lease when it enters an arrangement, comprising a transaction or a series of related transactions, which may not assume the legal form of a lease, however transmits the right to use the asset in return for a payment or series of payments.

1.26 Dividends distribution

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

1.27 Revenue recognition and accrual basis

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

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

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

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

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

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

The differences between the amounts received and paid and the corresponding costs and income are recorded under the captions Current accounts receivable and Current accounts payable (Notes 24 and 32, respectively).

1.28 Contingent assets and contingent liabilities

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

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

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

1.29 Subsequent events

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

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

1.30 New standards, changes and interpretations of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by IASB for the financial years that begin on or after January 1, 2009:

New standards to further application	Effective date *
IAS 1 (revised) - Presentation of financial statements	January 1, 2009
IAS 23 (revised) - Borrowing Costs	January 1, 2009
IAS 32 (revised) - Financial Instruments: Presentation – Disclosure provisions and consequent changes in IAS 1 - Presentation of Financial Statements	January 1, 2009
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards and consequent changes in IAS 27 Consolidated and Separate Financial Statements	January 1, 2009
IFRS 2 (revised) - Share-based Payment	January 1, 2009
IFRS 7 (revised) - Financial Instruments - Disclosure	January 1, 2009
IFRS 8 - Operating Segments	January 1, 2009
IFRIC 9 - Embedded Derivatives and IAS 39 - Financial instruments: recognition and measurement	January 1, 2009
IFRIC 13 Customer Loyalty Programmes	January 1, 2009
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2009

Annual improvement of standards in 2008 (effective for annual financial periods beginning on January 1, 2009)	Effective date *
IAS 16 - Property, Plant and Equipment	January 1, 2009
IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2009
IAS 38 - Intangible Assets	January 1, 2009
IAS 40 - Investment Property	January 1, 2009

* Periods beginning on or after

** Standards not yet approved by the European Commission

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

New standards and interpretations not mandatory as at December, 31 2009:

There are new standards, interpretations and amendments of existing standards, despite having already been published, they are only mandatory for the periods starting on January 1, 2009 or further, as the Group decided not to adopt them in advance.

New standards approved by the European Commission	Effective date *
IAS 27 (revised) - Consolidated and separate financial statements	July 1, 2009
IAS 32 (revised) - Financial Instruments: Presentation – Disclosure provisions and consequent changes in IAS 1 - Presentation of financial statements	February 1, 2010
IAS 39 (revised) - Financial Instruments – Eligible Hedged Items	July 1, 2009
IFRS 2 (revised) – Group and treasury share transactions	January 1, 2010
IFRS 3 (revised) - Business combinations	July 1, 2009
Changes in IFRS 5 - Non-current assets held for sale and discontinued operations	July 1, 2009
IFRIC 12 - Service concession arrangements	March 30, 2009
IFRIC 15 - Agreements for the construction of a real estate	January 1, 2010
IFRIC 16 - Hedges of a net investment in a foreign operation	July 1, 2009
IFRIC 17 - Distributions of a non-cash assets to owners	November 1, 2009
IFRIC 18 - Assets transfer by clients	November 1, 2009

Standards not yet approved by the European Commission	Effective date *
IAS 24 (revised) - Related Party Disclosures	January 1, 2011
IFRS 1 (revised) - First-time Adoption of International Financial Reporting Standards	January 1, 2010
IFRS 2 (revised) - Share-based Payment	January 1, 2010
IFRS 19 - Financial instruments, classification and disclosure	January 1, 2013
IFRIC 14 (revised) - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

* Periods beginning on or after

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

(Translation of a report originally issued in Portuguese – Note 43)

2. Risk management

2.1 Financial risk factors

Semapa, as a holding company, does not have any direct operational activities. The main asset of Semapa as a holding company is the shares representative of the share capital of subsidiaries companies. Therefore the fulfillment of the assumed obligations depends on the cash flow generated by its subsidiaries. Thus, the company depends on the eventual dividends distribution by participated companies, interests' payment, loans reimbursement and other cash-flows generated by those companies.

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

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

2.1.1 Currency risk

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

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

Furthermore, once a sale is made in a currency other than the Euro, the Company assumes 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 future sales can also be significantly influenced by these currency fluctuations.

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

The sub-group Secil foreign exchange risk arises primarily from purchases of pet coke and sea freight, both of which are paid for in USD. The Secil Group has optimized intra-group cash flows in foreign currency with the aim of ensuring natural hedging. In the case of cash flows which are not offset naturally, the attendant risk has been analysed and hedged by means of currency options contracts which stipulate the maximum counter value to be settled and which permit the group to benefit partially from favorable movements in exchange rates.

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

The Group's exposure to foreign exchange rate risk as of December 31, 2009, based on financial assets and liabilities balances, totaled Euro 29,410,308 converted at the exchange rate of that date (December 31, 2008 Euro 27,810,414) as follows:

Amounts in Euro	US Dollar (USD)	Pound sterling (GBP)	Polish Zloty (PLN)	Swedish Crown (SEK)	Czech Crown (CZK)	Swiss Franc (CHF)
As of December 31, 2009						
Assets						
Cash and cash equivalents	25,212,440	39,034	74	-	(17)	88,850
Accounts Receivable	43,574,395	10,005,362	766,683	-	862	633,749
Financial assets held-for-sale	-	-	-	-	-	-
Other Assets	450,616	-	-	-	-	-
Total Financial Assets	69,237,451	10,044,396	766,757	-	845	722,599
Liabilities						
Interest-bearing liabilities	(3,014,367)	-	-	-	-	-
Accounts Payable	(23,128,285)	(2,301,637)	(115,008)	(16,157)	(8,316)	(1,101,892)
Total Financial Liabilities	(26,142,652)	(2,301,637)	(115,008)	(16,157)	(8,316)	(1,101,892)
Derivative Financial Instruments	(31,250,868)	(10,816,350)	-	-	-	-
Net on-balance sheet financial position	11,843,931	(3,073,591)	651,749	(16,157)	(7,471)	(379,293)
As of December 31, 2008						
Total Financial Assets	66,534,268	18,896,074	1,007,745	27,105	9,784	748,948
Total Financial Liabilities	(13,835,112)	(1,472,331)	(65,580)	(15,356)	(1,197)	(827,069)
Derivative Financial Instruments	(42,933,103)	(13,716,535)	-	-	-	-
Net on-balance sheet financial position	9,766,053	3,707,208	942,165	11,749	8,587	121,879
Amounts in Euro						
As of December 31, 2009						
Assets						
Cash and cash equivalents	94	-	-	3,638,813	10,471,988	39,451,276
Accounts Receivable	210,828	14,527	45,005	9,266,124	10,148,549	74,666,083
Financial assets held-for-sale	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Financial Assets	210,922	14,527	45,005	13,126,171	20,846,688	115,017,360
Liabilities						
Interest-bearing liabilities	-	-	-	(14,562,491)	(14,106,603)	(31,683,460)
Accounts Payable	(238,531)	(1,109)	(2,298)	(13,903,586)	(13,106,774)	(53,923,582)
Total Financial Liabilities	(238,531)	(1,109)	(2,298)	(28,466,076)	(27,213,376)	(85,607,042)
Derivative Financial Instruments	-	-	-	-	-	(42,967,217)
Net on-balance sheet financial position	(27,609)	13,418	42,707	(15,339,905)	(6,364,688)	(12,656,900)
As of December 31, 2008						
Total Financial Assets	509,497	32,282	-	2,940,447	13,815,929	194,522,079
Total Financial Liabilities	(128,936)	(233)	-	(32,000,780)	(28,565,071)	(76,711,664)
Derivative Financial Instruments	-	-	-	-	-	(56,649,639)
Net on-balance sheet financial position	380,561	32,049	-	(29,060,332)	(14,749,142)	(28,839,224)

As of December 31, 2009 a positive or negative variation of 5% of all currency rates to euro would have an impact on results of Euro 601,768 or negative Euro 665,061 (as of December 31, 2008 Euro 1,809,768 or negative Euro 1,022,026) and no impact on equity (as of December 31, 2008 Euro 4,277,058 or negative Euro 4,525,370) taking into account the operations in currency hedging.

The changes on the impacts of equity from the previous year is due to the closing of the portfolio of forward instruments related to sales and pulp price hedge and it do not apply to current year.

(Translation of a report originally issued in Portuguese – Note 43)

2.1.2 Interest rate risk

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

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

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

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

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

The sub-group Portucel resorted to the use of interest rate swaps for approximately 30% of the debt.

Towards the end of 2005, the sub-group Secil opted to partially hedge interest rate risk by means of derivative instruments which fixed a maximum figure for the finance charges relating to long-term debt with phased repayment terms. The remaining borrowings were maintained at variable interest rate. It also contracted in 2009 an hedge for interest rate risk with an interest rate swap of Euro 40 million, notional value. The rest of debt was maintained at a variable rate.

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

The sub-group ETSA and holding's kept all its debt allocated to a variable tax rate, although it is expected

that the company resorts to the use of derivative financial instruments to manage the interest rate risk.

On December 31, 2009 and December 31, 2008, 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	Less than 1 month	1-3months	3-12 months	1-5 years	More than 5 years	Total
As of December 31, 2009						
Assets						
Non-current						
Financial assets held-for-sale	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Current						
Cash and cash equivalents	63,977,893	-	-	-	-	63,977,893
Derivative Financial Instruments	-	-	-	-	-	-
Total Financial Assets	63,977,893	-	-	-	-	63,977,893
Liabilities						
Non-current						
Interest-bearing liabilities	59,350,000	-	779,064,054	14,967,091	18,435,987	871,817,132
Other non-current liabilities	-	-	-	-	-	-
Current						
Interest-bearing liabilities	4,781,913	99,665,199	343,526,406	-	-	447,973,519
Derivative Financial Instruments	-	1,607,786	1,538,394	-	3,297,161	6,443,341
Total Financial Liabilities	64,131,913	101,272,985	1,124,128,854	14,967,091	21,733,148	1,226,233,991
Net Amount	(154,020)	(101,272,985)	(1,124,128,854)	(14,967,091)	(21,733,148)	(1,292,256,099)
As of December 31, 2008						
Assets						
Non-current						
Financial assets held-for-sale	-	-	157,206	-	-	157,206
Other non-current assets	-	-	-	-	-	-
Current						
Cash and cash equivalents	233,324,382	-	-	-	-	233,324,382
Derivative Financial Instruments	-	-	-	260,204	-	260,204
Total Financial Assets	233,324,382	-	157,206	260,204	-	233,741,792
Liabilities						
Non-current						
Interest-bearing liabilities	-	2,408,885	18,957,272	920,858,118	284,892,008	1,227,116,283
Other non-current liabilities	-	-	-	-	-	-
Current						
Interest-bearing liabilities	14,475,513	13,848,899	35,707,619	-	-	64,032,031
Derivative Financial Instruments	-	-	-	371,000	-	371,000
Total Financial Liabilities	14,475,513	16,257,784	54,664,891	921,229,118	284,892,008	1,291,519,314
Net Amount	218,848,869	(16,257,784)	(54,507,685)	(920,968,914)	(284,892,008)	(1,057,777,523)

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

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

Under the previous principles an increase or decrease of 0.25% on interest market rates for all currencies where the Group has loans or derivative financial instruments as of December 31, 2009 would have the following effect:

1. A positive variation of 0.25% would have a negative impact on net profit of Euro 808,822 (2008: Euro 2,648,601 negative);
2. A negative variation of 0.25% would have a positive impact on net profit of Euro 505,018 (2008: Euro 2,626,754);

(Translation of a report originally issued in Portuguese – Note 43)

3. A positive variation of 0.25% would have a positive impact on equity of Euro 1,467,299 (2008: Euro 632,001);
4. A negative variation of 0.25% would have a negative impact on equity of Euro 1,282,448 (2008: Euro 636,222 negative).

Compared to the previous year, the less exposure in net earnings is due to a number of financial derivative instruments of hedging acquired in 2009, namely interest rate collars in order to reduce this impact (Note 33). For the same reason the exposure in equity increases.

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 or are total or partially covered by bank guarantees, or if partially is not covered, are within reasonable exposure limits.

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

As of December 31, 2009 and December 31, 2008, the accounts receivable from customers showed the following ageing structure, considering the due dates for the opening balances:

Amounts in Euro	31-12-2009	31-12-2008
Not overdue	142,431,815	166,234,942
1 to 90 days	44,910,044	40,724,751
91 to 180 days	4,985,167	6,575,106
181 to 360 days	3,183,047	4,453,132
360 to 540 days	2,786,443	2,332,528
541 to 720 days	876,859	345,470
more than 721 days	4,824,459	4,760,419
	203,997,834	225,426,348
Litigation - doubtful debts	4,753,395	4,839,231
Impairments	(12,283,778)	(11,614,148)
Net Receivables Balance (note 24)	196,467,451	218,651,431

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

These are identified using the information periodically collected about the financial behaviour of the Group clients, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the occurred credit defaults, in the share not imputable to the insurance company, to define the amount of losses to recognise in the period. The 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 December 31, 2009 and December 31, 2008, for financial assets (cash, cash equivalents and Derivative Financial Instruments), whose counterparts are financial institutions:

Rating	31-12-2009	31-12-2008
	Euro	Euro
AA	3,166,263	2,892,568
AA-	6,254,089	326,929
A+	7,951,859	-
A	46,684,989	184,757,583
A-	2,167,188	241,770
Other	22,601,425	16,749,661
	88,825,813	204,968,511

Others concern the financial institutions with which there are transactions of reduced relevance, relatively to which it was not possible to obtain the ratings with reference to the presented dates.

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

Amounts in Euro	31-12-2009		31-12-2008	
	Gross Value	FV Warranties	Gross Value	FV Warranties
Accounts receivable overdue but not impaired	44,850,035	13,051,788	38,858,568	23,419,855
Overdue - less than 3 months	9,160,538	455,446	12,980,740	3,761,552
Overdue - more than 3 months	54,010,573	13,507,233	51,839,307	27,181,407
Accounts receivable overdue and impaired	60,009	-	858,289	-
Overdue - less than 3 months	12,112,711	-	10,325,147	-
Overdue - more than 3 months	12,172,721	-	11,183,436	-

It should be noted that, in accordance with the above-mentioned, the Group adopted a policy of credit insurance for all accounts receivable from clients and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and within acceptable levels.

The maximum exposure to the credit risk in the balance sheet as at December 31, 2009 and December 31, 2008, is detailed in the following schedule:

Amounts in Euro	31-12-2009	31-12-2008
Non-current		
Financial assets held-for-sale	-	308,247
Other non-current assets	1,363,767	1,365,582
Current		
Receivables and other current assets	214,558,442	254,567,389
Cash and cash equivalents	88,825,813	204,968,511
Credit risk exposures relating to off-balance sheet items		
Commitments (Note 39)	41,130,085	26,575,555

2.1.4 Liquidity risk

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

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

(Translation of a report originally issued in Portuguese – Note 43)

Amounts in Euro	Less than 1 year	1-5 years	More than 5 years	Total
As of December 31, 2009				
Liabilities				
Interest-bearing Liabilities				
Bond loans	341,149,565	401,350,819	254,863,324	997,363,707
Commercial paper	640,627	19,142,936	42,734,444	62,518,007
Bank Loans	121,926,075	202,302,768	35,099,243	359,328,086
Financial lease payables	1,274,455	1,641,899	-	2,916,354
Derivative Financial Instruments	6,308,789	1,576,456	(2,155,011)	5,730,234
Accounts payable	276,561,688	-	-	276,561,688
Other liabilities	-	-	-	-
Total liabilities	747,861,199	626,014,878	330,541,999	1,704,418,076
As of December 31, 2008				
Liabilities				
Interest-bearing Liabilities				
Bond loans	46,540,941	788,073,392	278,137,760	1,112,752,094
Commercial paper	6,697,546	67,708,122	43,908,300	118,313,967
Bank Loans	84,521,922	228,762,387	1,121,142	314,405,450
Financial lease payables	1,287,062	1,716,702	-	3,003,763
Derivative Financial Instruments	(2,214,024)	1,078,881	-	(1,135,343)
Accounts payable	254,173,556	-	-	254,173,556
Other liabilities	-	-	-	-
Total liabilities	391,007,002	1,087,339,284	323,167,202	1,801,513,488

As of December 31, 2009 and 2008 bank loans granted and not withdrawn amounts to Euro 708,869,890 and Euro 760,706,657 accordingly.

2.1.5 Carbon emission allowances risk

The Group promotes an active management of its portfolio of emission allowances which were attributed in phase 2 of the EU-ETS thus eliminating or reducing price risk.

2.2 Operational risk factors

2.2.1 Supply of raw material

For the sub-group Portucel Soporcel, 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 forest areas, or the substitution of some of the present areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the quickness of the responsible authorities.

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

Furthermore, and considering the unprecedented National Value Added in the Portuguese Economy, direct and indirect, of the forest and paper area, as well the export amounts and the employee volume and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group made the Government and the public opinion aware that is necessary to guarantee that, whilst the internal production of this type of wood material does not increase significantly on an economically viable basis, its use as biomass for energy purposes should not overcome the requirements for goods production purposes.

Regarding the sub-group Secil, the main raw materials in the manufacturing process of cement are

limestone and clay or marl, which extraction is carried out in its own quarries, located within the factory, with the reservation that ensure Secil sustained operation in the coming years.

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

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

2.2.2 Market Price

For the sub-group Portucel Soporcel, the market prices of BEKP and UWF paper are settled 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 one of the market players (producers, traders, distributors, clients, etc.) worldwide, creating imbalances in supply in the face of market demand raising market volatility.

In order to limit the risk associated with fluctuations in the price of BEKP in the short-term, the sub-group Portucel carried out some hedging operations through forward sales agreements.

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

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

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

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

2.2.3 Demand for products of the Group

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

(Translation of a report originally issued in Portuguese – Note 43)

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

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

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

In the mature markets, the demand for cement and other building materials tends to be highly constant throughout the year. A decline in demand is only observed in December. The demand for Secil products is in general aligned with this behavioural pattern.

A decrease in demand or diminished level of activity in animal feed industry, agriculture exploitations, petfood and biodiesel can have a significant impact on the turnover of the sub-group ETSA.

2.2.4 Competition

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

The paper markets are highly competitive, so that, in the present situation, the coming on stream of new capacity could have a strong influence on world market prices.

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

The main factor of threat for the competitiveness of the eucalyptus forest sector is the low productivity of the Portuguese forest and in the worldwide search of certified products, as only a small part of the forest is certified, being predictable that this competitive pressure will be held in the future.

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

The sub-group ETSA develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that have business as the production of substitutes for these products, as are industries

such as the production of cereals and edible oils. In this framework, any increase or decrease in competition will be reflected in the levels of profitability of the Sub-Group.

2.2.5 Environmental legislation

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

The 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 exists that Secil may need to realize additional investments in this area, in such a manner as to comply with any new limits that may eventually be approved.

2.2.6 Energy costs

A significant portion of the Semapa Group's costs is dependent on energy costs. Energy is a cost factor with a substantial weight on the business carried on by Semapa and its affiliates.

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

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

2.2.7 Context costs

The lack of efficiency in the Portuguese economy, which exercises a negative effect on the Group's ability to compete, continues to require special attention, particularly, but not exclusively, in the following areas:

- i) Ports and railroads;
- ii) Roads particularly those providing access to the Group's plants; Rules relating to territory and forest fires
- iii) Low productivity of the country's forests;

(Translation of a report originally issued in Portuguese – Note 43)

3. Important accounting estimates and judgements

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

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

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

3.1 Impairment of Goodwill

The Group carries out an annual review of goodwill in order to ascertain whether goodwill has been impaired, in accordance with the accounting policy described in Note 1.10. The recoverable amounts of the cash-flow generating units are determined based on the basis of the calculation of their value-in-use. These calculations require the use of estimates.

On December 31, 2009, a potential worsening of 0.5% in the discount rate used in impairment tests of the various cash-generating units would mean an overall decrease of 11% in their assessed value, which still higher its book value.

3.2 Corporate income tax

The Group recognizes liabilities for additional tax assessments resulting from inspections undertaken by the tax authorities. When the final outcome of such situations is different from those initially recorded, the differences will impact income tax and deferred taxes in the periods in which such differences are identified.

3.3 Actuarial assumptions

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

However, due to the analysis made to the capital market and to its expectable future development and to associated risk, at December 31, 2008, the company measured its retirement benefit obligations by using a discount rate of 5.50%. (See Note 29).

As of December 31, 2009 a decrease on the discount rate by 0.25% would bring an increase in liabilities by Euro 8,156,921.

3.4 Fair value of biological assets

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

As of December 31, 2009, an increase of 0.5% on the discount rate, 5.5%, would depreciate those assets by Euro 3,331,062.

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.

The impairment in accounts receivable are calculated essentially based on the accounts receivable ageing, the risk profile of the clients and their financial situation.

(Translation of a report originally issued in Portuguese – Note 43)

4. Segment Information

Segmental information is presented for identified business segments, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. Revenues, assets and liabilities per segment correspond to those directly attributed to each segment, as well as to those that can be reasonably attributed.

Business segment

Financial information by business segment for the period ended December 31, 2009 is shown as follows:

Amounts in Euros	Pulp and paper	Cement and derivatives	(12 months) Environment	Holdings	Consolidated
REVENUE					
Revenue	1,095,309,074	291,837,810	28,940,766	342,767	1,416,430,417
Operational results	107,201,984	56,383,828	5,409,891	(14,778,084)	154,217,619
Net financial cost	(7,545,480)	(2,945,734)	(507,816)	(15,604,590)	(26,603,620)
Profit in affiliated companies	-	395,181	-	-	395,181
Income tax expense	(12,869,267)	(7,859,336)	(1,456,729)	(80,791)	(22,266,123)
Ordinary activities results	86,787,237	45,973,939	3,445,346	(30,463,465)	105,743,057
Minority interests	(20,014,658)	(6,449,676)	(429,399)	-	(26,893,733)
Net profit for the year	66,772,579	39,524,263	3,015,947	(30,463,465)	78,849,324
OTHER INFORMATION					
Segment assets	2,574,370,284	482,195,651	26,258,165	290,634,720	3,373,458,820
Investments in associated companies	130,074	1,725,359	-	-	1,855,433
Total segmental liabilities	1,393,943,379	203,934,818	19,328,396	585,132,899	2,202,339,492
Amortization and impairment losses	136,421,895	21,880,528	1,826,675	161,328	160,290,426
Net provisions	(21,464,011)	229,839	(235,000)	(635,598)	(22,104,770)
Fixed capital expenditures	522,306,829	15,723,500	4,071,489	47,333	542,149,151

Financial information by business segment for the period ended December 31, 2008 is analyzed as follows:

Amounts in Euros	Pulp and paper	Cement and derivatives	(12 months) Environment	Holdings	Consolidated
REVENUE					
Revenue	1,131,936,059	305,241,062	4,238,323	324,645	1,441,740,089
Operational results	156,253,474	57,244,651	971,040	2,439,888	216,909,053
Net financial cost	(19,635,390)	(3,889,835)	(211,705)	(32,441,371)	(56,178,301)
Profit in affiliated companies	-	432,990	-	-	432,990
Income tax expense	(23,830,159)	(12,545,756)	(405,568)	13,003,169	(23,778,314)
Ordinary activities results	112,787,925	41,242,050	353,767	(16,998,314)	137,385,428
Minority interests	(27,055,445)	(3,863,574)	(118,928)	-	(31,037,947)
Net profit for the year	85,732,480	37,378,476	234,839	(16,998,314)	106,347,481
OTHER INFORMATION					
Segment assets	2,489,428,444	492,655,268	26,273,913	272,120,592	3,280,478,217
Investments in associated companies	130,074	1,698,248	-	-	1,828,322
Total segmental liabilities	1,315,014,374	220,311,429	19,162,103	601,712,242	2,156,200,148
Amortization and impairment losses	101,925,546	21,648,361	453,252	151,887	124,179,046
Net provisions	13,539,786	1,127,907	(260,753)	730,259	15,137,199
Fixed capital expenditures	259,968,388	20,713,524	1,614,160	200,764	282,496,836

(Translation of a report originally issued in Portuguese – Note 43)

Geographical segment

2009	Pulp and paper	Cement	Environment	Total
Sales and services rendered:				
Portugal	221,118,131	170,987,223	19,113,455	411,218,809
Rest of Europe	679,448,979	4,080,104	9,496,486	693,025,569
America	78,166,261	-	-	78,166,261
Africa	-	91,110,943	330,825	91,441,768
Asia	-	715	-	715
Overseas	116,575,703	25,658,825	-	142,234,528
	1,095,309,074	291,837,810	28,940,766	1,416,087,650

2008	Pulp and paper	Cement	Environment*	Total
Sales and services rendered:				
Portugal	151,181,806	194,309,017	3,387,754	348,878,577
Rest of Europe	755,362,133	4,135,015	850,569	760,347,717
America	68,879,128	-	-	68,879,128
Africa	-	53,099,982	-	53,099,982
Asia	-	28,941,321	-	28,941,321
Overseas	156,512,992	24,755,726	-	181,268,718
	1,131,936,059	305,241,061	4,238,323	1,441,415,443

* Includes only 3 months of activity proportionally distributed along the year

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

5. Other operating income

As of December 31, 2009 and 2008, the caption “Other operating income” was as follows:

Amounts in Euro	2009	2008
Grants - CO2 Emission licences (Note 6)	18,272,735	37,799,144
Adjustment reversal (Note 23)	1,658,787	1,018,026
Sw ap - CO2 Emission licences	864,283	-
Supplementary income	2,738,711	8,676,384
Reversion of impairment (Note 23)	6,485,170	-
Gains on disposals of non-current assets	4,073,467	20,323,523
Gains on inventories	496,728	487,909
Gains on disposals of current assets	35,668	566,775
Government grants	1,502,652	532,237
Work for the company	6,498,490	314,446
Revenues from waste	478,294	1,038,599
Other operating income	11,552,976	11,613,549
	54,657,961	82,370,592

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

The amount presented in section Grants – Greenhouse emissions rights is the recognition of the grant, originated in the allocation of free allowances (Note 1.6.1), in the proportion of year emissions (Note 6).

The caption “Other operating income” includes Euro 5,850,000 for the recognition of the part taken by Instituto de Gestão da Tesouraria e do Crédito Público, I.P. as to the amounts claimed in respect of indirect taxes paid in Germany by Portucel in connection with the repayment of additional payments of taxes to the Fund Adjustment of Debt (Note 41).

The caption “other non-current assets” in 2008, complies two positive price adjustments related to Secil share capital disposal to Béton Catalan, SL (CRH Group), occurred in 2004, which Semapa would receive if the Secil had success in its receipt, are detailed as follows:

- Euro 2,932,932 as a result of a positive decision, in 2008, in case of tax disputes.

- Euro 13,150,999 as part (49%) of compensation paid by the Angolan state to Secil since this asset (contingent on the date of sale) was not part of the business.

6. Costs

As of December 31, 2009 and 2008 costs comprises:

Amounts in Euro	2009	2008
Cost of sales and service rendered		
Sold and Consumed Inventories	(568,341,107)	(588,135,620)
Consumed Services and Materials	(395,511,547)	(387,732,999)
Variation in production	(1,160,048)	32,542,350
Personnel costs		
Board of directors (Note 7)	(11,911,099)	(11,408,479)
Other remunerations	(111,952,299)	(108,952,485)
Pension costs	(11,952,789)	(11,498,493)
Other payroll costs	(36,954,076)	(34,480,354)
	(172,770,263)	(166,339,811)
Other costs and losses		
Quotations	(759,635)	(609,353)
Donations	(712,350)	(975,971)
Emission allowance costs	(18,753,577)	(37,799,144)
Inventories and other receivables impairment	(3,406,420)	(7,683,824)
Losses on inventories	(1,108,556)	(945,556)
Indirect taxes	(6,082,194)	(4,516,650)
Losses on disposal of non-current assets	(30,479)	(41,900)
Other operating costs	(5,511,847)	(5,549,202)
	(36,365,058)	(58,121,600)
Net provisions (Note 30)	22,104,770	(15,137,199)
Total costs	(1,152,043,253)	(1,182,924,879)

7. Directors' and Statutory Bodies Remuneration

As of December 31, 2009 and 2008 the remunerations to the members of the corporate bodies, including performance bonuses, were made up as follows:

Amounts in Euro	2009	2008
Board of directors		
Semapa SGPS, S.A.	5,343,372	4,594,630
Members of Semapa board in other companies	5,028,399	3,837,237
Corporate bodies from other group companies	1,539,328	2,976,612
	11,911,099	11,408,479

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

(Translation of a report originally issued in Portuguese – Note 43)

8. Depreciation, amortization and impairment losses

As of December 31, 2009 and 2008 depreciation, amortization and impairment losses were as following:

Amounts in Euro	2009	2008
Property, plant and equipment depreciation		
Land	(1,147,430)	(910,601)
Buildings	(23,258,492)	(22,560,049)
Other tangible assets	(135,420,084)	(98,673,748)
	<u>(159,826,006)</u>	<u>(122,144,398)</u>
Intangible assets depreciation		
Industrial property and other rights	(464,420)	(464,420)
	<u>(464,420)</u>	<u>(464,420)</u>
Impairment losses in intangible assets		
Goodwill (Note 15 and 22)	-	(1,570,228)
	<u>-</u>	<u>(1,570,228)</u>
	(160,290,426)	(124,179,046)

Depreciations are net of recognized government grants of Euro 5,223,932 (2008: Euro 11,749,315).

In 2008 the Goodwill impairment loss identified in the period refers to 51% of Ecoresíduos (100% Owned by subsidiary Secil)..

9. Group Share of Associates' Net Profits

In the year ended 31 December 2009 and 2008, the Group recorded its share of the net income/loss of associated companies as follows:

Amounts in Euro	2009	2008
Sub-group Secil		
Chryso - Aditivos de Portugal, S.A.	(2,237)	6,456
Setefrete, SGPS, S.A.	393,512	421,807
Secil Energia	-	966
J.M. Henriques, Lda.	3,906	3,761
	<u>395,181</u>	<u>432,990</u>

The company does not recognise deferred taxes on these amounts on the grounds that it considers that the provisions of article 46 of the corporate income tax code (Portuguese initials IRC) apply.

10. Net financial costs

At 31 December 2009 and 2008, net finance costs comprise:

Amounts in Euro	2009	2008
Interest paid on loans from shareholders	(181,872)	(293,600)
Interest paid on other loans	(48,487,477)	(80,961,997)
Other interest earned	4,363,494	21,285,359
Compensatory interest	10,862,681	(1,064,756)
Fair value in financial assets available for sale	113,216	-
Gains / (losses) on fair value financial assets valuation	1,470,988	(2,373,278)
Gains / (losses) on financial instruments - hedging	7,785,198	11,081,506
Gains / (losses) on financial instruments - trading	(2,828,202)	1,293,957
Accrued premium stock options	-	(1,963,000)
Exchange fluctuations	3,896,004	(1,651,068)
Other financial expenses	(3,568,111)	(3,107,132)
Other financial income	(29,539)	1,575,708
	<u>(26,603,620)</u>	<u>(56,178,301)</u>

The amount stated in "Gains / (losses) on fair value financial assets valuation" refers to the devaluation in the listed securities held by the Group and classified as "Financial assets at fair value through profit or loss", as described in note 20.

In 2008 the interest on deferred payments was related to additional tax assessments (related to income tax from 1998 to 2003), and tax contingencies in Portugal and foreign countries, being reversed in 2009 since they were not applicable.

The gains / (losses) on financial instruments comply the results from the instruments detailed in note 33.

11. Income Tax

The Groups Semapa, Portucel, Secil and ETSA is subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 90% and which meet the conditions laid down in articles 63 and following of the IRC Code.

The companies which fall within the perimeter of the group companies subject to this regime compute and record corporate income tax just as if they were taxed on an individual basis. Where there are gains on the application of this regime, these are recorded as a deduction for the parent company's tax.

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

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

As of December 31, 2009 and 2008, income tax comprises:

Amounts in Euro	2009	2008
Current tax	28,153,221	41,561,566
Tax provisions	(10,814,479)	(27,009,019)
Deferred tax	4,927,381	9,225,767
	<u>22,266,123</u>	<u>23,778,314</u>

The reconciliation of the effective tax rate in the years ended 31 December 2009 and 2008 is as follows:

Amounts in Euro	31-12-2009	31-12-2008
Profit before tax	128,009,180	161,163,742
Expected income tax	33,922,433	42,708,392
Differences (a)	(1,656,950)	18,146,347
Recoverable tax losses carried forward	(2,385,638)	(8,142,245)
Non recoverable tax losses	5,977,781	4,636,234
Tax rate effect	(695,248)	(1,475,028)
Provision for current tax	(10,814,479)	(26,950,375)
Tax benefits	(1,721,629)	(4,774,183)
Adjustments to taxable income	(360,147)	(370,828)
	<u>22,266,123</u>	<u>23,778,314</u>

(Translation of a report originally issued in Portuguese – Note 43)

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(395,181)	(164,700)
Capital gains / (losses) for tax purposes	(454,720)	44,279
Capital gains / (losses) for accounting purposes	(6,665,300)	(16,778,965)
Provisions not allowed for tax purposes	10,492,078	48,216,865
Tax benefits	(5,707,551)	(6,675,046)
Dividends received from non EU companies	2,537,887	2,413,582
Decrease in taxed provisions	(1,115,360)	(897,653)
Intra-group earnings subject to taxation	(13,321,222)	-
Pension fund allocation	2,428,820	21,977,480
Others	5,947,907	20340941
	(6,252,640)	68,476,783
Tax effect (26,50%)	(1,656,950)	18,146,347

As of December 31, 2008 the provision for current tax includes a decrease of Euro 11,797,305 in liabilities resulting from the correction of the tax authorities made in the previous years disregarding for tax effects the deduction of the fiscal incentives received by the company as of the construction of the second paper machine in Figueira da Foz plant in the period of 1998 through 2000. In February 2008, a favorable decision was given relatively to the claim made by Soporcel to this decision, so it was recognized in the period the cancellation of the liability related to this correction.

It also includes a reversion of a provision for taxes in the amount of Euro 2,551,023 relating to a pending process with tax authorities due to the reimbursement of tax withholding in Portugal by its subsidiary Interholding Investments BV (Former – Semapa Investments BV) in face of dividends received from Portucel in the years 2005 and 2006. Tax authorities have already proceeded to payment.

The annual tax returns in Portugal are subject to review and possible adjustment on the part of the tax authorities during a period of 4 years. However, where there are tax losses, these may be subject to review and additional assessment by the tax authorities for a period of 10 years.

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

The Board of Directors is of the opinion that any corrections to those tax returns as a result of assessments by the tax authorities will not have a material impact on the consolidated financial statements at 31 December 2009. Additionally, the periods until 2007 of Portucel, Soporcel and Secil have already been reviewed.

12. Earnings per share

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

Amounts in Euro	2009	2008
Profit attributable to Semapa's shareholders	78,849,324	106,347,480
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	0.698	0.942
Diluted earnings per share	0.698	0.942

The weighted average number of shares is shown after deducting 2,727,975 treasury shares owned by Seminv, S.A., subsidiary owned by Semapa, SGPS, S.A. and

2,720,000 treasury shares acquired by Semapa in July 2007.

13. Minority interests

At 31 December 2009 and 2008, the minority interest shown in the Income statement comprises:

Amounts in Euro	Earnings	
	2009	2008
Portucel - Empresa de Pasta e Papel, SA	20,021,752	27,056,514
Raiz - Instituto de Investigação da Floresta e Papel	(7,094)	(1,069)
Grupo Secil Betões e Inertes	17,672	62,176
Société des Ciments de Gabés	37,038	46,052
Secil Martingança	11,294	21,671
Secil - Companhia de Cimento do Lobito, S.A.	1,540,600	744,207
Ciments de Sibline, S.A.L.	4,671,602	2,383,018
Grupo Cimentos Madeira	133,576	387,939
ETSA - Empresa Transformadora de Subprodutos Animais, S	462,759	-
Other	4,534	337,440
	26,893,733	31,037,948

At 31 December 2009 and 2008, the minority interest in the balance sheet comprises:

Amounts in Euro	Equity	
	31-12-2009	31-12-2008
Portucel - Empresa de Pasta e Papel, SA	272,085,085	273,339,404
Raiz - Instituto de Investigação da Floresta e Papel	230,002	231,358
Grupo Secil Betões e Inertes	197,286	212,990
Société des Ciments de Gabés	675,225	703,405
Secil Martingança	166,700	155,414
Secil - Companhia de Cimento do Lobito, S.A.	4,576,867	3,859,237
Ciments de Sibline, S.A.L.	22,616,610	20,898,063
Grupo Cimentos Madeira	2,865,844	2,882,475
ETSA - Empresa Transformadora de Subprodutos Animais, S	1,392,465	-
Other	569,176	658,147
	305,375,260	302,940,493

The movement in the minority interests' account in the year ended 31 December 2009 is as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Total
Balance as of January 1, 2008	278,645,979	26,227,101	-	304,873,080
Change in consolidation perimeter	-	-	11,232	11,232
Acquisitions to minority interest	(23,273,803)	279,389	-	(22,994,414)
Dividends	(6,412,181)	(2,490,148)	-	(8,902,329)
Currency translation reserve	52,723	1,483,655	-	1,536,378
Financial instruments	(632,351)	-	-	(632,351)
Actuarial gains and losses	(1,821,840)	5,359	-	(1,816,481)
Other movements in equity	(43,210)	(4)	(129,357)	(172,571)
Net profit of the year	27,055,445	3,863,575	118,928	31,037,948
Balance as of December 31, 2008	273,570,762	29,368,927	803	302,940,492
Acquisitions non controlling interest	(3,222,604)	(110,579)	1,655,159	(1,678,024)
Dividends	(18,248,232)	(2,908,243)	(420,000)	(21,576,475)
Currency translation reserve	(4,419)	(1,117,509)	-	(1,121,928)
Financial instruments	(1,548,325)	-	-	(1,548,325)
Actuarial gains and losses	1,689,735	17,993	-	1,707,728
Other movements in equity	63,512	-	(305,453)	(241,941)
Net profit of the year	20,014,658	6,449,676	429,399	26,893,733
Balance as of December 31, 2009	272,315,087	31,700,265	1,359,908	305,375,260

The change of perimeter occurred in the segment of Pulp and paper results from an acquisition of minority interests of 0.05% in subsidiary Portucel.

The increase in the Environment segment results from the sale of 20% of the ETSA to minority interests.

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14. Appropriation of previous year's profit

Amounts in Euro	Application of year's net profit	
	2009	2008
Dividends distribution	29,481,173	29,481,173
Other reserves	61,866,307	35,181,478
Retained earnings	15,000,000	57,287,910
Net profit for the year	106,347,480	121,950,561
Dividends per share	0.255	0.249

As of December 31, 2009 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 2009 and 2008:

Amounts in Euro	2009	2008
Net amount at the beginning of the year	330,370,980	285,675,118
Change in consolidation perimeter	-	46,146,634
Impairment losses	-	(1,570,228)
Acquisitions	694,850	78,403
Disposals	(8,966,590)	-
Exchange differences	(824,442)	41,053
Ending Balance	321,274,798	330,370,980

Note: net of impairment losses (Note 22)

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

As of December 31, 2009 and 2008 Goodwill was made up as follows:

Entity	Acquisition date	2009	2008
Acquisitions made by Semapa and holdings			
Sacil - Companhia Geral de Cal e Cimento, SA	1997	6,766,530	6,766,530
Cimentospar, SGPS, SA	2003	81,296,931	81,296,931
Portucel - Empresa Produtora de Pasta e Papel, SA	2004	135,565,059	135,565,059
ETSA - Empresa de Transformação de Subprodutos Animais, SA	2008	35,866,358	44,832,948
		259,494,878	268,461,468
Acquisitions made by Sub-group Secil (51%)			
CMP - Cimentos Maceira e Pataias, S.A.	1994	24,906,178	24,906,178
Société des Ciments de Gabès	2000	16,726,884	17,362,453
Grupo Secil Betões e Inertes	2000	6,796,621	6,796,621
Sud-Béton-Société de Fabrication de Béton du Sud	2001	994,295	1,028,410
Tecnoscil, S.A.R.L.	2005	841,843	871,423
IRP - Indústria de Reboco de Portugal, S.A.	2005	1,611,226	1,557,891
Scobetão - Fabricação de Betão, S.A.	2006	421,747	421,747
Secil Cabo Verde Comércio e Serviços, S.A.	2005	71,117	71,117
Secil Betões e Inertes, SGPS, S.A.	2006	311,197	311,197
Cimentos Madeira, S.A.	2007	924,103	924,103
Minerbetão, S.A.	2007	476,507	476,507
Ciments de Sibline, S.A.L.	2007	5,567,554	5,759,776
Teporset, S.A.	2008	78,403	78,403
Coltegra	2008	43,709	-
Quimpedra	2009	694,850	-
		60,466,234	60,595,826
Acquisitions made by Sub-group ETSA			
Abapor - Comércio e Indústria de Carnes, SA	2008	1,313,686	1,313,686
		1,313,686	1,313,686
		321,274,798	330,370,980

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

Amounts in Euro	December 31, 2009			
	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	129,817,153	135,565,059	37,180,044	302,562,256
Tunisia	17,721,179	-	-	17,721,179
Lebanon	78,403	-	-	78,403
Angola	841,843	-	-	841,843
Cape Verde	71,117	-	-	71,117
	148,529,695	135,565,059	37,180,044	321,274,798

Amounts in Euro	December 31, 2008			
	Cement and derivatives	Pulp and Paper	Environment	Total
Portugal	129,217,481	135,565,059	46,146,634	310,929,174
Tunisia	18,420,863	-	-	18,420,863
Lebanon	78,403	-	-	78,403
Angola	871,423	-	-	871,423
Cape Verde	71,117	-	-	71,117
	148,659,287	135,565,059	46,146,634	330,370,980

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

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

As a result of the calculations made up until now, no impairment losses relating to Goodwill have been identified in respect of the year ended 31 December 2009. As a result of the calculations, no impairment losses have been identified.

Impairment testing was based on the following assumptions:

2009	Cement and derivatives				Pulp and Paper
	Portugal	Tunisia	Lebanon	Angola	
Inflation rate	1.80%	1.80%	1.80%	1.80%	1.80%
Discount rate	7.73%	8.08%	15.05%	13.24%	7.27%
WACC detail *					
Risk-free interest rate	4.40%	4.40%	4.10%	3.99%	4.40%
Risk-premium of capital	5.50%	5.50%	5.50%	5.50%	5.50%
Country risk rate	0.00%	3.40%	13.50%	13.50%	0.00%
Tax rate	26.50%	30.00%	15.00%	35.00%	26.50%

*for purposes of discount rate calculation

(Translation of a report originally issued in Portuguese – Note 43)

16. Other intangible assets

During 2009 and 2008 changes under the intangible assets heading were as follows:

Amounts in Euros	Brands	Industrial property and other rights	CO2 emission licenses	Total
Acquisition costs				
Amount as of January 1, 2008	151,488,000	4,163,653	1,603,313	157,254,966
Acquisitions	-	-	48,589,553	48,589,553
Disposals	-	-	(13,197,537)	(13,197,537)
Adjustments, transfers and write-off's	-	(2,265,551)	(11,384,231)	(13,649,782)
Amount as of December 31, 2008	151,488,000	1,898,102	25,611,098	178,997,200
Acquisitions	-	-	19,790,627	19,790,627
Disposals	-	-	(6,748,536)	(6,748,536)
Adjustments, transfers and write-off's	-	-	(19,170,252)	(19,170,252)
Amount as of December 31, 2009	151,488,000	1,898,102	19,482,937	172,869,039
Accumulated depreciation and impairment losses				
Amount as of January 1, 2008	-	(2,748,088)	(1,543,516)	(4,291,604)
Amortizations and impairment losses	-	(466,245)	-	(466,245)
Disposals	-	-	-	-
Adjustments, transfers and write-off's	-	2,265,551	-	2,265,551
Amount as of December 31, 2008	-	(948,782)	(1,543,516)	(2,492,298)
Amortizations and impairment losses	-	(464,420)	-	(464,420)
Disposals	-	-	-	-
Adjustments, transfers and write-off's	-	-	-	-
Amount as of December 31, 2009	-	(1,413,202)	(1,543,516)	(2,956,718)
Net book value as of January 1, 2008	151,488,000	1,415,565	59,797	152,963,362
Net book value as of December 31, 2008	151,488,000	949,320	24,067,582	176,504,902
Net book value as of December 31, 2009	151,488,000	484,900	17,939,421	169,912,321

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

The impairment of this intangible asset is tested annually. Based on the assessment carried out in 2009 there was no impairment.

Brand	Markets	Risk-free interest rate	Discount rate*	Inflation rate	Tax rate
Navigator	Europe	3.8%	7.6%	2.0%	26.5%
	USA	2.2%	8.7%	2.5%	-
Soporset	Europe	3.8%	7.4%	2.0%	26.5%
	USA	2.2%	9.2%	2.5%	-

* The discount rate includes the solid level of each brand

(Translation of a report originally issued in Portuguese – Note 43)

17. Property, plant and equipment

The following movements were registered in the year ended 31 December 2009 on the account Property, plant and equipment, as well as on the respective amortisation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and others tangibles	Assets in progress	Total
Acquisition Cost					
Amount as of January 1, 2008	173,229,808	634,454,548	3,400,848,839	50,306,340	4,258,839,535
Change of perimeter	3,512,640	10,299,374	23,619,258	1,810,837	39,242,109
Acquisitions	2,951,066	584,138	16,568,997	254,883,716	274,987,917
Disposals	(65,415)	(258,972)	(7,040,935)	-	(7,365,322)
Revaluations of fair value	5,920	1,539,685	16,500,146	(18,858,019)	(812,268)
Exchange differences	(103,736)	854,713	2,045,789	203,119	2,999,885
Amount as of December 31, 2008	179,530,283	647,473,486	3,452,542,094	288,345,993	4,567,891,856
Change of perimeter	3,016,134	64,229	1,848,399	-	4,928,762
Acquisitions	5,510,070	47,624,704	460,399,899	28,673,854	542,208,527
Disposals	(10,046)	(183,260)	(6,294,540)	-	(6,487,846)
Revaluations of fair value	988,790	47,544,029	78,872,903	(128,259,658)	(853,936)
Exchange differences	(1,311,034)	(1,160,714)	(4,285,593)	(222,741)	(6,980,082)
Amount as of December 31, 2009	187,724,197	741,362,474	3,983,083,162	188,537,448	5,100,707,281
Accumulated depreciations and impairment losses					
Amount as of January 1, 2008	(13,758,122)	(367,414,990)	(2,256,172,404)	-	(2,637,345,517)
Change of perimeter	-	(4,091,113)	(18,064,661)	-	(22,155,774)
Depreciations and impairment losses	(910,601)	(22,230,217)	(109,144,600)	-	(132,285,418)
Disposals	2,984	39,319	6,908,638	-	6,950,941
Adjustments, transfers and write-off's	336,102	(409,382)	(6,357,301)	-	(6,430,581)
Exchange differences	48,635	(331,988)	(765,926)	-	(1,049,279)
Amount as of December 31, 2008	(14,281,002)	(394,438,371)	(2,383,596,254)	-	(2,792,315,628)
Change of perimeter	(111,285)	(40,836)	(1,416,255)	-	(1,568,376)
Depreciations and impairment losses	(1,147,430)	(23,707,394)	(139,133,093)	-	(163,987,917)
Disposals	3,415	119,511	6,260,467	-	6,383,393
Adjustments, transfers and write-off's	-	1,980	(54,725)	-	(52,745)
Exchange differences	217,526	525,896	2,096,000	-	2,839,422
Amount as of December 31, 2009	(15,318,776)	(417,539,214)	(2,515,843,860)	-	(2,948,701,851)
Net book value as of January 1, 2008	159,471,686	267,039,558	1,144,676,435	50,306,340	1,621,494,018
Net book value as of December 31, 2008	165,249,281	253,035,115	1,068,945,840	288,345,993	1,775,576,228
Net book value as of December 31, 2009	172,405,421	323,823,260	1,467,239,302	188,537,448	2,152,005,430

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

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

The Group applies IFRIC 4 – Determining whether an arrangement contains a lease. By following this interpretation Property, plant and equipment – equipment and other tangibles was increased by Euro 58,003,950, from which the respective accumulated depreciation of Euro 29,714,344 (December 31, 2008: Euro 26,402,370), was deducted as of December 31, 2009. As of December 31, 2009, the net book value of these equipments was Euro 28,289,606 (December 31, 2008: Euro 17,601,580).

As of December 31, 2009 the Construction in progress included Euro 35,770,635 (2008: Euro 112,945,861), related to advance payments of Property Plant and Equipment, obtained under the scope of the investments projects being developed by the Group. These amounts are fully guaranteed by bank guarantees on the first request, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policy for the credit risk mitigation.

(Translation of a report originally issued in Portuguese – Note 43)

18. Biological assets

Over the periods ended December 31, 2009 and 2008, changes in biological assets were as follows:

Amounts in Euro	2009	2008
Amount as of January 1	122,827,050	122,924,753
Changes in fair value		
Logging in the period	(14,389,877)	(19,481,000)
Growth	5,289,007	5,239,772
New plantations	1,874,122	1,509,033
Other changes in fair value	2,689,668	12,634,492
Total changes in fair value	(4,537,080)	(97,703)
	118,289,970	122,827,050

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

19. Investment in associates

The following movements were registered in this caption during the years ended 31 December 2009 and 2008:

Amounts in Euros	31-12-2009	31-12-2008
Opening balance	1,828,322	1,878,883
Change of consolidation perimeter	-	(27,900)
Appropriated net profit	395,181	432,989
Dividends received	(339,788)	(435,094)
Exchange differences	(45)	(24)
Other	(28,237)	(20,532)
	1,855,433	1,828,322

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

As of December 31, 2009 and 2008 investments in associates, including goodwill, comprises:

Affiliated Companies	% Held	Book Value	
		31-12-2009	31-12-2008
Secil - Energia, Lda.	100.00%	-	28,185
Chryso - Aditivos de Portugal, S.A	40.00%	13,530	15,766
Setefrete, SGPS, S.A.	25.00%	1,508,924	1,455,200
MC - Materiaux de Construction	49.36%	1,353	1,400
J.M. Henriques, Lda.	100.00%	201,552	197,697
Soporgen	8.00%	4,000	4,000
Liaison Technologie	1.52%	126,074	126,074
		1,855,433	1,828,322

At 31 December 2009, the financial information relating to the associated companies, after making the necessary adjustments for the harmonisation of accounting policies, was as follows:

Amounts in Euro	Total Assets	December 31, 2009		Net Profit
		Total Liabilities	Equity a)	
Chryso - Aditivos de Portugal, S.A. c)	1,694,413	1,628,091	66,322	(10,965)
MC - Materiaux de Construction	543,212	542,960	252	13,790
Inertogrande Central de Betão, Lda. d)	1,956,395	2,005,891	(49,496)	(13,197)
Viroc Portugal - Industrias de Madeira e Cimento, S.A. c)	7,835,766	19,214,632	(11,378,866)	(2,286,395)
J.M.J. - Henriques, Lda. d)	1,070,554	279,950	790,604	15,316
Setefrete, SGPS, S.A. b)	2,939,089	15,350	2,923,739	3,086,368
a) Includes net profit for Secil shareholders				
b) Values as of 31.12.2008, deducted of distributed dividends by the company				
c) Values as of 30.11.2009				
d) Values as of 31.08.2009				

20. Financial assets at fair value through profit or loss

The following movements were registered in this caption during the years ended 31 December 2009 and 2008:

Amounts in Euro	2009	2008
Fair value at the beginning of the year	13,400,586	-
Acquisitions	-	15,774,360
Disposals	-	-
Changes in fair value	1,470,988	(2,373,774)
Fair value at year end	14,871,574	13,400,586

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

Amounts in Euro	Fair Value	
	2009	2008
Banco Comercial Português, SA	5,184,075	4,441,740
EDP - Energias de Portugal, SA	9,684,749	8,703,186
Others	2,750	2,750
	14,871,574	13,147,676

21. Available-for-sale financial assets

The following movements were registered in this caption during the years ended 31 December 2009 and 2008:

Amounts in Euro	2009	2008
Fair value at the beginning of the year	877,174	1,427,137
Acquisitions	115,945	-
Disposals	(530,982)	-
Exchange fluctuation	222,814	16,835
Changes in fair value	113,216	(566,798)
Fair value at year end	798,167	877,174

As of December 31, 2009 and 2008 available-for-sale financial assets comprises:

Amounts in Euro	Fair value	
	2009	2008
Angola government bonds	-	308,247
Banco Espírito Santo, SA	515,153	323,201
Others	283,014	245,726
	798,167	877,174

(Translation of a report originally issued in Portuguese – Note 43)

22. Impairments in non-current and current assets

In the year ended 31 December 2009, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Goodwill*	Tangible Assets	Investments Assoc. Comp.	Total
As of January 1, 2008	8,835,624	7,632,093	9,268	16,476,985
Exchange differences	(126,398)	-	-	(126,398)
Increases	1,570,228	-	-	1,570,228
Reversals	-	-	(966)	(966)
Direct utilizations	-	-	-	-
As of December 31, 2008	10,279,454	7,632,093	8,302	17,919,849
Exchange differences	(246,228)	-	-	(246,228)
Increases	-	-	-	-
Reversals (Note 5)	-	(150,000)	-	(150,000)
Direct utilizations	-	(2,643,478)	-	(2,643,478)
As of December 31, 2009	10,033,226	4,838,615	8,302	14,880,143

* Goodwill impairment due to affiliates and associated companies

In the year ended 31 December 2009, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts receivable	Receivables / Associates	Other Receivables	Total
As of January 1, 2008	3,344,178	14,734,582	1,244,431	3,673,522	22,996,713
Change of consolidation perimeter	3,564	177,517	-	-	181,081
Exchange differences	50,191	11,991	-	602	62,784
Increases	5,620,381	1,935,510	48,388	790,430	8,392,709
Reversals	(375,279)	(641,061)	-	(1,843)	(1,017,983)
Direct Utilizations	-	(4,518,297)	-	(128,389)	(4,646,686)
Transfers	164,078	-	-	840,574	1,004,652
As of December 31, 2008	8,807,113	11,698,242	1,292,819	5,175,096	26,973,270
Change of consolidation perimeter	-	6,076	-	-	6,076
Exchange differences	(72,246)	(47,534)	-	(13,036)	(132,816)
Increases (Note 6)	410,469	1,284,155	29,306	1,682,490	3,406,420
Reversals (Note 5)	(5,893,049)	(462,631)	-	(1,638,277)	(7,993,957)
Direct Utilizations	-	(194,530)	-	-	(194,530)
Transfers	-	-	-	731,309	731,309
As of December 31, 2009	3,252,287	12,283,778	1,322,125	5,937,582	22,795,772

23. Inventory

As of December 31, 2009 and 2008 inventory comprised:

Amounts in Euro	2009	2008
Raw materials	106,314,039	185,464,040
Work in progress	18,108,557	12,975,171
Byproducts and waste	2,034,449	926,906
Finished and intermediate products	56,580,323	78,485,909
Merchandise	4,743,283	10,199,557
Advance to inventories' suppliers	2,067,140	918,608
	189,847,791	288,970,191

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

24. Receivables and other current assets

As of December 31, 2009 and 2008 the caption Receivables and other current assets comprised:

Amounts in Euro	2009	2008
Accounts receivable	196,467,451	218,651,431
Accounts receivable-associated companies (Note 34)	2,800,242	1,182,065
Financial instruments derivatives (Note 33)	1,514,537	11,332,679
Other receivables	20,970,996	39,417,469
Accrued income	838,721	2,210,375
Deferred costs	3,446,939	3,382,806
	226,038,886	276,176,825

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

At December 31, 2009 and 2008, other receivables comprise:

Amounts in Euro	2009	2008
Advances to suppliers	707,762	689,317
IAPMEI grants	-	182,316
AICEP - Financial incentives to receive	6,891,182	15,840,784
EDP	-	726,730
IMT	311,919	320,648
Others	13,060,133	21,657,674
	20,970,996	39,417,469

At December 31, 2009, the caption "Other" includes notes receivable from Instituto de Gestão da Tesouraria e do Crédito Público, IP, amounting to Euro 8,210,546 (Note 41).

In 2008, the caption "Other" includes Euro 16,083,931 to be received from CRH as mentioned in note 5.

The movements in the AICEP balance were detailed below:

Amounts in Euro	2009	2008
Opening balance	15,840,784	71,343,438
Amounts received	(6,556,913)	(58,018,671)
Increase	(2,392,689)	2,516,017
Ending balance	6,891,182	15,840,784

As of December 31, 2009 and December 31, 2008 the captions accrued income and deferred costs comprises:

Amounts in Euro	2009	2008
Accrued Income		
Interest receivable	177,929	1,241,416
Discounts in acquisitions	122,643	114,766
Grants	-	352,069
Others	538,149	502,124
	838,721	2,210,375
Deferred costs		
Major repairs	1,043,627	175,009
Insurance	498,506	43,526
Rents and leases	272,189	210,649
Others	1,632,617	2,953,622
	3,446,939	3,382,806
	4,285,660	5,593,181

25. State and other public entities

At 31 December 2009 and 2008, 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	2009	2008
State and other public entities		
Corporate Income Tax-IRC	2,888,580	8,788,212
Individual Income Tax-IRS	43	270
Value added tax	5,080,640	9,768,447
Value added tax - refunds requested	48,939,828	36,905,939
Others	190,945	-
	57,100,036	55,462,868

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The amount of reimbursement requests on December 31, 2009 are detailed below, per company and per month:

Amounts in Euro	Enargulp	Portugal	Soporcel	About The Future	Portugal	Outras	Total
Aug/2009	-	2,304,534	-	-	-	299,626	2,604,160
Sep/2009	834,466	-	-	2,077,921	-	-	2,912,387
Oct/2009	881,508	-	-	2,439,452	-	-	3,320,960
Nov/2009	812,084	-	3,948,890	2,685,552	-	-	7,447,526
Dec/2009	790,014	-	4,854,435	3,954,148	23,056,400	-	32,654,995
	3,318,072	2,304,534	8,804,125	11,157,871	23,056,400	299,626	48,939,828

Up to the present date it has been received Euro 2,297,325 of these amounts.

The amount of reimbursement requests on December 31, 2008 are detailed below, per company and per month:

Amounts in Euro	Enargulp	Portugal	Soporcel	About The Future	Viveiros Aliança	Tecnigapet	Total
Mar/2008	-	-	-	-	-	10,651	10,651
Jul/2008	-	-	-	2,147,033	-	-	2,147,033
Aug/2008	1,018,776	-	-	-	-	-	1,018,776
Sep/2008	784,991	-	-	-	-	-	784,991
Oct/2008	581,313	6,883,818	2,932,859	-	-	-	10,497,990
Nov/2008	675,444	4,165,523	3,258,595	-	-	-	8,099,562
Dec/2008	675,653	6,972,737	6,426,029	-	71,416	-	14,047,835
	3,935,277	18,122,078	12,619,483	2,147,033	71,416	10,651	36,965,938

All these values were received during of 2009.

Current liabilities

Amounts in Euro	2009	2008
State and other public entities		
Corporate Income Tax-IRC	6,920,393	4,870,060
Individual Income Tax-IRS	2,836,332	4,186,895
Value added tax	27,219,997	6,499,559
Social Security	3,004,797	2,822,725
Additional tax payment	32,678,716	41,579,148
Others	306,774	1,164,295
	72,967,009	61,122,682

As of December 31, 2009 and 2008, the caption "Corporate tax (IRC)" comprises:

Amounts in Euro	2009	2008
Year income tax	25,930,923	43,626,483
Exchange differences	(44,552)	26,528
Payments on account	(16,605,478)	(32,580,905)
RETGS Savings	(605,707)	(709,588)
Withholding tax	(1,651,231)	(4,598,304)
Prior years income tax	(103,562)	(894,155)
	6,920,393	4,870,059

26. Share capital and treasury shares

At 31 December 2009 and 2008, Secil's share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of 1 Euro each.

At 31 December 2009 and 2008 the following entities had substantial holdings in the company's capital:

Name	Nº of Shares	2009	%	2008
Longapar, SGPS, S.A.	20,769,300	17.55		17.55
Sodim, SGPS, S.A.	18,842,424	15.92		15.92
Cimo - Gestão de Participações, SGPS, S.A.	14,106,675	11.92		11.92
Banco BPI, SA	12,009,004	10.15		10.15
Bestinvest Gestão, SGIC, S.A.	8,823,222	7.46		8.20
Banco Espírito Santo, SA	3,222,308	2.72		5.23
Seminv - Investimentos, SGPS, S.A	2,727,975	2.31		2.31
ESAF - Espírito Santo Fundos de Investimento Mobiliário, SA	2,569,232	2.17		-
Sonaca - SGPS, S.A.,	1,630,590	1.38		1.38
Cimigest, SGPS, S.A.	1,097,966	0.93		0.93
OEM - organização de Empresas, SGPS, S.A.	515,000	0.44		0.44
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53		0.53
Axa Rosenberg Group LLC	-	-		2.14
Credit Suisse Group	-	-		19.94
Morgan Stanley	-	-		0.19
Treasury shares	2,720,000	2.30		2.30
Other shareholders with less than 2% participation	28,673,550	24.23		0.87
	118,332,445	100.00		100.00

Seminv Investimentos, SGPS, S.A. is subsidiary of Semapa, the 2,727,975 Semapa shares held by the company are shown as treasury shares in the Group's consolidated financial statements.

Additionally on July 4, 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., acquired on stock market 2,720,000 treasury shares, holding, directly and indirectly, 4.6% of its share capital.

27. Reserves and Retained earnings

At December 31, 2009 and December 31, 2008 the captions Fair value reserve, Currency translation reserve and Other reserves comprises:

Amounts in Euros	2009	2008
Fair value of available-for-sale financial assets	(4,939,076)	4,546,249
Fair value of available-for-sale assets	-	316,386
Control acquisition revaluation	(1,281,742)	(1,281,742)
Total of fair value reserves	(6,220,818)	3,580,893
Currency translation reserve	(17,978,700)	(14,005,971)
Legal Reserves	23,666,489	23,666,489
Others Reserves	687,950,023	626,083,716
Total of other reservers	711,616,512	649,750,205
Total reserves	687,416,994	639,325,127

Fair value of financial instruments

The negative amount of Euro 4,939,076, net of deferred tax shown under the caption "Fair value of financial instruments", relates to the appropriation of financial instruments classified as hedging, which, on December 31, 2009, were negatively valued at Euro 5,188,183 (Note 33), accounted for in accordance with the policy described in Note 1.13.

Fair value of available-for-sale assets

The amount of Euro 316,386 in 2008, relates to Group's appropriation of the Angolan government bond's fair value, which were sold during the year 2009.

Control acquisitions revaluation

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

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Currency Translation reserve

The negative amount of Euro 17,978,700 refers to the exchange differences appropriated by the Group as a result of the conversion of the financial statements of companies operating outside the Euro zone, essentially Tunisia, Lebanon, Angola, USA and United Kingdom.

Legal reserve

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

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

Other reserves

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

Following the purchase of 2,720,000 treasury shares, and the holding of 2,727,975 shares by subsidiary Seminv has been made unavailable a reserve equal amount, in accordance with the applicable trade law, this reserves should be maintained until the disposal of the shares.

Retained earnings

Additional stake acquisition on controlled entities

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

As of December 31, 2009, the accumulated amount of these differences amounting to Euro 62,174,893.

Actuarial Gains or losses

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

In 2009 the Group recorded in this caption a total amount of Euro 10,244,403 (Note 29), where Euro 8,556,249 corresponding to its share on the impacts occurred in Semapa and its subsidiaries were appropriated by the Group,. The remaining share of Euro 1,688,153 was related to the share attributable to minority interests.

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28. Deferred Taxes

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

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

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended 31 December 2008:

Amounts in Euro	As of January 1, 2008	Exchange adjustment	Income Statement		Retained earnings	Changes in perimeter	As of December 31, 2008
			Increases	Decreases			
Temporary differences originating deferred tax assets							
Tax losses carried forward	9,867,581	-	24,344,663	(9,501,523)	-	44,098	24,754,819
Fixed assets adjustments	799,755	-	-	(799,755)	-	-	-
Taxed provisions	10,914,041	(25,938)	13,715,932	(2,785,942)	-	66,904	21,884,997
Fixed assets adjustments	3,209,850	-	13,670,197	(3,730,819)	-	-	13,149,228
Underfunding of the pension fund	17,668,377	(993)	3,986	(24,086,715)	9,012,714	-	2,597,369
Financial Instruments	-	-	2,843,883	(2,843,883)	-	-	-
Deferred accounting gains in inter-group transactions	3,384,273	-	6,150,984	(29,823,599)	-	-	9,535,257
Forests valuation	43,885,262	-	1,620,285	(79,000)	-	-	15,681,948
Depreciation in assets subject to IFRIC 4	3,921,014	-	-	(79,000)	-	-	3,842,014
Investment Tax Incentives	14,522,414	-	8,012,652	(10,749,594)	-	-	11,785,472
Liabilities with retirement benefits	486,344	3,751	123,840	-	(31,757)	-	582,178
Liabilities with long service award	718,772	-	33,049	-	(106,361)	-	645,460
Retirement benefits not covered by an autonomous fund	6,175,580	-	-	(385,488)	(181,654)	-	5,608,438
Derecognition of government grants	2,896,402	-	-	(58,503)	-	-	2,837,899
Liabilities for healthcare benefits	7,068,813	-	114,562	-	(1,306,413)	-	5,876,962
Other temporary differences	3,089,108	460,636	128,631	-	-	(514,621)	3,163,754
	128,607,586	437,456	70,762,664	(84,844,821)	7,386,529	(403,619)	121,945,795
Temporary differences originating deferred tax liabilities							
Revaluation of fixed assets	(20,093,581)	-	(7,271,430)	4,450,692	-	(723)	(22,915,042)
Retirement benefits	(1,187,392)	-	(69,055)	-	350,726	-	(905,721)
Financial instruments	(11,045,736)	-	-	561,381	2,081,048	-	(8,403,307)
Fair Value of fixed assets- Soporcel	(243,288,481)	-	-	3,506,033	-	-	(239,782,448)
Tax Benefits	-	-	(1,181,592)	-	-	-	(1,181,592)
Extension of the useful life of the tangible fixed assets	(91,620,513)	26,336	(28,807,146)	-	-	-	(120,401,323)
Deferred accounting losses in inter-group transactions	(88,093,098)	-	(41,046,702)	26,276,598	-	-	(102,863,202)
Deferred tax gains	(753,519)	-	-	81,381	-	(3,198)	(675,336)
Harmonization of depreciation criteria	(68,803,278)	-	(8,131,204)	-	-	88,160	(76,846,322)
Fair Value of fixed assets- Brands	(151,488,000)	-	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(273,656,488)	-	-	24,877,863	-	-	(248,778,625)
Subsidiaries fair value	(66,229,468)	499,112	(2,459,104)	-	-	(2,165,025)	(70,354,485)
Overfunding of the pension fund	(661,560)	-	-	715,117	(1,952,619)	-	(1,899,062)
Other temporary differences	(190,736)	(159)	-	161,360	-	-	(29,535)
	(1,017,111,850)	525,289	(88,966,233)	60,630,425	479,155	(2,080,786)	(1,046,524,000)
Deferred tax assets	33,704,435	60,889	15,777,080	(19,570,342)	1,960,923	(157,382)	31,775,603
Deferred tax liabilities	(272,965,600)	201,697	(22,138,831)	16,706,326	125,723	(237,522)	(278,308,207)

(Translation of a report originally issued in Portuguese – Note 43)

Deferred tax assets on tax losses carried forward

Deferred income tax assets resulting from tax losses are recognised to the extent that the realization of the relevant tax benefit is probable by means of the existence of future taxable profits. The deferred income tax assets recognised by the Group refer to tax losses which can be offset against future taxable profits, as follows:

Amounts in Euro	2009	2008	Expiry date
Teporset - Terminal Portuário de	23,333	14,807	2015
Ecoresíduos, Lda.	-	279,296	2010
Minerbetão, S.A.	116,054	116,053	2013
Interholding Investment BV	24,332,428	24,344,663	2013
	24,471,815	24,754,819	

Tax loss carryforwards without a deferred income tax asset

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

Amounts in Euro	2009	2008	Expiry date
Semapa and Holdings			
Semapa SGPS S.A.	47,333,113	13,951,328	2015
Seminv SGPS S.A.	15,730,099	15,730,099	2010
Seinpart SGPS S.A.	12,382,302	8,775,956	2014
Cimentospar SGPS S.A.	-	593,484	2009
Verdeoculto SGPS S.A.	1,566	1,566	2014
Sub-Group Portucel			
Portucel Florestal, S.A.	7,385,939	6,529,079	2009
Sub-Group Secil			
Secil Pré-betão, S.A.	1,405,979	559,065	2015
Secil Angola, SARL	-	4,336,059	-
Hewbol, SGPS, Lda	652,573	148,339	2014
Florimar, SGPS, Lda	22,284	6,663	2015
Betomadeira, S.A.	427,028	467,005	2014
Madebritas, Lda.	15,257	15,151	2012
Promadeira, Lda.	434,377	376,062	2014
Cimentos Costa Verde	247,327	216,574	2016
Secil Cabo Verde	-	11,437	-
Serife, Lda.	-	4,056	-
Zarzis Béton	24,478	25,318	2017
Silonor, S.A.	3,872,972	3,545,885	Indefinite
Secil Unicon - S.G.P.S., Lda	5,851	-	2015
Sanimar	165	-	2015
Pedra Regional, S.A.	158,838	-	2014
Ecoresíduos, Lda.	279,296	-	2012
Parcim, B.V.	12,868	-	2018
	90,392,312	55,293,126	

29. Pensions and other post-employment benefits

As referred to in Note 1.30, the Group grants various post-employment benefits to its employees and their families.

The following is a breakdown of the obligations assumed and reflected in the consolidated balance sheet at 31 December 2009:

Amounts in Euro	2009	2008
Group liability for past services	262,314,386	256,047,807
Market value of the pension funds	(150,801,537)	(139,531,809)
Covered capital	(1,027,336)	(987,968)
Under/(overfunding) non-current of pension funds liabilities	110,485,513	115,528,030
Other unfunded liabilities		
Assistance in health	5,935,003	5,876,962
Death and retirement liabilities	3,376,463	3,092,397
Long services award liabilities	687,966	645,460
Other non-current unfunded liabilities	9,999,432	9,614,819
Total non-current unfunded liabilities	120,484,945	125,142,849

Semapa

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

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

This allowance reaches a maximum of 80% of directors' monthly salary at the date of ceasing functions, when they worked at least 20 years as directors, and a minimum of 27.2%, corresponding to 8 years in that position.

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 December 31, 2009 the liabilities of the plan amount to Euro 96,600,253 (2008: Euro 89,740,615). No pension fund was established for the financing of this Group's obligation.

Sub-Group Portucel

Currently, there are several plans for retirement, retirement premiums and survivor pension supplements within the whole of the consolidated companies. Thus, to certain categories of current employees, there are plans which are over and above those below described, also with autonomous assets to cover those additional responsibilities.

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

(Translation of a report originally issued in Portuguese – Note 43)

This supplement is calculated according to a formula, which takes into account the beneficiary's gross monthly compensation updated to the employee's occupational category on the date of retirement and the years of service, up to a limit of 30 (limit of 25 to Soporcel, Aliança Florestal and Raíz), being also guaranteed survivor pensions to the spouse and to direct descendants.

To cover this liability, externally managed pension funds were set up, and the funds' assets are apportioned between each of the companies. Additionally, some of the Portucel Group companies assumed the responsibility for the payment of a retirement premium, equivalent to 6 months salary if the employee retires on the date of normal retirement (65 years).

As of December 31, 2009, the liability related with post employment benefit plans for five members of Portucel's Board was Euro 4,553,046 (2008: Euro 4,676,538).

Sub-group Secil

The SECIL Group has implemented defined-benefit plans, as follows:

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

Liabilities for complementary retirement and survivors' pensions and retirement subsidy

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

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

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

(ii) Defined-benefit plans managed by the Group

Liabilities for complementary retirement and survivors' pensions

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

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

Liabilities for medical assistance

Secil and its subsidiaries CMP- Cements Maceira e Pataias, S.A., Cements Madeira, Lda. and Brimade – Sociedade de Britas da Madeira, S.A., provide their employees with a healthcare scheme which supplements the official health services and which is available to their families, pre-retired and retired staff and widows. Under this scheme, certain healthcare costs are subsidised: (i) at Secil through the Health Insurance scheme contracted by the company, (ii) at CMP, through "Cements - Federação das Caixas de Previdência" for the employees included therein, as well as through the prior approval of the company's medical services for the remaining employees, and (iii) at the subsidiaries Cements Madeira e Brimade through the approval of expenses for medical services and medicines.

During the year ended 2009, the impact of an increase of 1% on health care expenses is as follows:

Amounts in Euro	Decrease 1%	Increase 1%
Impact on long services liabilities:		
- Active	(905,873)	1,200,074
- Retired	(579,710)	681,132
	(1,485,583)	1,881,206
Impact on interest costs and current services	(130,882)	171,591

Liabilities for retirement and death benefits

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

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

The subsidiary Société des Ciments de Gabes (Tunisia) assumed a commitment to its workers (Collective Labour Agreement, article 52) to pay a retirement subsidy equivalent to: (i) 2 months of the last salary if the worker has less than 30 years service to the company, and (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

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

(Translation of a report originally issued in Portuguese – Note 43)

The subsidiary Société des Ciments de Gabes (Tunisia) assumed a commitment to its workers (Collective Labour Agreement, article 52) to pay a retirement subsidy equivalent to: (i) 2 months of the last salary if the worker has less than 30 years service to the company, and (ii) 3 months of the last salary, if the worker has 30 years or more service to the company.

Liabilities for long-service awards

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

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

These liabilities are guaranteed directly by the company.

Assumptions used in the valuation of liabilities

The actuarial studies conducted by the independent entities with reference to 31 December 2009 and 2008 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	2009	2008
Social Benefits formula	Decret-Law nº 187/2007 of May 10th	Decret-Law nº 187/2007 of May 10th
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate - Group Secil	3,30%	3,30%
Wage growth rate - other companies	2,50%	2,50%
Technical interest rate	5,50%	5,50%
Pensions growth rate	2,25%	2,25%
Pensions reversability rate	50,00%	50,00%
Number of annual payments of Semapa complement	12	12
Cost to the health insurance - Secil	498,84	478,95
Cost to the health insurance - CMP	484,00	484,00

Liabilities for past services with retirement-benefit and survivors' plans

During 2009 and 2008 the fund assets/insurance policies registered the following movements:

	2009		2008	
Amounts in Euro	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	139,531,808	987,968	145,637,604	1,040,086
Variação cambial	-	(1,865)	-	(592)
Endowments made in the year	3,687,551	26,173	7,235,399	53,128
Actuarial Return of funds	12,058,872	20,536	(9,146,272)	81,534
Pensions paid	(4,476,693)	-	(4,194,922)	-
Retirement charged	-	(5,476)	-	(119,154)
Insurance - reimbursement	-	-	-	(67,034)
	150,801,538	1,027,336	139,531,809	987,968

At years ended December 31, 2009 and 2008, the fund assets were made up as follows:

Amounts in Euro	2009	2008
Shares	31,355,263	21,821,769
Bonds	90,795,721	39,050,490
Index Linked Bonds	82,680	28,341
Property	87,273	85,518
Liquidity	27,446,789	47,439,016
Other applications - short term	61,784	558,036
	150,801,538	139,531,809

(Translation of a report originally issued in Portuguese – Note 43)

Obligations for post-employment benefits

As of December 31, 2009 companies' liabilities with retirement and survivor benefits were as follows:

Amounts in Euro	Opening Balance	Exchange differences	Costs and Income in FS	Actuarial gains and losses	Pensions	Retirement Ended	Closing Balance
Post-employment benefits							
Assumed by the Group	95,349,054	-	5,395,727	(2,965,985)	(1,944,684)	-	95,834,112
Autonomous Fund	160,072,314	-	13,066,091	(2,826,275)	(4,476,693)	-	165,835,437
Apólice de Seguro	627,030	(4,780)	38,163	(10,104)	-	(5,471)	644,838
Retirement and Death	3,091,806	(5,209)	327,007	1,168	(38,309)	-	3,376,463
Assistance in Health	5,876,962	-	413,650	(16,866)	(338,743)	-	5,935,003
Long Service Award	645,460	-	66,907	14,197	(38,599)	-	687,965
	265,662,626	(9,989)	19,307,545	(5,803,865)	(6,837,028)	(5,471)	272,313,818

Obligations for other post-employment benefits

Companies' liabilities with retirement and death benefits, as well as long service awards and healthcare benefits were as follows:

Amounts in Euro	2009				2008			
	Current services	Interest cost	Expected return on the plan assets	Impact in the profit for the year	Current services	Interest cost	Expected return on the plan assets	Impact in the profit for the year
Post-employment benefits								
Group liability for pensions	265,411	5,130,316	-	5,395,727	338,487	5,032,660	-	5,371,147
Under/(overfunding) of pensions	4,169,732	8,934,521	(7,354,756)	5,749,497	4,753,281	8,411,917	(7,637,547)	5,527,651
Death and retirement	23,568	303,439	-	327,007	34,841	33,996	-	68,837
Assistance in health	96,425	317,225	-	413,650	109,771	352,090	-	461,861
Long services award	29,770	37,138	-	66,908	30,975	38,022	-	68,997
	4,584,906	14,722,639	(7,354,756)	11,952,789	5,267,355	13,868,685	(7,637,547)	11,498,493

Actuarial gains and losses recognized in Equity during the year

Actuarial gains and losses directly recognized in shareholders' equity during 2009, as described in Note 1.22, were as follows:

Amounts in Euro	Actuarial gains & (losses)			Deferred tax	Impact in equity
	Others	Return of assets expected vs real	Gross value		
Post-employment benefits					
Group liability for pensions	(2,965,985)	-	(2,965,985)	(805)	(2,966,790)
Under/(overfunding) of pensions funds liabilities	(2,836,379)	(4,440,538)	(7,276,917)	4,046	(7,272,871)
Death and retirement liabilities	1,168	-	1,168	(797)	371
Assistance in health liabilities	(16,866)	-	(16,866)	4,445	(12,421)
Long services award liabilities	14,197	-	14,197	(3,763)	10,434
	(5,803,865)	(4,440,538)	(10,244,403)	3,126	(10,241,277)

(Translation of a report originally issued in Portuguese – Note 43)

30. Provisions

During the course of the year ended 31 December 2009, the following movements took place in the caption Provisions:

Amounts in Euro	Legal claims	Tax claims	Environmental restoration	Others	Total
At January 1, 2008	1,309,590	30,105,415	342,615	14,697,300	46,454,920
Changes of perimeter	-	-	-	174,247	174,247
Increases (Note 6)	1,918,856	-	251,530	37,909,571	40,079,956
Replacements (Note 6)	(365,207)	(23,153,999)	(39,229)	(1,384,322)	(24,942,757)
Direct utilizations	-	(5,850,000)	(25,478)	(1,114,835)	(6,990,313)
Exchange differences	-	-	-	89,742	89,742
Transfers	(946,148)	1,291,975	-	(345,827)	-
At December 31, 2008	1,917,090	2,393,391	529,438	50,025,876	54,865,795
Changes of perimeter	-	-	1,539	148,920	150,459
Increases (Note 6)	687,414	-	205,807	2,000,881	2,894,102
Replacements (Note 6)	(507,548)	(2,393,391)	(26,153)	(22,071,779)	(24,998,871)
Direct utilizations	-	-	(23,871)	(1,904,063)	(1,927,934)
Exchange differences	-	-	-	(99,324)	(99,324)
Transfers	-	-	-	1,741,597	1,741,597
At December 31, 2009	2,096,956	-	686,760	29,842,108	32,625,824

On December 31, 2008, provisions for tax claims include VAT contingencies, outside Portugal that were extinguished during the period.

Equally the provision for risks with other entities was also reduced due to the Group's exposure to risks based on specialists' opinion.

31. Interest-bearing liabilities

As of December 31, 2009 and 2008, Group's net debt were as follows:

Amounts in Euro	2009	2008
Interest-bearing liabilities		
Non-current	871,817,132	1,227,116,283
Current	447,973,519	64,032,032
	1,319,790,651	1,291,148,315
Cash and cash equivalents		
Cash	208,914	204,119
Short term bank deposits	24,847,920	(28,355,871)
Others	63,977,893	233,324,382
	89,034,727	205,172,630
Market Value	87,733,655	69,510,780
Interest-bearing net debt	1,143,022,269	1,016,464,905

Non-current interest-bearing liabilities

As of December 31, 2009 and 2008, non-current interest-bearing liabilities were as follows:

Amounts in Euro	2009	2008
Non-currents		
Bond loans	595,400,000	920,400,000
Commercial paper	59,350,000	92,750,000
Loans from financial institutions	220,402,282	218,603,092
Expenses with bond loans issuance	(5,681,979)	(6,416,994)
Interest-bearing bank debt	869,470,303	1,225,336,098
Financial leases	1,582,631	1,674,065
Other loans - POEs	57,338	106,120
Other loans - QREN	706,860	-
Other interest-bearing debts	2,346,829	1,780,185
Non-current interest-bearing liabilities	871,817,132	1,227,116,283

Loans to banks

As of December 31, 2009 and 2008, non-current interest-bearing liabilities were as follows:

Amounts in Euro	2009	2008
Bond loans		
Portucel 2005 / 2010	300,000,000	300,000,000
Portucel 2005 / 2010 II	25,000,000	25,000,000
Portucel 2005 / 2012	150,000,000	150,000,000
Portucel 2005 / 2013	200,000,000	200,000,000
Semapa 2006 / 2016	175,000,000	175,000,000
Semapa 2006 / 2016	50,000,000	50,000,000
SBI 2007	20,400,000	20,400,000
	920,400,000	920,400,000

Amounts in Euro	Amount	Maturity	Reference rate
Bond loans			
Portucel 2005 / 2010	300,000,000	Mar/2010	Euribor 6m
Portucel 2005 / 2010 II	25,000,000	Dec/2010	Euribor 6m
Portucel 2005 / 2012	150,000,000	Oct/2012	Euribor 6m
Portucel 2005 / 2013	200,000,000	May/2013	Euribor 6m
Semapa 2006 / 2016	175,000,000	Apr/2016	Euribor 6m
Semapa 2006 / 2016	50,000,000	May/2016	Euribor 6m
SBI 2007	20,400,000	Dec/2017	Euribor 6m
	920,400,000		

Portucel sub-group's bond loans subject to a variable rate of Euribor 6months, made through private subscription in the total amount of Euro 675,000,000, will be repaid in a single instalment.

Two of the above mentioned bond loans, amounted to Euro 300,000,000 and Euro 150,000,000, are listed in Euronext Lisbon under the designations "Obrigações Portucel 2005/2010" and "Obrigações Portucel 2005/2012", and its unit value, as of December 31, 2009, is Euro 99.91 and Euro 99.60, respectively (2008: 98.50 and Euro 99.87, respectively).

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 December 31, 2009, Euro 94 (2008: Euro 97.49).

Commercial paper

In 2006 Semapa SGPS, SA contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity, which amounts Euro 42,350,000 as at December 31, 2008.

During the year ended 31 December 2008, Semapa and holdings contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years, which is fully used by Semapa in the amount of Euro 17,000,000 as of December 31, 2009.

(Translation of a report originally issued in Portuguese – Note 43)

Maturity of bank loans and other loans

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

Amounts in Euro	2009	2008
1 to 2 years	105,493,392	366,947,918
2 to 3 years	28,168,969	36,008,028
3 to 4 years	163,246,642	155,333,004
4 to 5 years	212,539,263	201,281,682
More than 5 years	306,411,354	379,538,580
	815,859,620	1,139,109,212

Current interest-bearing liabilities

As of December 31, 2009 and 2008, current interest-bearing liabilities were as follows:

Amounts in Euros	2009	2008
Currents		
Bond loans	325,000,000	-
Loans from financial institutions	111,087,808	56,714,485
Interest-bearing bank debt	436,087,808	56,714,485
Shareholders short term loans	10,637,809	6,160,850
Financial leases	1,219,233	1,156,697
Other loans - POE	28,669	-
Other interest-bearing debts	11,885,711	7,317,547
Current interest-bearing liabilities	447,973,519	64,032,032

Liabilities related to financial leasing

As of December 31, 2009 and 2008, the Group uses the following goods acquired under finance leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), details are as follows:

Amounts in Euros	2009	2008
Less than 1 year	1,224,578	1,197,924
1 to 2 years	763,557	892,145
2 to 3 years	429,107	509,640
3 to 4 years	278,827	154,084
4 to 5 years	118,880	21,352
More than 5 years	-	61,549
	2,814,949	2,836,694
Future interests	(13,085)	(5,932)
Actual liabilities value	2,801,864	2,830,762

At December 31, 2009, Group's debt under financial lease plans, was as follows:

Amounts in Euro	Acquisition value	2009 Accumulated depreciation	Net book value
Machinery and equipment	5,569,249	(1,641,996)	3,927,253
Machinery and equipment - IFRIC 14	58,003,950	(29,714,344)	28,289,606
Transport equipment	33,737	(33,737)	-
	63,695,875	(31,450,012)	32,245,863

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

Soporcel has the purchase option to the capital that does not holds in Soporgen by the amount of expected cash flows present value of the company until the contract of steam electricity supply expiry between Soporgen e Soporcel, for pre-assigned values during

2010 at 2015, option exercisable on January 1 of each year.

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

bank credit facilities granted and not drawn

At 31 December 2009 and 2008, bank credit facilities granted and not drawn against amounted to Euro 708,869,890 and Euro 760,706,657 respectively.

Financial Covenants

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

32. Payables and other current liabilities

As of 30 December 31, 2009 and 2008 the caption Payables and other current liabilities comprises:

Amounts in Euro	2009	2008
Accounts payable to suppliers	142,193,701	146,596,871
Accounts payable to associated companies (Note 34)	1,369,273	2,495,889
Accounts payable to suppliers of fixed assets	56,075,786	23,203,083
Instituto do Ambiente - CO2 Emission licences	19,859,906	23,954,746
Financial instruments derivatives (Note 33)	6,702,720	110,797
Other creditors	13,102,034	8,383,140
Accrued costs	63,820,894	73,494,573
Deferred income	43,788,774	48,539,141
	346,913,088	326,778,240

The amount presented in the caption Instituto do Ambiente – CO2 emission licenses, as of December 31, 2009, related to the fair value of gases emission licences to be delivered by the emissions carried through that year, which were allocated free of charge to the Group under the National Plan for the Allocation of CO2 Emission Licences (PNALE).

At 31 December 2009 and 2008, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	2009	2008
Accrued costs		
Insurance costs	47,432	46,376
Payroll expenses	36,515,061	31,838,922
Interests payable	5,541,185	23,276,309
Power costs	10,581,714	6,099,229
Forest acquisitions	329,796	2,365,789
Commitments to settle the sale of paper	1,920,346	2,269,194
Others	8,885,360	7,598,754
	63,820,894	73,494,573
Deferred income		
Government grants	40,809,361	48,261,549
Grants - CO2 Emission licences	1,383,589	196,052
Others	1,595,824	81,540
	43,788,774	48,539,141

(Translation of a report originally issued in Portuguese – Note 43)

33. Financial assets and liabilities

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

In order to minimize the effects of exchange rate variations on the Group's sales of pulp and paper exports to non-European countries, financial instruments were contracted to hedge in 2008 and 2009 virtually all balance sheet items denominated in foreign currency, as well as for hedging a part of projected sales subject to currency risk.

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

As of December 31, 2009 and 2008 the reconciliation of the financial position to financial assets and liabilities are as follows:

Amounts in Euros	Financial instruments - trading	Financial instruments - hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interest-bearing liabilities	Non financial assets/liabilities
December 31, 2009	Note 33	Note 33	Note 24	Note 20	Note 21	Note 32	
Assets							
Assets at fair value	-	-	-	14,871,574	-	-	-
Held-for-sale Assets	-	-	-	-	798,167	-	-
Other non-current assets	-	-	1,363,767	-	-	-	-
Receivables	1,514,537	-	220,416,618	-	-	-	4,107,731
Cash and cash equivalents	-	-	88,034,727	-	-	-	-
Total assets	1,514,537	-	310,815,112	14,871,574	798,167	-	4,107,731
Liabilities							
Non-current interest-bearing liability	-	-	-	-	-	871,817,132	-
Other liabilities	-	-	-	-	-	-	29,437,896
Current interest-bearing liabilities	-	-	-	-	-	447,973,519	-
Current liabilities	1,714,945	4,987,775	-	-	-	239,999,195	100,211,173
Total liabilities	1,714,945	4,987,775	-	-	-	1,559,789,846	129,649,069

Amounts in Euros	Financial instruments - trading	Financial instruments - hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interest-bearing liabilities	Non financial assets/liabilities
December 31, 2008	Note 33	Note 33	Note 24	Note 20	Note 21	Note 32	
Assets							
Assets at fair value	-	-	-	13,400,586	-	-	-
Held-for-sale Assets	-	-	-	-	877,174	-	-
Other non-current assets	-	-	1,365,582	-	-	-	-
Receivables	4,153,134	7,179,545	260,844,450	-	-	-	3,999,696
Cash and cash equivalents	-	-	205,172,630	-	-	-	-
Total assets	4,153,134	7,179,545	467,382,662	13,400,586	877,174	-	3,999,696
Liabilities							
Non-current interest-bearing liability	-	-	-	-	-	1,227,116,283	-
Other liabilities	-	-	-	-	-	-	18,834,060
Current interest-bearing liabilities	-	-	-	-	-	64,032,032	-
Current liabilities	66,687	44,110	-	-	-	222,288,258	104,379,185
Total liabilities	66,687	44,110	-	-	-	1,532,270,633	184,379,185

As of December 31, 2009 and 2008 the fair value of these assets and liabilities is nearly the same as presented in the balance sheet.

On the following table are presented the assets and liabilities at fair value as of December 31, 2009 in accordance with hierarchic levels on IFRS 7:

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

Assets measured at fair value

Amounts in Euros	2009	Level 1	Level 2	Level 3
Financial Assets at fair value recognized in reserves				
Hedging Derivatives	-	-	-	-
Financial Assets at fair value recognized in earnings				
Trading Derivatives	1,514,537	-	1,514,537	-
Financial Assets at fair value through Profit or Loss				
Stocks	14,871,574	14,871,574	-	-
Financial assets held-for-sale				
Stocks	798,167	798,167	-	-
Amounts in Euros	2008	Level 1	Level 2	Level 3
Financial Assets at fair value recognized in reserves				
Hedging Derivatives	7,179,545	-	7,179,545	-
Financial Assets at fair value recognized in earnings				
Trading Derivatives	4,153,134	-	4,153,134	-
Financial Assets at fair value through Profit or Loss				
Stocks	13,400,586	13,400,586	-	-
Financial assets held-for-sale				
Stocks	568,927	568,927	-	-
Bonds	308,247	-	308,247	-

Liabilities measured at fair value

Amounts in Euros	2009	Level 1	Level 2	Level 3
Financial Liabilities at fair value recognized in reserves				
Hedging Derivatives	(4,987,775)	-	(4,987,775)	-
Financial Liabilities at fair value recognized in earnings				
Trading Derivatives	(1,714,945)	-	(1,714,945)	-
Amounts in Euros	2008	Level 1	Level 2	Level 3
Financial Liabilities at fair value recognized in reserves				
Hedging Derivatives	(44,110)	-	(44,110)	-
Financial Liabilities at fair value recognized in earnings				
Trading Derivatives	(66,687)	-	(66,687)	-

Derivative Financial instruments

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

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

The hedging instrument used on 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 December 31, 2009 details of the fair value of derivative financial instruments were as follows:

Amounts in Euro	Paid Prizes	Fair Value Variation (Trading)	Fair Value Variation (Hedging)	Total
As of January 1, 2008	1,963,000	1,763,909	10,551,043	14,277,952
New agreements (prizes)	-	1,028,581	-	1,028,581
Variation in fair value at Earnings (Note10)	(1,963,000)	1,293,957	(11,081,506)	(11,750,549)
Variation in fair value at Equity (DRG)	-	-	7,665,898	7,665,898
As of December 31, 2008	-	4,086,447	7,135,435	11,221,882
Variation in fair value at Earnings (Note10)	-	(2,828,202)	(7,785,198)	(10,613,400)
Variation in fair value at Equity (DRG)	-	-	(5,796,665)	(5,796,665)
As of December 31, 2009	-	1,258,245	(6,446,428)	(5,188,183)

(Translation of a report originally issued in Portuguese – Note 43)

Movement occurred in derivate financial instruments caption

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

The movement on the balances presented in the periods ended December 31, 2009 and 2008 relating to financial instruments was as follows:

Amounts in Euro	Currency	Notional	Maturity	2009	2008
Financial instruments - trading					
	USD	9,025,000	14/Sep/2009	-	475,594
	GBP	3,360,000	11/Sep/2009	-	293,177
Foreign exchange forwards	USD	36,737,030	30/Oct/2009	-	536,875
	GBP	7,460,000	12/Oct/2009	-	1,512,929
	GBP	1,620,000	11/Jan/2010	(338,615)	-
	USD	37,675,000	26/Jan/2010	(1,040,545)	-
Foreign exchange options	EUR	6,762,631	03/Oct/2010	(25,145)	(44,461)
SWAPs	EUR	27,182,631	28/Fev/2010	(310,640)	(22,226)
Foreign exchange forwards(USD)	EUR	3,186,480	28/Fev/2010	1,514,537	1,334,559
Ending balance				(200,408)	4,086,447

Amounts in Euro	Currency	Notional	Maturity	2009	2008
Financial instruments - hedging					
Foreign exchange options	USD	125,000,000	31/Dec/2009	-	7,179,545
Interest rate hedging	EUR	150,000,000	29/Mar/2010	(762,218)	(2,193)
Interest rate hedging	EUR	75,000,000	27/Oct/2010	(1,219,066)	(41,917)
Collar interest rate	EUR	175,000,000	30/Nov/2015	(3,749,335)	-
Collar interest rate	EUR	25,000,000	30/Nov/2015	(382,898)	-
Collar interest rate	EUR	25,000,000	30/Nov/2015	(332,911)	-
Ending balance				(6,446,428)	7,135,435

On 5 September and 19 November 2008, Secil entered into swap agreements of "Emission EU Allowances (EUA) and Certified Emission Reductions "(CER) with a financial institution, corresponding to the receipt of the following amounts Euro 5,084,283.

In the year ended December 31, 2009 was recognized In "other income and gains" an amount of Euro 864,283 referent of revenue from contracts with maturity of this year (Note 5).

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

The Group views this transaction as a swap of similar goods with similar value in use, not exposed to future volatility in market prices of the allowances and consequently not regarded as a transaction which generates revenue in the current period. Revenue arising from this transaction is recognized in the income statement on its maturity date.

Financial assets at fair value through earnings

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

Financial assets available for sale

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

Loans and receivables

These amounts are recognized at fair value which corresponds to their nominal value, after deducting any

impairment losses identified during the course of the credit risk analysis of the credit portfolios held (Notes 2, 22 and 24).

Other financial liabilities

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

34. Balances and transactions with related parties

As December 31, 2009 and 2008, receivables from related parties are as follows:

Amounts in Euro	Interest-bearing liabilities	
	2009	2008
Shareholders		
Cimo SGPS, SA	198,015	105,155
Longapar, SGPS, SA	9,871,902	5,449,967
Sonaca SGPS, SA	567,892	602,818
Cimigest, SGPS, SA	-	970
Sonagi, SA	-	970
Sodim, SGPS, SA	-	970
	10,637,809	6,160,850

Amounts in Euro	2009		2008	
	Other Receivables	Other Payables	Other Receivables	Other Payables
Associated companies				
Cofit Sicar	-	11,878	-	-
Seribo, S.A.	-	94,737	-	-
J.M. Henriques, Lda.	52,078	-	52,078	-
Cimentagor	35	-	35	-
Secil Unicon - S.G.P.S., Lda	103,704	-	98,889	-
Setefrete	339,788	52,965	-	-
Chryso Portugal, S.A.	-	119,790	-	-
Secil Prebetão - Pré-Fabricados de Betão, S.ª	86,972	12,688	7,610	-
Viroc Portugal - Industria de Madeira e Ciment	574,452	-	-	-
Inertogrande	-	-	117,444	-
Teporsset	786,383	-	452,208	-
Soporgen	854,034	489,856	319,992	523,988
TASC	-	-	2,743	13,910
Other related parties	-	587,359	131,066	1,957,991
Total	2,797,446	1,369,273	1,182,065	2,495,889

As of December 31, 2009 and 2008, transactions with related parties are as follows:

Amounts in Euro	2009		2008	
	Service Purchase	Financial Losses	Service Purchase	Financial Losses
Shareholders				
Cimianto SGPS, SA	107,740	-	107,740	-
Cimo SGPS, SA	-	5,011	-	79,333
Longapar, SGPS, SA	-	161,335	-	166,146
Sonaca SGPS, SA	-	15,526	-	30,716
	107,740	181,872	107,740	276,195

Amounts in Euro	2009			
	Service Purchase	Services rendered	Operating Income	Losses/(Gains) financial
Subsidiaries				
Viroc Portugal, S.A.	-	515,429	3,630	(7,767)
Chryso Portugal, S.A.	580,537	-	36,419	-
Setefrete, S.A.	2,027,451	-	-	-
Secil Prebetão, S.A.	-	373,060	57,928	3,919
Soporgen	5,133,362	-	-	-
TASC	52,013	-	-	-
Other	-	-	969	(25,555)
	8,318,664	888,489	98,946	(29,403)

(Translation of a report originally issued in Portuguese – Note 43)

35. Changes in the consolidation scope

Additions to the consolidation perimeter

- Quimipiedra – Secil Britas Calcários e Derivados, Lda., with registered office in Lisbon, the acquisition of its total share capital on 23 April 2009;

- Ave – Gestão Ambiental e valorização Energética, S.A., with registered office in Lisbon, increased equity stake with the acquisition of 19% of its share capital on 6 March 2009;

- Ciments de Sibline, S.A.L., increased stake with the acquisition of 0.38% of its share capital on 13 November 2009.

36. Environmental-Related expenditure

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

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

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

2009 Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	1,223,689	696,203	1,919,892
Management of residual waters	4,408	14,607	19,015
Residual managements	590,963	1,857,675	2,448,638
Waste/residual management	45,063	11,990	57,053
Protection of soils and underground waters	437,140	199,044	636,184
Protection of nature	-	5,807,485	5,807,485
Liquid effluent treatment	2,800,820	93,640	2,894,460
Materials recycling	157,895	-	157,895
Sew age network	247,900	-	247,900
Solid waste embankment	611,152	-	611,152
Other environmental protection activities	267,479	215,047	482,525
	7,521,677	8,895,691	16,417,368

Expenditure capitalised and recognised as costs in the year ended 31 December 2008 comprise:

2008 Areas	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	1,249,720	1,146,490	2,396,210
Management of residual waters	6,879	46,100	52,979
Residual managements	458,338	5,411,167	5,869,505
Waste/residual management	52,285	57,930	110,215
Protection of soils and underground waters	319,397	1,122	320,519
Protection of nature	-	5,686,351	5,686,351
Liquid effluent treatment	7,691,153	1,116,938	8,808,091
Materials recycling	701,923	-	701,923
Sew age network	287,436	-	287,436
Solid waste embankment	137,620	-	137,620
Other environmental protection activities	77,424	1,626,865	1,704,289
	11,557,380	15,092,963	26,650,343

CO2 emission licences

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

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

37. Auditors' remuneration

At 31 December 2009 and 2008, expenses pertaining to statutory audit, other audit services and tax services comprise:

Amounts in Euro	2009	2008
Statutory auditors services	512,386	448,174
Tax consultancy services and others	186,279	185,375
Other reliability assurance services	120,457	188,408
	819,122	821,957

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

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

38. Number of employees

At 31 December 2009 and 2008, the number of employees in the service of the Group's various companies, was as follows:

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

	2008				
	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Total
Portugal	2,105	1,426	159	21	3,711
Rest of Europe	59	3	15	-	77
Angola	-	290	-	-	290
Lebanon	-	481	-	-	481
Tunisia	-	437	-	-	437
Cape Verde	-	37	-	-	37
	2,164	2,674	174	21	5,033

(Translation of a report originally issued in Portuguese – Note 43)

39. Commitments

At 31 December 2009 and 2008, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	2009	2008
Entities		
Warranties		
DGT - Direcção Geral do Tesouro	-	50,000,000
IAPMEI (âmbito do POE)	870,944	3,061,144
IAPMEI (in the perimeter of QREN)	-	-
VAT refunds request	3,330,746	6,856,909
DGCI - Portuguese tax authorities	23,618,566	7,385,561
Soporgen financing	444,444	666,667
Câmara Municipal de Setúbal	487,700	492,290
APSS - Adm. dos Portos de Setúbal e Sesimbra	1,246,355	204,960
Direcção Geral de Alfândegas	435,751	408,000
APDL - Administração do Porto de Leixões	322,505	297,736
OMMP e Elouladh	-	-
Simria	514,361	514,361
Instituto de Conservação da Natureza - Arrábida	481,771	481,771
IFADAP	1,937,544	-
BankMed for SOIME (Lebanon)	959,394	-
IAPMEI (in the perimeter of PEDIP)	50,878	50,878
BFA (Angola)	-	1,832,291
Comissão de Coord. e Desenv. Reg. Centro	419,971	400,591
BTA (Angola)	-	1,832,291
KEVE (Angola)	-	3,664,583
Chaussee	121,809	-
Comissão de Coordenação e Desenv. Regional LVT	366,424	366,424
AKA (Lebanon)	3,705,238	3,928,817
Others	5,088,444	1,453,106
	44,402,845	83,898,380
Other commitments		
Purchase commitments with suppliers	169,431,236	151,223,062
Operating lease - rent due less than 12 months	5,861,628	3,602,848
Mortgage loan guarantee	3,856,587	4,174,863
	179,149,451	159,000,773
	223,552,296	242,899,153

The subsidiary Seinpart – Participações SGPS, issued a bank guarantee, to the tax authorities (Direcção Geral do Tesouro), in 2004, by Euro 50,000,000, valid for five years.

This guarantee has the purpose of covering the fulfillment of all obligations assumed by this subsidiary, in accordance with the terms established in chapter IV of the “Term of references” approved by Resolution 194/2003, of December 30, concerning the privatization of Portucel. The period of 5 years ended May 2009 being the guarantee returned.

During 2006, Semapa SGPS and Semapa Inversiones, SL, as guarantor, concluded a promise of a credits granting contract with a financial institution, amounting of Euro 200,000,000 in order to finance the acquisition of listed on the Euronext Lisbon shares and that integrate PSI 20 and / or acquisition of Portucel shares.

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

This credit line was used up, on December 31, 2009 like 2008 by the amount of Euro 133,079,000, having been given as security 75,990,350 Portucel shares.

The amount regarding purchase commitments include the commitments assumed to AICEP which contemplate overall capital investments of around Euro 914,600,000 due to the construction of a new pulp paper plant in Setubal.

On December 31, 2009, the sub-group Secil had issued guarantees on financial institution borrowings in a total amount of Euro 54,191,633 (Euro 15,152,706 as at December 31, 2008).

Investment contract – AICEP

On July 12, 2006, Portucel, Soporcel and AICEP – Agência para o Investimento e Comércio Externo de Portugal (Portuguese agency for investment and foreign trade) entered into contracts for investments in progress and to be completed which comprise tax incentives amounting to Euro 22,480,095 and financial incentives amounting to Euro 102,038,801, corresponding to a total of Euro 124,518,896, of which Euro 21,708,681 have already been used until December 31, 2009.

Due to the stage of development of the projects, the Group recognized gains with financial incentives related with eligible investments up to December 31, 2009, of Euro 30,446,418. Under these contracts Portucel and Soporcel will still have to invest a total amount of about Euro 68,500,000.

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

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

40. Other commitments of the group

Promissory liens

In 2000, the subsidiary Secil obtained financing maturing in 2010 from banking institutions with a view to acquiring the subsidiary Société des Ciments de Gabès in Tunisia. Within the ambit of these borrowings, Secil issued an irrevocable power of attorney to the financial institutions, enabling them to place a lien over the Tunisian company's shares in the event of a default on its obligations.

The subsidiary Société des Ciments de Gabès contracted a loan from a Tunisian bank in the amount of TND 15.000.000 (Euro 7.961.360) for the acquisition of plant and equipment for its factory unit. As part of this financing facility, the subsidiary issued an irrevocable power of attorney to the financial institution, enabling it to place a lien on the aforesaid plant in the event of defaulting on its obligations.

(Translation of a report originally issued in Portuguese – Note 43)

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

In December 2008 the subsidiary Ciments de Sibline, S.A.L. renegotiated with a Lebanese bank a medium/long-term loan (financing operation) and a bank overdraft of '000LBP 22,612,500 (Euro 10,412,350) and '000 LBP 15,075,000 (Euro 6,941,567), respectively. Under the terms of these facilities, the subsidiary Ciments de Sibline, S.A.L. registered two mortgages over property, plant and equipment owned by it in favour of the bank in the amounts of '000LBP 86,681,250 (Euro 39,914,007) and '000LBP (Euro 8,517,302). At 31 December 2009, the amount recognised in the balance sheet relating to the medium/long-term was '000LBP 19,707,192 (Euro 9,074,546), while the bank overdraft had not yet been utilised.

Comfort letters

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

Investment in a new plant in Angola

In terms of the Memorandum of Understanding signed between the Angolan Government and the subsidiary Secil in April 2004, Secil – Companhia de Cement 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, entered into 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.

For reasons linked to the financing of this investment, it has not yet been possible to start the construction of the new factory during 2009. The plant's engineering project has been completed, and the necessary licences obtained, including the environmental licence. In addition financing has been secured with three financial institutions, totalling USD 106.5 million, although not all conditions have been fully met to date to secure utilization of the financing.

The contract for the design, supply and construction of the new plant was signed at the end of 2009 with the company CBMI (Sinoma Group) for an amount of USD 85.6 million. The enforceability of this contract is however subject to a suspensive condition which expires by June of 2010. The estimate of the total investment in this project at 2009 prices totals USD 173 million.

The subsidiary Secil Lobito foresees being able to commence construction of the new plant during the second quarter of 2010.

41. Contingent Assets

Sub-group Secil

CMP Pension Plan

The Group recorded in its financial statements for the year ended 31 December 1995 EUR 5,598,358 (which is now 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's. As a result of the aforesaid valuation, errors were detected, with the Portuguese Government being requested in 1996 to settle the abovementioned amount. On 16 September 1999, Secil filed a legal action against the Portuguese State, claiming settlement of the aforesaid amount and respective interest. In December 2009, 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 with a view to obtaining settlement of the amount in question.

(Translation of a report originally issued in Portuguese – Note 43)

Sub-group Portucel

Public debt settlement fund

According to the Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (November 25, 2006) are the responsibility of the Public Debt Settlement Fund. Portucel submitted an application to the Public Debt Settlement Fund on April 16, 2008 requesting the payment by the State of the tax debts raised by the tax authorities. In this context, the aforementioned Fund is liable for Euro 31,018,150, detailed as follows:

Amounts in Euro	Period	Amounts Requested	1st refund	Outstanding*
Portucel				
Value added tax - Germany	1998-2004	5,850,000	(5,850,000)	-
Corporate Income Tax	2001	314,340	-	314,340
Corporate Income Tax	2002	625,033	(625,033)	-
Value added tax	2002	2,697	(2,697)	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-
Corporate Income Tax	2003	197,394	(157,915)	39,479
Corporate Income Tax	2004	3,324	-	3,324
Corporate Income Tax	2004	766,395	-	766,395
Corporate Income Tax (w withholding)	2005	1,736	(1,736)	-
Corporate Income Tax	2005	11,754,680	-	11,754,680
Corporate Income Tax	2005*	9,238,171	-	9,238,171
		30,326,934	(8,210,546)	22,116,389
Soporcel				
Corporate Income Tax	2002	169,220	-	169,220
Corporate Income Tax (Replacement)	2003	5,725,771	-	5,725,771
Value added tax	2003	2,509,101	-	2,509,101
Stamp Tax	2004	497,669	-	497,669
		8,901,761	-	8,901,761
		39,228,695	(8,210,546)	31,018,150

* Denied the use of 2005 tax losses in 2006

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

Withholding tax in Spain – Euro 516,729

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

Portucel challenged the amount withheld on the basis that it violated the right of free establishment foreseen in the Treaty of Rome (dividends paid to an entity resident in Spain are not be subject to withholding tax). The claim was rejected in February 15, 2008, and the Company appealed to court on April 29, 2008.

Moreover, during 2007, the European Commission made a formal request to Spain to change the law regulating withholding tax for non-residents, specifically relative to dividends paid, since it violates EU law as a discriminatory practice in light of tax treatment of income of the same nature when paid to a resident company for tax purposes in Spain; it has even filed suit for that purpose with the EU Supreme Court. Finally, in 2007, the EU Supreme Court issued the Amurta Ruling, which supports the company's position.

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

On April 7, 2008, SPCG and PortucelSoporcel Cogeração de Energia S.A. lodged an appeal with the Almada Administrative and Tax Court against the stamp duty of Euro 50,000 and Euro 27,000, respectively, levied on the share capital increases made by the aforesaid companies, on the grounds that such act is contrary to the provisions of Community Directive no. 69/335/EEC of the Council dated July 17, 1969, as amended by Directive 85/303/EEC of the Council of June 10, 1985.

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

BEKP Sales' agency

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

42. Exchange Rates

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on December 31, 2009.

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

The rates used in 2009 and 2008 against the euro, were as follows:

	2009	2008	Valuation/ (depreciation)
TND (tunisian dinar)			
Average exchange rate f	1.8728	1.8012	(3.98%)
Exchange rate at the end	1.8841	1.8216	(3.43%)
LBN (libanese pound)			
Average exchange rate f	2,102.60	2,217.10	5.16%
Exchange rate at the end	2,171.70	2,098.00	(3.51%)
USD (american dollar)			
Average exchange rate f	1.3948	1.4708	5.17%
Exchange rate at the end	1.4406	1.3917	(3.51%)
GBP (sterling pound)			
Average exchange rate f	0.8909	0.7963	(11.88%)
Exchange rate at the end	0.8881	0.9525	6.76%

(Translation of a report originally issued in Portuguese – Note 43)

43. Subsequent Events

In January 21, 2010 Secil's subsidiary Promadeira – Sociedade Técnica de Construção na ilha da Madeira, Lda. sold a property in Funchal for Euro 2,875,000.

44. Note Added for Translation

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

(Translation of a report originally issued in Portuguese – Note 43)

45. Companies included in consolidation

Name	Head Office	subsidiary Semapa detido pela Semapa		
		Direct	Indirect	Total
Parent - company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon	-	-	-
Subsidiaries				
Seminv, SGPS, S.A.	Lisbon	100,00	-	100,00
Cimentospar - Participações Sociais, SGPS, Lda.	Lisbon	-	100,00	100,00
Seinpart, SGPS, S.A.	Lisbon	49,00	51,00	100,00
Verdeoculto, SGPS, S.A.	Lisbon	100,00	-	100,00
Seinpar Investments, B.V.	Amsterdam	100,00	-	100,00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amsterdam	100,00	-	100,00
Semapa Inversiones S.L.	Madrid	100,00	-	100,00
Great Earth, SA	Lisbon	100,00	-	100,00

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 - Empresa Transformadora de Subprodutos Animais, SA	Stº Antão do Tojal	-	80,00	80,00	80,00
Subsidiaries					
ABAPOR – Comércio e Industria de Carnes, S.A	Stº Antão do Tojal	100,00	-	100,00	80,00
SEBOL – Comércio e Industria de Sebo, S.A.	Stº Antão do Tojal	100,00	-	100,00	80,00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100,00	-	100,00	80,00
BIOLOGICAL - Gestão de Resíduos Industriais, L.da,	Stº Antão do Tojal	100,00	-	100,00	80,00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S./	Mérida	100,00	-	100,00	80,00
Transportes Carvajal	Mérida	80,00	-	80,00	64,00

(Translation of a report originally issued in Portuguese – Note 43)

Subsidiary companies of sub-group Portucel - under full consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Portucel – Empresa Produtora de Pasta e Papel, SA	Setúbal	12,87	64,07	76,95	76,95
Subsidiaries					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100,00	-	100,00	76,95
Portucel International GmbH	Germany	100,00	-	100,00	76,95
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50,00	50,00	100,00	76,95
Portucel Floresta – Empresa de Desenvolvimento Agro-Floresta, SA	Setúbal	-	100,00	100,00	76,95
Aliança Floresta – Sociedade para o Desenvolvimento Agro-Floresta, SA	Setúbal	-	100,00	100,00	76,95
Enerforest - Empresa de Biomassa para Energia, SA	Setúbal	-	100,00	100,00	76,95
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100,00	100,00	0,00
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100,00	100,00	76,95
Aflomec - Empresa de Exploração Floresta, SA	Setúbal	-	100,00	100,00	76,95
Cofotrans - Empresa de Exploração Floresta, SA	Figueira da Foz	-	100,00	100,00	76,95
Atlantic Forests, SA	Setúbal	-	100,00	100,00	76,95
Afocelca - Agrupamento complementar de empresas para protecção contra i	Portugal	-	64,80	64,80	49,86
Bosques do Atlantico, SL	Spain	-	100,00	100,00	76,95
Naturfunji, ACE*	Setúbal	-	50,00	50,00	38,47
Verde Arena - Sociedade Gestora de Zonas de Intervenção Floresta, S.A.*	Setúbal	-	100,00	100,00	
PortucelSoporcel Pulp SGPS, S.A. *	Setúbal	100,00	-	100,00	76,95
EPFF - Empresa de Pasta de Figueira da Foz, S.A. *	Figueira da Foz	-	100,00	100,00	76,95
CELSET - Celulose de Setúbal, S.A. *	Setúbal	-	100,00	100,00	76,95
CELCACIA - Celulose de Cacia, S.A. *	Cacia	-	100,00	100,00	76,95
PortucelSoporcel Papel, SGPS SA	Setúbal	100,00	-	100,00	76,95
Soporcel North America Inc.	USA	-	100,00	100,00	76,95
About the Future - Empresa Produtora de Papel, SA	Setúbal	0,01	99,99	100,00	76,95
Portucel Papel Setúbal, S.A. *	Setúbal	-	100,00	100,00	76,95
Tecnipapel – Sociedade de Transformação e Distribuição de Papel, Lda	Setúbal	56,00	44,00	100,00	76,95
PortucelSoporcel Sales & Marketing NV	Belgium	25,00	75,00	100,00	76,95
Soporcel España, SA	Spain	-	100,00	100,00	76,95
Soporcel International, BV	Netherlands	-	100,00	100,00	76,95
Soporcel France, EURL	France	-	100,00	100,00	76,95
Soporcel United Kingdom, Ltd	United Kingdom	-	100,00	100,00	76,95
Soporcel Italia, SRL	Italy	-	100,00	100,00	76,95
Soporcel 2000 - Serviços Comerciais de Papel, Soc. Unipessoal, Lda	Figueira da Foz	-	100,00	100,00	76,95
Soporcel Deutschland, GmbH	Germany	-	100,00	100,00	76,95
Soporcel Handels, GmbH	Austria	-	100,00	100,00	76,95
PortucelSoporcel Energia, SGPS SA	Setúbal	100,00	-	100,00	76,95
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setúbal	-	100,00	100,00	76,95
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	-	100,00	100,00	76,95
PortucelSoporcel Cogeração de Energia, SA	Setúbal	-	100,00	100,00	76,95
PortucelSoporcel Participações, SGPS SA	Setúbal	100,00	-	100,00	76,95
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100,00	100,00	76,95
Empremédia - Corretores de Seguros, Lda	Lisbon	-	100,00	100,00	76,95
Socortel - Sociedade de Corte de Papel, SA	Figueira da Foz	-	100,00	100,00	76,95
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50,00	50,00	38,47
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100,00	100,00	76,95
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100,00	100,00	76,95
Emac Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91,15	91,15	70,14
Emac Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92,56	92,56	71,22
Emac Figueira da Foz - Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91,47	91,47	70,38
ImpactValue - SGPS, SA	Setúbal	100,00	-	100,00	76,95
Portucel Moçambique - Sociedade de Desenvolvimento Floresta e Industrial, Lda *	Mozambique	25,00	75,00	100,00	76,95
Portucel Floresta Brasil - Gestão de Participações, Lda *	Brasil	25,00	75,00	100,00	76,95
Raiz - Instituto de Investigação da Floresta e Papel	Eixo	43,00	51,00	94,00	72,33
PortucelSoporcel Papel - Sales e Marketing, ACE	Figueira da Foz	50,00	50,00	100,00	76,95
PortucelSoporcel Logística de Papel, ACE *	Figueira da Foz	33,33	66,67	100,00	76,95

* Created in 2009

(Translation of a report originally issued in Portuguese – Note 43)

Subsidiary companies of Sub-group Secil - under proportional consolidation

Name	Head Office	Direct and indirect % of equity held by subsidiary Secil			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	6,42	44,58	51,00	51,00
Subsidiaries					
Parcim Investments, B.V.	Amsterdam	100,00	-	100,00	51,00
Secilpar, SL	Madrid	-	100,00	100,00	51,00
Somera Trading Inc.	Panamá	-	100,00	100,00	51,00
Hew bol, SGPS, Lda.	Funchal	-	100,00	100,00	51,00
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100,00	100,00	51,00
ICV - Inertes de Cabo Verde, Lda.	Praia	37,50	25,00	62,50	31,88
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100,00	-	100,00	51,00
Seciment Investments, B.V.	Amsterdam	100,00	-	100,00	-
Serife - Sociedade de Estudos e Realizações Industriais e de	Lisbon	100,00	-	100,00	51,00
Silonor, S.A.	Dunkerque - France	100,00	-	100,00	51,00
Société des Ciments de Gabés	Tunis	98,72	-	98,72	50,35
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98,72	98,72	50,35
Zarzis Béton	Tunis	-	98,47	98,47	50,22
Secil Angola, SARL	Luanda	100,00	-	100,00	51,00
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51,00	51,00	26,01
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Setúbal	91,85	8,15	100,00	51,00
Britobetão - Central de Betão, Lda.	Évora	-	73,00	73,00	37,23
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100,00	100,00	51,00
Minerbetão - Fabricação de Betão Pronto, Lda.	Lisbon	-	100,00	100,00	51,00
Sicobetão - Fabricação de Betão, S.A.	Lisbon	-	100,00	100,00	51,00
Secil Britas, S.A.	Lisbon	-	100,00	100,00	51,00
Quimipetra - Secil Britas, Calcários e Derivados, Lda.	Lisbon	-	100,00	100,00	51,00
Colegra - Exploração de Pedreiras, S.A.	Lisbon	-	100,00	100,00	51,00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	51,19	45,81	97,00	49,47
IRP - Industria de Rebocos de Portugal, S.A.	Santarém	-	97,00	97,00	49,47
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	50,00	50,00	100,00	51,00
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	-	100,00	100,00	51,00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90,87	90,87	46,34
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	70,00	70,00	35,70
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisbon	-	100,00	100,00	51,00
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos, Lda.	Setúbal	50,00	50,00	100,00	51,00
Prescor Produção de Escórias Moidas, Lda.	Lisbon	-	100,00	100,00	51,00
CMP - Cimentos Maceira e Pataias, S.A. ("CMP")	Leiria	100,00	-	100,00	51,00
Ciments de Sibline, S.A.L.	Beirute	28,64	22,41	51,05	26,04
Soime, S.A.L.	Beirute	-	51,05	51,05	26,04
Premix Liban, S.A.L.	Beirute	-	51,05	51,05	26,04
Cimentos Madeira, Lda.	Funchal	57,14	-	57,14	29,14
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57,14	57,14	29,14
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57,14	57,14	29,14
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57,14	57,14	29,14
Madebritas - Sociedade de Britas da Madeira, Lda. (a)	Funchal	-	29,14	29,14	14,86
Pedra Regional - Transformação e Comercialização de Rochas Ornamentais	Funchal	-	29,14	29,14	14,86

(Translation of a report originally issued in Portuguese – Note 43)

BOARD OF DIRECTORS

Chairman:

Pedro Mendonça de Queiroz Pereira

Members:

Maria Maude Mendonça de Queiroz Pereira Lagos

José Alfredo de Almeida Honório

Francisco José Melo e Castro Guedes

Carlos Maria Cunha Horta e Costa

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Rita Maria Lagos do Amaral Cabral

António da Nóbrega de Sousa da Câmara

Joaquim Martins Ferreira do Amaral

António Pedro de Carvalho Viana Baptista

**Report of the Auditors for Statutory and Stock Exchange Regulatory
Purposes in respect of the Consolidated Financial Information
(Free translation from the original version in Portuguese)**

Introduction

1 As required by law, we present the Report of the Statutory Auditors in respect of the consolidated financial information included in the consolidated management report and the consolidated financial statements of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA, comprising the consolidated balance sheet as at December 31, 2009, (which shows total assets of €3,373,458,820 and a total of shareholder's equity of €1,171,119,329, including minority interests of €305,375,260 and net profit of €78,849,324), the consolidated income statement, the statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated results of their operations and their consolidated cash flows; (ii) to prepare the historic financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU while also meeting the principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain adequate systems of internal accounting controls; and (v) the disclosure of any relevant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the consolidated financial information included in the consolidated financial statements referred to above, particularly as to whether it is complete, truthful, accurate, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of expressing an independent and professional opinion on that financial information, based on our audit.

SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our examination included: (i) verification that the subsidiary's financial statements have been examined and for the cases where such an examination was not carried out, verification, on a test basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgments and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the consolidated financial information included in the consolidated management report is in agreement with the financial statements.

6 We believe that our examination provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA as at December 31, 2009, the changes in equity, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and duly comply with principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness.

Lisbon, March 30, 2010

PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

Abdul Nasser Abdul Sattar, R.O.C.

SEMAPA – Sociedade de Investimento e Gestão, SGPS,SA

Report and Opinion of the Audit Board Consolidated Accounts

Financial year of 2009

Shareholders,

1. As required by law, the articles of association and our mandate from the shareholders, we are pleased to present our report on our supervisory activities and to issue our opinion on the Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA for the financial year ended 31 December 2009.
2. Over the course of the year we monitored the company's affairs and those of its subsidiaries at the intervals and to the extent we deemed appropriate, in particular through periodic meetings with the directors. We confirmed that the accounts were properly kept and the respective documentation in order, as well as checking the effectiveness of the systems for risk management, internal control and auditing. We were watchful of compliance with the law and the articles of association. We encountered no constraints in the course of our work.
3. We held several meetings with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., thereby monitoring the audit work carried out and assuring the independence of such work. We have assessed the Legal Certificate of Accounts and the Audit Report, and are in agreement with the Legal Certificate of Accounts and the Audit Report presented.
4. In the course of our duties we found that:
 - a) the Consolidated Balance Sheet, the Consolidated Statement of Recognized Income and Expense, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the corresponding Notes to the financial statements provide an appropriate picture of the state of the company's affairs and of its results;
 - b) the accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union and are appropriate so as to assure that they lead to a correct assessment of the company's assets and its results; the analyses and recommendations issued by the external audit have been duly followed up;
 - c) the Consolidated Management Report provides sufficient information on the progress of the company's activities and those of its subsidiaries included in the consolidated accounts and the state of their affairs and offers a clear account of the most significant developments during the period.
5. Accordingly, taking into consideration the information received from the Board of Directors and from the company departments, together with the conclusions set out in the Legal Certificate of Accounts and the Audit Report, we recommend that:
 - a) the Consolidated Management Report be approved;
 - b) the Consolidated Financial Statements be approved;

6. Finally, the members of the Audit Board wish to express their acknowledgment and thanks to the Board of Directors and to the company's senior management and other staff for their assistance and cooperation.

Lisbon, 31 March 2010

The Chairman of the Audit Board

Duarte Nuno d'Orey da Cunha

The Member

Miguel Camargo de Sousa Eiró

The Member

Gonçalo Nuno Palha Gaio Picão Caldeira



**INDIVIDUAL
FINANCIAL STATEMENTS**

December 31, 2010

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

BALANCE SHEET AS OF DECEMBER 2009 AND 2008

(Amounts in Euros)

		31-12-2009		31-12-2008							
ASSETS		Notes	Gross Assets	Adjustments and depreciations	Net Assets	Net Assets	EQUITY AND LIABILITIES		Notes	31-12-2009	31-12-2008
FIXED ASSETS:											
Tangible fixed assets:											
Buildings and Other Construtiuon	10		775.005	(370.252)	404.753	483.901	Capital		36, 37 and 40	118.332.445	118.332.445
Tranport Equipment	10		28.341	(26.401)	1.940	2.910	Treasury shares - nominal value		36, 37 and 40	(2.720.000)	(2.720.000)
Tools and Equipment	10		2.023	(1.538)	485	970	Treasury shares - Discounts and premiums		36, 37 and 40	(34.045.574)	(34.045.574)
Administrative equipment	10		428.584	(307.141)	121.443	112.958	Premiums for the issue of shares		40	3.923.459	3.923.459
Other tangible fixes assets	10		104.275	(50.115)	54.160	47.106	Adjustments and investments of subsidiaries and associated companies		40	(35.968.851)	(32.479.479)
Tangible fixed assets in progress	10		208.141		208.141	257.072	Fair value ajustements		40 and 50	(4.465.146)	-
			1.546.369	(755.447)	790.922	904.917	Reserves:				
Investments:							Legal reserves		40	23.666.489	23.666.489
Investments in subsidiaries	10, 16 and 17		576.441.579	-	576.441.579	500.320.794	Other reserves		40	689.522.224	627.655.918
Supplementary capital to group companies	10, 16 and 17		681.364.259	-	681.364.259	733.245.980	Retained earnings		40	28.649.698	10.656.838
Loans to group companies	10, 16 and 17		157.265.000	-	157.265.000	180.065.000	Net income for the year		40	78.849.324	106.347.480
Securities and other investments	10 and 17		795.971	-	795.971	566.810	Total equity			865.744.068	821.337.576
			1.415.866.809	-	1.415.866.809	1.414.198.584	LIABILITIES:				
Current Assets:											
Short term receivables:											
Subsidiaries	54		11.902.347	-	11.902.347	10.150.231	PROVISIONS:				
State and other public entities	48		130.819		130.819	980.597	Pensions		31 and 34	90.600.253	89.740.615
Other debtors	49		1.975.115	-	1.975.115	18.925.383	Other provisions		34	2.087.596	2.748.391
			14.008.281	-	14.008.281	30.056.211				92.687.849	92.489.006
Cash and bank deposits:							Medium and long term liabilities:				
Bank deposits			6.627.572		6.627.572	9.565	Bond loans		52	225.000.000	225.000.000
Cash			3.021		3.021	2.909	Commercial paper		52	59.350.000	92.750.000
	55		6.630.593		6.630.593	12.474	Bank loans		52	133.079.000	158.079.000
ACCRUALS AND DEFERRALS:										417.429.000	475.829.000
Accrued Income	51		435		435	-	Short term Liabilities:				
Deferred costs	51		2.371.661		2.371.661	3.043.934	Bond loans		52 and 55	50.482.037	54.123.202
Deferred tax assets	6		13.911.345		13.911.345	13.911.345	Suppliers			65.639	70.989
			16.283.441		16.283.441	16.955.279	Subsidiaries		54	133.078	848.409
							Shareholders		53	10.637.808	6.157.940
							State and other public entities		48	187.982	194.749
							Other creditors		49	9.817.724	1.095.810
										71.324.268	62.491.099
ACCRUALS AND DEFERRALS:											
							Accrued Costs		51	6.388.978	9.969.279
							Deferred Income		51	5.883	11.505
										6.394.861	9.980.784
Total de amortizações				(755.447)			Total liabilities			587.835.978	640.789.889
Total do activo			1.454.335.493	(755.447)	1.453.580.046	1.462.127.465	Total equity and liabilities			1.453.580.046	1.462.127.465

The accompanying notes form an integral part of the balance sheet as of December 31, 2009.

The accountant

Board of directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.
INCOME STATEMENT BY NATURE FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Amounts in Euros)

EXPENSES	Notes	31-12-2009	31-12-2008	INCOME	Notes	31-12-2009	31-12-2008
Supplies and external services		2.801.422	2.195.343	Services rendered	44 and 53	2.904.832	3.092.640
Employee costs:				Supplementary income		190.185	152.172
Payroll		6.756.032	6.209.421	Operating income		-	319.068
Social Charges				(B)		3.095.017	3.411.708
Pensions	31	5.111.677	4.998.082				
Others		594.095	803.160	Gain in Group and Associated Companies	16 and 45	108.616.243	127.182.175
		12.461.804	12.010.663	Gains on Security and other investments	45	20.352	34.439
Depreciation and amortisations	10	161.328	151.887	Interest and other income:			
Provisions	34	528.159	233.951	Group companies	45 and 54	387.616	465.673
		689.487	385.838	Others	45	1.579.661	292.306
Taxes		780.355	813.708	(D)		113.698.889	131.386.301
Other operational expenses		78.821	35.379				
(A)		16.811.889	15.440.931	Extraordinary income	46	1.877.369	16.120.222
Losses in Group and Associated Companies	16 e 45	58.223	50.000				
Adjustments for Securities and other investments	17 e 45	-	285.797				
Interest and other expenses:							
Group companies	45 e 54	153.796	17.405				
Others	45	19.108.838	29.902.555				
(C)		36.132.746	45.393.486				
Extraordinary expenses	46	513.450	131.537				
(E)		36.646.196	45.525.023				
Income Tax	6	80.738	(4.365.980)				
(G)		36.726.934	41.159.043				
Net Pfofit for the year end		78.849.324	106.347.480	(F)		115.576.258	147.506.523
		115.576.258	147.506.523				
				Net operating profit:	(B) - (A)	(13.716.872)	(12.029.223)
				Financial profit:	(D-B) - (C-A)	91.283.015	98.022.038
				Current profit:	(D) - (C)	77.566.143	85.992.815
				Profit before tax:	(F) - (E)	78.930.062	101.981.500
				Net income for the year:	(F) - (G)	78.849.324	106.347.480

The accompanying notes from na integral part of the income statement by nature as of December 31, 2009.

The accountant

Board of directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

INCOME STATEMENT BY FUNCTION

DECEMBER 31, 2009 AND 2008

(Amounts in Euros)

	<u>Notes</u>	<u>31-12-2009</u>	<u>31-12-2008</u>
Sales and services rendered	44 and 54	2.904.832	3.092.640
Cost of sales and services rendered		<u>(5.607.197)</u>	<u>(5.427.002)</u>
Gross margin		<u>(2.702.365)</u>	<u>(2.334.362)</u>
Other operating gains		2.067.554	16.439.290
Administration costs		(5.564.856)	(4.781.896)
Other operating costs		<u>(6.153.286)</u>	<u>(5.363.570)</u>
Net operating profit		<u>(12.352.953)</u>	<u>3.959.462</u>
Net financial costs		(17.295.357)	(28.858.779)
Gains/ (losses) in other subsidiaries	45	108.558.020	127.132.175
Gains/ (losses) in other investments	45	<u>20.352</u>	<u>(251.358)</u>
Current profit		<u>78.930.062</u>	<u>101.981.500</u>
Income Tax	6	<u>(80.738)</u>	<u>4.365.980</u>
Net income for the year		<u><u>78.849.324</u></u>	<u><u>106.347.480</u></u>
Profit by share		<u><u>0,68</u></u>	<u><u>0,91</u></u>

The accompanying notes form an integral part of the
income statement by functions as of December 31, 2009

The accountant

Board of directors

SEMAPA - SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

CASH FLOW STATEMENT

DECEMBER 31, 2009 and 2008

(Amounts in Euros)

	Notes	31-12-2009	31-12-2008
OPERATING ACTIVITIES			
Payments to suppliers		(3.863.353)	(2.748.700)
Payments to employees		(9.164.141)	(9.175.655)
Cash flow generated from activities		(13.027.494)	(11.924.355)
(Payments) / receipts of income tax		748.637	201.795
Other (payments) / receipts from operating activities		3.020.152	8.028.983
Cash flow generated before extraordinary captions		(9.258.705)	(3.693.577)
Cash flow from operating activities (1)		(9.258.705)	(3.693.577)
INVESTMENT ACTIVITIES			
Inflows			
Financial investments		125.733.945	76.323.799
Tangible fixed assets		-	40.585
Interest and similar income		106.743	359.799
Dividends	45	13.918.455	6.860.009
		139.759.143	83.584.192
Outflows			
Financial investments		(13.628.885)	(107.496.729)
Tangible fixed assets		(37.873)	(221.934)
		(13.666.758)	(107.718.663)
Cash flow from investing activities (2)		126.092.385	(24.134.471)
FINANCING ACTIVITIES			
Inflows			
Obtained borrowings		564.029.616	482.868.870
Given borrowings		20.870.888	21.461.916
		584.900.504	504.330.786
Outflows			
Obtained borrowings		(587.045.441)	(455.349.998)
Given borrowings		(22.345.265)	(25.359.706)
Interest and similar expenses		(20.847.067)	(27.501.579)
Dividends	40	(29.481.173)	(29.481.173)
		(659.718.946)	(537.692.456)
Cash flow from financing activities (3)		(74.818.442)	(33.361.670)
CHANGES IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		42.015.238	(61.189.718)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	55	(35.384.645)	25.805.073
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	55	6.630.593	(35.384.645)

The accompanying notes form an integral part of the cash flow statement for the year ended December 31, 2009.

The accountant

Board of directors

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

INTRODUCTION

Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. ("The Company") was incorporated on June 21, 1991 and its main activity being is investing in other companies, namely in the production of cement and derivatives, pulp and paper, through its subsidiaries, Secil – Companhia Geral de Cal e Cimento, S.A., Portucel – Empresa Produtora de Pasta e Papel, S.A. and ETSA – Empresa Transformadora de Sub-Produtos Animais, SA. At October 2008 the subsidiary Verdeoculto, SGPS acquired ETSA that leads a group operating in the collection and recovery of animal by-products

The sequence of the notes bellow follows the definition of the Official Chart of Accounts ("Plano Oficial de Contabilidade - POC"). Excluded notes are either not applicable to the Company, or their presentation is not material to the financial statements.

1. PORTUGUESE GENERALLY ACCEPTED PRINCIPLES DEROGATIONS

Semapa's standalone financial statements were prepared in accordance with the accounting principles generally accepted in Portugal, with the following derogations:

- the Group changed its accounting policy related to the actuarial gains and losses recognition, starting to apply IAS 19, published by IASB on 16 December 2004 and approved by the Regulation 1910/2005 of the European Commission on 8 November 2005, which introduced an option to recognise actuarial gains and losses of defined benefits plans directly in equity;
- valuation of financial assets, held-for-sale at fair value, in accordance with IAS 39, whereas the changes in fair value of these assets are charged directly to Semapa shareholder's equity. If impairment takes place, losses will be recognized in earnings at the same period leading to an analysis at each reporting date.

Additionally, investments in subsidiaries accounted by equity method include the changes in accounting policies recognized in its financial statements, as referred in Note 16.

3. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

The accompanying financial statements have been prepared on a going concern basis from the accounting records of the Company maintained in accordance with generally accepted accounting principles in Portugal, derogated by the adoption of the IFRS 3 described in Note 1 and 16.

The financial statements reflect only the Company's individual accounts. The Company also prepared consolidated financial statements, in accordance with IFRS, which reflect the following differences to the standalone financial statements as of December 31, 2009, considering that the individual shareholder's equity, resulting from the application of the equity method to subsidiaries is equal to the consolidated shareholders equity:

	<u>Increase</u>
Total net assets	1,919,878,774
Total liabilities	1,614,503,513
Total Income	1,377,397,165

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

The main accounting policies used in preparing the financial statements are as follows:

a) Tangible Fixed Assets

Tangible fixed assets, which include transport and administrative equipment and other tangible assets, are recorded at cost and depreciated on a straight-line basis over periods from three to ten years:

	Useful Lives (years)
Buildings and Other Construction	8 to 10
Transport Equipment	4
Tolls and Equipment	4
Administrative equipment	3 to 8
Other Tangible Fixed Assets	4 to 10

b) Investments

Investments in group companies (and subsidiaries of group companies) and affiliated companies are recorded based on equity method (Note 16).

In accordance with the equity method, investments are increased or reduced annually by the amount corresponding to the Company's proportion in the net result of the subsidiaries, by corresponding entry in the income statement (Note 45). Additionally, dividends received from group companies resulting from distribution of profits or reserves are deducted from the amount of the investment in the year in which they are received.

Available-for-sale financial assets are recognised in the caption "Securities and other investments" which are relate to investments in other companies (Notes 10 e 17). These investments are recognised at fair value which is its market value, based on the listed price on the balance sheet date. Potential gains or losses are recognised in equity, in the caption "Fair value adjustments", until the investment be disposed, and therefore recognised in income statement.

The assets recognised as Available-for-sale financial assets, which fair value adjustments are recognised in equity, if impaired, the related impairment cost is recognised in net profit, in the period when the impairment is identified, which requires that the Group perform an impairment analysis every reporting periods. Regarding investment in an equity instrument, in accordance with IAS 39.61, a significant or prolonged decline in fair value below its historical cost is a objective evidence of impairment which is a condition to recognise the related impairment immediately.

c) Accrual Basis

The Company records revenue and expenses on an accrual basis. Under this basis, revenue and expenses are recorded in the period at which they are generated or incurred, regardless of the time at which they are received or paid. Differences between the amounts received and paid and the corresponding revenue and expenses are recorded in accruals and deferrals captions (Note 51).

d) Corporate Income Tax

The income tax includes current and deferred tax, when applicable. Income tax is recognised in the income statement except when relating to gains and losses recorded directly in equity, in which case the income tax is also recorded directly in equity, namely, that relating to the impact of asset revaluations.

Current income tax is determined based on the net profit, adjusted in accordance with tax legislation in force at the balance sheet date.

Deferred income tax is recognised in accordance with the liability method, based on the temporary differences between recognised assets and liabilities for accounting and for taxes purposes. Deferred

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

taxes are determined using the income tax rates expected to be prevailing the temporary differences revert back.

The Company recognizes deferred tax assets when there is a reasonable expectation that future profits will be available, against which the assets can be utilized. Deferred tax assets are annually reviewed and decreased whenever it becomes probable that they will not be able to be utilized.

e) Post Employment Benefits

The Company has undertaken the commitment to pay to Board of directors' members a retirement benefit complement, in terms described in Note 31.

The responsibilities for the payment of retirement benefits are recorded in accordance with IAS 19, approved by the Regulation 1910/2005 of European Commission of November, 8.

In accordance with IAS 19, companies with pension plans recognise the costs of providing these benefits *pari passu* with the services provided by the beneficiaries in their employment. Thus, the total liability is estimated separately for each plan at least every six months, on the closing date of interim and annual accounts, by a specialized and independent based on the projected unit credit method.

The liability thus determined is recognised in the balance sheet and pension costs are recognised in the caption "Payroll – Social Charges – Pensions". Actuarial gains and losses arising from the differences between the assumptions used for the purpose of determining liabilities and those which effectively occurred (as well as the changes made to those actuarial assumptions and the difference between the expected return on the assets of the funds and their actual yield) are recognised when incurred, directly in equity, in the caption "Retained Earnings" (Note 40).

f) Provisions

Provisions are recorded in order to recognized liabilities with a clearly defined nature which at balance sheet date are considered to be certain or probable, but uncertain in the amount or occurrence date.

g) Treasury Shares

Treasury shares are accounted by its acquisition cost as a reduction of equity under "treasury shares" and the gains or losses related to its sale recorded in "Other reserves." In accordance with the applicable commercial law, while the treasury shares remain the company's portfolio, the company has to make unavailable a reserve of the same amount to its cost of acquisition (Note 40).

h) Derivative Financial Instruments

Derivative financial instruments are recognized at the transaction date by its fair value being revaluated on a regular basis and when its market value is not available, it should be measured by external entities using specific valuation techniques. Gains and losses generated from the revaluation are recognized directly on period earnings unless if the derivative financial instruments as cash flow hedging, where variations of fair value are directly recognized on equity in the caption "Fair value adjustments" (Note 40) in its effective part and its non effective part that, accordingly to IAS 39, cannot be designated as hedge and should be directly recognized in earnings (Note 50)

i) Use of estimates

The preparation of the financial statements requires that management applies its judgment in the calculation of estimates affecting revenue, expenses, assets, liabilities and disclosures on balance sheet date. These estimates are determined by judgement of the Group's management based on: i) the best information and knowledge of present events, which are supplemented, in some cases, with independent opinions from third parties and ii) the specific steps which the Company considers that may undertake in the future. Nonetheless, at the closing date of operations the result may differ from the estimates included in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

6. IMPOSTOS SOBRE O RENDIMENTO

Since January 1, 2006, the Company is taxed under the special tax regime for Group Corporate Income Tax ("RETGS"), constituted by the Companies in which minimum investments of 90% are held and which fulfil the conditions set out in article 63º and following articles of the Corporate Income Tax Code (Código do IRC), owning tax losses carried forward previous of the referred regime amounting Euro 13,951,328 (2008: Euro 18,325,643), which have not been recognised deferred tax assets due to the fact that there is no reasonable expectation that future profits will be generated, against which the assets can be used because the Company has been generating negative operating results.

Under actual tax law, tax losses carried forward could be reported in the following six years. As of December 31, 2009 tax losses carried forward, generated by Semapa SGPS in the special tax regime for Group Corporate Income Tax amounts to Euro 13,951,328.

Tax losses generated under RETGS, amounting of Euro 55,645,379, over which the Group expect to recover through future profits generated by the tax group and therefore the Group recognized the related deferred tax asset amounting to Euro 13,911,345 as of December 31, 2009.

Gains and losses in subsidiaries and affiliated companies resulting from application of the equity method are deducted from or added to, respectively, the profit for the year when determine the taxable income.

Income tax for the year ended December 31, 2009 and 2008 is as follows:

	2009	2008
Current Tax (Note 48)	80,738	61,787
Deferred tax	-	(4,427,767)
	<u>80,738</u>	<u>(4,365,980)</u>

The current income, amounting to Euro 80,738, refers to autonomous taxation.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

The reconciliation of effective income tax rate is as follows:

	2009	2008
Profit before income tax	78,930,062	101,981,500
Nominal rate of income tax	26.50%	26.50%
Estimated income tax	20,916,466	27,025,098
Permanent differences (a)	(26,672,574)	(35,005,756)
Autonomous taxation	80,738	61,787
Non-Recovered tax losses	5,756,108	3,552,891
	<u>80,738</u>	<u>(4,365,980)</u>
Effective income tax rate	0.10%	(4.28%)
Effective income tax rate without equity method effect	<u>29.26%</u>	<u>25.27%</u>

(a) This amount mainly respects to:

	2009	2008
Effects arising from the equity method (Note 16)	(108,558,020)	(127,132,175)
Adjustements and taxable provisions	528,159	519,748
Reduction of provisions	(2,479,713)	(548,769)
Pensions costs (Note 31)	5,111,677	4,998,082
Non -taxable dividends recognized in P&L	(20,352)	(34,439)
Accounting realized gains/losses	(688,404)	(16,083,931)
Taxable realized gains	-	18,145
Others	5,455,430	6,166,146
	<u>(100,651,223)</u>	<u>(132,097,193)</u>
Tax effect 26,5%	<u>(26,672,574)</u>	<u>(35,005,756)</u>

In accordance with current tax law, tax returns are subject to review and adjustment by the tax authorities during a period of four years and ten years for Social Security. However, if the company had tax losses, may be subject to review and adjustment by the tax authorities during 10 years.

The Company's Management believes that any possible adjustments that may result from tax authorities reviews will not have a material effect on the financial statements as of December 31, 2009.

7. AVERAGE NUMBER OF EMPLOYEES

The average number of employees as of December 31, 2009 and 2008 was 21 employees.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

10. CHANGES IN FIXED ASSETS

During the year ended December 31, 2009 the movements in intangible assets, tangible assets and investments, as well as their accumulated depreciation, were as follows:

Captions	Fixed assets			
	Opening balance	Increases	Transfers and Write-offs	Closing balance
Tangible fixed assets:				
Buildings and other constructions	775,005	-	-	775,005
Transport equipment	28,341	-	-	28,341
Tools and utensils	2,023	-	-	2,023
Administrative equipment	355,494	9,785	63,305	428,584
Other tangible fixed assets	81,101	19,917	3,257	104,275
Tangible fixed assets in progress	257,072	17,631	(66,562)	208,141
	<u>1,499,036</u>	<u>47,333</u>	<u>-</u>	<u>1,546,369</u>
Investments:				
Investments in subsidiaries (Notes 16 and 17)	500,320,794	13,512,940	62,607,845	576,441,579
Additional paid in capital to group companies (Notes 16 and 17)	733,245,980	-	(51,881,721)	681,364,259
Loans to group companies (Notes 16 and 17)	180,065,000	-	(22,800,000)	157,265,000
Securities and other investments (Note 17)	566,810	115,945	113,216	795,971
	<u>1,414,198,584</u>	<u>13,628,885</u>	<u>(11,960,660)</u>	<u>1,415,866,809</u>

Captions	Accumulated depreciation			
	Opening balance	Increases	Transfers and Write-offs	Closing balance
Tangible fixed assets:				
Buildings and other constructions	291,104	79,148	-	370,252
Transport equipment	25,431	970	-	26,401
Tools and utensils	1,053	485	-	1,538
Administrative equipment	242,536	64,605	-	307,141
Other tangible fixed assets	33,995	16,120	-	50,115
	<u>594,119</u>	<u>161,328</u>	<u>-</u>	<u>755,447</u>

16. SUBSIDIARIES AND AFFILIATED COMPANIES

As of December 31, 2009 investments in subsidiaries and affiliated companies, including supplementary capital and capital-related loans to Group companies, were as follows:

Companies	Headquarter	December 31, 2009				Net book value (Note 10)	Share in net profits (Notes 17 and 45)
		Share capital	Equity a)	Net Profit a)	%		
Great Earth - Projectos, SA	Lisbon	50,000	157,491	182,689	100.00%	157,491 b)	157,491
Interholding Investments, BV	Amsterdam	18,000	6,085,875	(58,223)	100.00%	6,085,875	(58,223)
Portucel, SA	Setúbal	767,500,000	1,180,196,903	86,794,331	12.87% c)	151,931,289	11,028,233
Secil, SA	Setúbal	264,600,000	483,452,082	77,498,552	6.42%	31,015,643	4,971,884
Seinpar Investments, BV	Amsterdam	18,000	461,090,509	27,953,039	100.00%	461,090,509	27,953,039
Seinpart, SGPS, SA	Lisbon	180,000,000	412,065,505	26,658,122	49.00%	201,912,097	13,062,480
Semapa Inversiones, SL	Madrid	3,006	215,319,282	13,036,820	100.00%	215,319,282 d)	13,036,820
Seminv, SGPS, SA	Lisbon	7,500,000	306,154,041	35,699,321	100.00%	306,154,041	35,699,321
Verdeoculto, SGPS, SA	Lisbon	50,000	41,404,611	2,706,975	100.00%	41,404,611	2,706,975
						<u>1,415,070,838</u>	<u>108,558,020</u>

(a) After consolidation adjustments.

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- (b) On December 31, 2008, the subsidiary Great Earth – Projectos, SA has negative equity amounting to Euro 25,198, therefore Semapa provided for the referred amount (Note 34). During 2009, the equity of this subsidiary is positive on Euro 157,491 therefore the provision referred above was reversed (Note 34).
- (c) During the year ending December 31, 2009, Semapa increased its stake in Portucel of 11.61% to 12.87%. The net profit Semapa appropriate on this subsidiary, reflects the effect of successive acquisitions occurred in 2009.
- (d) Includes Supplementary capital (“capital related”).

Portuguese Generally Accepted Principles Derogations

Since 2005 with effects from January 1, 2004, Semapa subsidiaries started to apply IFRS 3 in Goodwill recognition. Therefore, Goodwill is not amortized and is tested annually for impairment. Goodwill impairment losses cannot be reversed

During the year ended December 31, 2004, Portucel subsidiaries change its accounting policy over biological assets (Growing forest), started to apply IAS 41 “Agriculture”. Under this accounting standard, biological assets are measured at fair value, less estimated costs of sale at time of harvesting.

Secil – Companhia Geral de Cal e Cimento, SA and Portucel – Empresa Produtora de Pasta e Papel, SA and its subsidiaries recognise its derivative financial instruments, both trading and hedging, and available-for-sale financial assets, at fair value according with IAS 39. Therefore, changes in fair value of its derivative financial instruments which qualify as cash-flow hedges, and available-for-sale financial assets are recognised directly in subsidiaries equity. Changes in fair value of trading derivatives financial instruments are recognised on the income statement.

Portucel subsidiaries have changed its accounting policy of leases included in contracts according to IFRIC 4 - Determining whether an Arrangement contains a Lease. A financial lease was recorded in Subsidiaries' assets, which amount is reduced by each rental paid in the part related to capital amortization. In each period is registered the equipment depreciation and the financial charges included in the rental paid.

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17. INVESTMENTS IN SUBSIDIARIES

Changes in the caption “Investments in subsidiaries”, “Supplementary capital to group companies”, “Loans to group companies” and “Securities and other investments” for the year ended December 31, 2009 were as follows:

	Investments in subsidiaries	Supplementary capital to group companies	Loans to group companies	Securities and other investments	Total
Opening balance	500,320,794	733,245,980	180,065,000	566,810	1,414,198,584
Aquisition of 382.000 shares of Portucel -Empresa Produtora de Pasta e Papel, SA to minority interests	531,840	-	-	-	531,840
Diferença apurada na aquisição da participação na Portucel - Goodwill on acquisition of Portucel - Empresa Produtora de Pasta e Papel, SA to minority interests (Note 40)	31,582	-	-	-	31,582
Intragroup acquisition of 8.900.000 shares of Portucel - Empresa Produtora de Pasta e Papel, SA	12,981,100				12,981,100
Goodwill on itragroup acquisition of Portucel - Empresa Produtora de Pasta e Papel, SA (Note 40)	523,080				523,080
Share capital increase subscription of 64.414 shares of Banco Comercial Português, SA	-	-	-	115,945	115,945
Profits appropriate by the equity method (Note 6, 16 and 45)					
- Gains	108,616,243	-	-	-	108,616,243
- Losses	(58,223)	-	-	-	(58,223)
Dividend paid to the Company by:					
- Portucel - Empresa Produtora de Pasta e Papel, SA (Note 45)	(9,679,238)	-	-	-	(9,679,238)
- Secil - Companhia Geral de Cal e Cimento, SA (Note 45)	(3,908,258)	-	-	-	(3,908,258)
- Seinpart - Participações, SGPS, SA (Note 45)	(1,225,000)	-	-	-	(1,225,000)
Reimbursement of supplementary capital by the subsidiaries:					
- Seinpar Investments, BV	-	(38,755,000)	-	-	(38,755,000)
- Seinpart - Participações, SGPS, SA	-	(10,480,610)	-	-	(10,480,610)
- Seminv - Investimentos, SGPS, SA	-	(18,610,000)	-	-	(18,610,000)
- Verdeoculto - Investimentos, SGPS, SA	-	(11,716,000)	-	-	(11,716,000)
Reimbursement by the participating lender branch:					
- Semapa Inversiones, SL	-	-	(22,800,000)	-	(22,800,000)
Other changes in equity of subsidiaries:					
- Seinpar Investments, BV	(523,080)	-	-	-	(523,080)
- Semapa Inversiones, SL	(13)	-	-	-	(13)
Other changes in equities of:					
- ETSA - Empresa Transformadora de Subprodutos Animais, SA	(11)	-	-	-	(11)
- Portucel - Empresa Produtora de Pasta e Papel, SA	684,717	-	-	-	684,717
- Secil - Companhia Geral de Cal e Cimento, SA	(4,869,699)	-	-	-	(4,869,699)
Dividends distributed by Semapa to Seminv, SGPS, SA	695,634	-	-	-	695,634
Reversal of fair value adjustments on financial assets available for sale (Note 45):					
- Banco Espírito Santo, SA	-	-	-	37,170	37,170
- EDP - Energias de Portugal, SA	-	-	-	76,007	76,007
- Banco Comercial Português, SA	-	-	-	39	39
Transfers between captions	(27,679,889)	27,679,889	-	-	-
Closing balance	<u>576,441,579</u>	<u>681,364,259</u>	<u>157,265,000</u>	<u>795,971</u>	<u>1,415,866,809</u>

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As of December 31, 2009, Investments in Subsidiaries were made up as follows:

	31-12-2009
Great Earth - Projectos, S.A.	157,491
Interholding Investments, BV	6,085,875
Portucel, SA	151,931,289
Secil, SA	31,015,643
Seinpart, SGPS, SA	159,098,347
Semapa Inversiones, SL	58,054,282
Seminv, SGPS, SA	167,164,041
Verdeoculto SGPS, SA	2,934,611
	<u>576,441,579</u>

As of December 31, 2009, Supplementary Capital granted to Group Companies amounting Euro 681,364,259 have been granted to the following entities:

	31-12-2009
Seinpar Investments, BV	461,090,509
Seinpart, SGPS, SA	42,813,750
Seminv, SGPS, SA	138,990,000
Verdeoculto SGPS, SA	38,470,000
	<u>681,364,259</u>

Loans to Group Companies amounting Euro 157,265,000 refer to “capital-related” loans and have been fully granted to Semapa Inversiones, SL.

Securities and other investments amounting Euro 795,971 were made up as follows:

December 31, 2009				
Companies	Number of shares	Acquisition costs	Potencial Gains/(Loss)	Total
EDP, SA	90,000	323,088	(43,368)	279,720
BES, SA	48,311	641,213	(126,060)	515,153
BCP, SA	1,299	4,251	(3,153)	1,098
		<u>968,552</u>	<u>(172,581)</u>	<u>795,971</u>

During 2009, there was a slight recovery in fair value on the previous year figures of Semapa share capital in EDP, BES and BCP. The reversion of impairment amounting to Euro 113,216 was recognised in financial results (Note 45).

29. ACCOUNTS PAYABLES OVER 5 YEARS

As of December 31, 2009 accounts payable over 5 years relate to bond loans and to the commercial paper program, amounting Euro 267,350,000 (Note 52).

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31. RETIREMENT BENEFITS

Defined benefits plan assumed by the Company

The Shareholders' General Meeting, held in March 30, 2005, approved the complementary retirement pension scheme of board members, as foreseen in the article 17th of the Company's articles of association. Accordingly with the referred above, Semapa's board members are entitled to a retirement pension, 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 board member. This right can only be exercised when each director cease functions.

This allowance reaches a maximum of 80% of board member's monthly salary at the date of ceasing functions, when each beneficiary worked at least 20 years as board member of Semapa or any other company controlled by, and a minimum of 27.2%, corresponding to 8 years in that function. However, these amounts are deducted from the values received by the beneficiaries through the Social Security system.

As the Company's articles of association determine the corporate bodies' appointment correspond to a four calendar years, the responsibility is determined and recognised on the beginning of the second appointment.

No pension fund was established to finance this Group's liability.

The liabilities for the years 2009 and 2008 were as follows:

	31-12-2009	31-12-2008
Liabilities in the beginning of the year	89,740,615	91,827,435
Changes during the year:	859,638	(2,086,820)
Cost/(gains) recognized in the income statement	5,111,677	4,998,082
Actuarial losses / (gains) (Note 40)	(2,961,280)	(6,536,133)
Pensions paid	(1,290,759)	(548,769)
Liabilities at the end of the year	<u>90,600,253</u>	<u>89,740,615</u>

In accordance with the actuarial valuation, reported on December 31, 2009, the liabilities for past services amount to Euro 90,600,253, were fully provided in liabilities' caption "Provisions for pensions" (Note 34). As of December 31, 2008 the provision amounted to Euro 89,740,615.

The pension costs recognised in Payroll for 2009, related to Board of Directors' pension plan amounting to Euro 5,111,677 relates to the interest cost.

Semapa applies the methodology allowed by IAS 19, the direct recognition of actuarial gains and losses under equity, in accordance with IAS 19 approved by the regulation 1910/2005 of European Commission of November, 8. On December 31, 2009, the Company has recognized an amount of Euro 2,961,280 related to actuarial losses directly in equity (Note 40).

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The actuarial valuation considers the following financial and the demographic assumptions:

	31-12-2009	31-12-2008
Mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Wage growth rate	2.25%	2.25%
Technical interest rate	5.50%	5.50%
Salaries growth rate	2.50%	2.50%
Pensions reversability rate	50%	50%
Number of annual payments of Semapa complement	12	12
Social Benefits formula	Decret-Law nº 187/2007 of May 10	Decret-Law nº 187/2007 of May 10

32. COMMITMENTS

During 2006, Semapa and Semapa Inversiones, SL, as its guarantor, celebrated with a financial institution a promise credit agreement of Euro 200,000,000, with the purpose of financing the acquisition in Euronext Lisbon shares listed and which integrate the index PSI-20 and/or the acquisition of Portucel shares. As of December 31, 2009 the available amount is Euro 133,079,000 and is totally in use (Note 52).

Within the referred agreement, Semapa and/or the Guarantor are obliged to give in pledge the corresponding acquired shares and/or Portucel shares held, or alternatively to constitute a bank deposit with a covering ratio never below 1.1. As of December 31, 2009 these pledges amount to 75,990,350 Portucel' shares.

34. PROVISIONS

On December 31, 2009 provisions were as follows:

Captions	Opening balance	Increases	Decreases (Note 46)	Closing balance
Provisions:				
Pensions (Note 31)	89,740,615	859,638	-	90,600,253
Apropriation of results from subsidiaries and affiliated companies by the equity method (Note 16)	25,198	-	(25,198)	-
Other provisions	2,723,193	528,160	(1,163,757)	2,087,596
	<u>92,489,006</u>	<u>1,387,798</u>	<u>(1,188,955)</u>	<u>92,687,849</u>

36. SHARE CAPITAL

As of December 31, 2009 Company's share capital, totally subscribed and paid up, consisted of 118,332,445 shares with the nominal value of Euro 1 each (Note 40).

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37. ENTITIES HOLDING SHARE CAPITAL

In accordance with the last shareholders' General Meeting, held on March 31, 2009, and the disclosed qualifying holdings, the Company's share capital as of December 31, 2009 and 2008 is held by:

Name	Number of shares	%	
		31-12-2009	31-12-2008
Longapar, SGPS, S.A.	20,769,300	17.55	17.55
Sodim, SGPS, S.A.	18,842,424	15.92	15.92
Cimo - Gestão de Participações, SGPS, S.A.	14,106,675	11.92	11.92
Banco BPI, SA	12,009,004	10.15	10.15
Bestinver Gestión, SGIIC, S.A.	8,823,222	7.46	8.20
Banco Espírito Santo, SA	3,222,308	2.72	5.23
Seminv - Investimentos, SGPS, S.A.	2,727,975	2.31	2.31
ESAF - Espírito Santo Fundos de Investimento Mobiliário, SA	2,569,232	2.17	-
Sonaca - SGPS, S.A.	1,630,590	1.38	1.38
Cimigest, SGPS, SA	1,097,966	0.93	0.93
OEM - Organização de Empresas, SGPS, S.A.	515,000	0.44	0.44
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53	0.53
Axa Rosenberg Group LLC	-	-	2.14
Credit Suisse Group	-	-	19.94
Morgan Stanley	-	-	0.19
Treasury Shares	2,720,000	2.30	2.30
Other shareholders with participation lower than 2%	28,673,550	24.23	0.87
	118,332,445	100.00	100.00

Seminv - Investimentos, SGPS, S.A. is a Semapa Group's subsidiary therefore the 2,727,975 of shares held by Seminv are presented as Treasury shares in the consolidated financial statements.

Additionally on 4 July 2007, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. bought, through a stock exchange transaction, 2,720,000 treasury shares, owning directly and indirectly 4.6% of its share capital.

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40. CHANGES IN SHAREHOLDERS' EQUITY

During 2009, the movement in the equity was as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Closing balance
Capital	118,332,445	-	-	-	118,332,445
Treasury shares - nominal value	(2,720,000)	-	-	-	(2,720,000)
Treasury shares - discounts and premiums	(34,045,574)	-	-	-	(34,045,574)
Premiums for the issue of shares	3,923,459	-	-	-	3,923,459
Adjustments and investments os subsidiaries and associated companies (Note 17)	(32,479,479)	1,903,431	(5,392,803)	-	(35,968,851)
Fair value adjustments (Note 50)	-	-	(4,465,146)	-	(4,465,146)
Reserves:					
Legal reserves	23,666,489	-	-	-	23,666,489
Other reserves	627,655,918	-	-	61,866,306	689,522,224
Retained earnings	10,656,838	2,992,862	(3)	15,000,001	28,649,698
Net income for the year	106,347,480	78,849,324	(29,481,173)	(76,866,307)	78,849,324
	<u>821,337,576</u>	<u>83,745,617</u>	<u>(39,339,125)</u>	<u>-</u>	<u>865,744,068</u>

Adjustments in investments in subsidiaries and affiliated companies relates to the difference between the net book value of the financial investments in Group companies and the proportion of equity held in that companies as of the date of the first application of the equity method, as well as adjustments made after that date directly to their equity..

During 2009, movement in this caption was as follows:

Opening balance	(32,479,479)
Actuarial gains and losses	5,577,752
Treasury shares acquired by subsidiaries	231,869
Fair value of financial instruments	(5,020,179)
Fair value of assets held for sale	(316,386)
Currency translation reserve	(685,162)
Differences in acquisitions to minority interest	(3,972,729)
Dividends distributed by Semapa to Seminv, SGPS, S.A.	695,634
Other movements	(171)
Closing balance	<u>(35,968,851)</u>

Adjustments in investments in subsidiaries and affiliated companies result from equity method accounting including the impacts of change in accounting policies (Note 16).

The decrease in the caption "Fair Value Adjustments" during 2009 amounting Euro 4,465,146 is due to the recognition of the intrinsic value of derivative financial instruments hired by Semapa, as referred on Note 50.

Legal reserve: In accordance with current legislation, the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. This reserve cannot be distributed to the shareholders but may be used to absorb losses after all other reserves have been used or to increase share capital.

Following the acquisition of 2,720,000 treasury shares in 2007 and retention of 2,727,975 shares by the subsidiary Seminv, an amount of Euro 47,164,986, was unavailable distribute to shareholders amount equal to the referred above, in accordance with the commercial law, which state that the unavailable reserve should be maintained until the sale of these shares.

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The increase in the caption “Retained earnings” amounting Euro 2,992,862, during the year ending December 31, 2009, reflects: (i) goodwill of additional 0.05% amounting to Euro 531,840 (Note 17) acquired by Semapa to the minority shareholders of subsidiary Portucel and the according fair value of sold equity and (ii) the recognition of actuarial losses directly in equity of Euro 2,961,280 (Note 31), in accordance with IAS 19 approved by the regulation 1910/2005 of European Commission, of November 8.

As decided by the shareholders' General Meeting held on March 31, 2009, 2008 net income was distributed as follows:

Dividends distribution (0,255 Euros per share)	29,481,173
Other reserves	61,866,306
Retained earnings	15,000,000
	<u>106,347,479</u>

43. STATUTORY BOARD MEMBER'S REMUNERATION

The remuneration of statutory board members, including performance related bonuses, during the years of 2009 and 2008 was as follows:

	2009	2008
Board of directors - Remuneration	2,575,263	2,790,884
Board of directors - Bonus (Note 51)	4,149,964	4,732,132
Board of directors- Reversal of 2008's overestimate for Participation in results	(1,437,274)	(2,976,496)
Statutory auditor	52,573	48,110
Impact on Net profit	<u>5,340,526</u>	<u>4,594,630</u>

Additionally, the Semapa's board members are entitle of a complementary pension scheme as described in Note 31.

44. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKET

Sales and services rendered by geographic market during the years 2009 and 2008 were Euro 2,904,832 and Euro 3,092,640 all in the domestic market (Note 54).

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45. FINANCIAL RESULTS

Net financial results during the years 2009 and 2008 were made up as follows:

	2009	2008
<u>Custos e perdas:</u>		
Interest expenses with loans		
obtained from shareholders (Note 53)	181,872	276,195
Interest expenses with loans		
Obtained from grouo companies (Note 54)	153,796	17,405
Interest expense with other loans	16,551,054	27,152,699
Losses on subsidiaries and affiliated companies (Note16)	58,223	50,000
Adjustements of financial investments	-	285,797
Other financial expenses	2,375,912	2,170,459
	19,320,857	29,952,555
Net financial results	91,283,015	98,022,038
	<u>110,603,872</u>	<u>127,974,593</u>
<u>Income:</u>		
Interest expenses with loans		
Obtained from grouo companies (Note 54)	387,616	465,673
Other interest income	7,791	90,352
Gains on subsidiaries and affiliated companies (Note16)	108,616,243	127,182,175
Income from other equity investments	20,352	34,439
Reversals and other financial gains (Note 17)	113,216	201,954
Other financial gains (Note 50)	1,458,654	-
	<u>110,603,872</u>	<u>127,974,593</u>

The gains on treasury investments, in the amount of Euro 20,352, correspond to dividends received from the subsidiaries EDP – Energias de Portugal, SA, Banco Espírito Santo, SA and Banco Comercial Português, SA amounting to Euro 12,600, Euro 7,730 and Euro 22 respectively.

Additionally, the Company received dividends from the subsidiaries Secil – Companhia Geral de Cal e Cimento, SA, Portucel – Empresa Produtora de Pasta e Papel, SA and Seinpart – Participações SGPS SA, amounting to Euro 3,908,258, Euro 9,679,238 and Euro 1,225,000, respectively (Note 17), which were deducted to the financial investments in these subsidiaries.

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46. EXTRAORDINARY RESULTS

Extraordinary results of the years 2009 and 2008 were made up as follows:

	2009	2008
<u>Extraordinary expenses:</u>		
Donations	125,404	92,700
Fines and penalties	11,097	200
Prior years adjustments	3,513	1,982
Other extraordinary costs	373,436	36,655
	<u>513,450</u>	<u>131,537</u>
Net extraordinary results (Note 57)	<u>1,363,919</u>	<u>15,988,685</u>
	<u>2,390,819</u>	<u>16,251,759</u>
<u>Income and gains:</u>		
Gains in investments	688,404	16,120,221
Provision reductions (Note 34)	1,188,955	-
Other extraordinary income	10	1
	<u>1,877,369</u>	<u>16,120,222</u>

The amount of Euro 373,436 in the caption “Other extraordinary costs” essentially refers to a loss in the agreement with Credit Suisse International (Portucel Return Swap) (Note 52).

On 31 December 2009, the amount of Euro 688,404 in the caption “Gains in investments” relates to price adjustment of Secil share capital disposal to Béton Catalán, SL (CRH Group), occurred in 2004, due to the completion during 2009 of some procedures and events, which have started before the disposal date and have impacted the transaction price. As of December 31, 2008 it totaled Euros 16,120,221.

48. STATE AND OTHER PUBLIC ENTITIES

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

Accounts receivable and payable to these entities as of December 31, 2009 and 2008 were made up as follows:

	31-12-2009		31-12-2008	
	Debtors	Creditors	Debtors	Creditors
Corporate income tax	80,465	-	800,491	-
Personal income tax	-	120,017	-	104,462
Value added tax	50,354	-	180,106	52,860
Stamp duty	-	-	-	900
Social security	-	67,965	-	36,527
	<u>130,819</u>	<u>187,982</u>	<u>980,597</u>	<u>194,749</u>

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As of December 31, 2009 and 2008 the caption “Corporate income tax” was made up as follows:

	31-12-2009	31-12-2008
Corporate income tax for the year (Note 6)	(80,738)	(61,787)
Estimated income tax - subsidiaries	(53)	-
Special payments on account	50,391	39,934
Withholding tax by the company	2,078	49,244
Withholding tax by subsidiaries included in RETGS	108,787	773,100
	<u>80,465</u>	<u>800,491</u>

49. OTHER DEBTORS AND CREDITORS

As of December 31, 2009 and 2008 these captions were made up as follows:

	31-12-2009	31-12-2008
<u>Other debtors:</u>		
Suppliers	26	-
Other debtors:		
Shareholders	-	2,910
Group companies (Note 54)	815,202	1,888,065
Others	1,159,887	17,034,408
	<u>1,975,115</u>	<u>18,925,383</u>
<u>Other creditors:</u>		
Fixed asset suppliers	26,225	35,993
Consultants and other experts	95,007	128,587
Shareholders	-	7,311
Group companies (Note 54)	90,000	-
Others	9,606,492	923,919
	<u>9,817,724</u>	<u>1,095,810</u>

As of December 31, 2009 the caption “Other Creditors” in the amount of Euro 9,606,492 resulted from (i) advance receivables for financial investments sale of Euro 6,600,000 and (ii) derivative financial instruments’ fair value of Euro 3,006,492 (Note 50).

On 31 December 2008, the caption “Other Debtors” includes Euro 16,120,221, receivable from Béton Catalán, SL (CRH Group), related to the price adjustment of Secil share capital disposal (Note 46) received in March 2009..

50. DERIVATIVE FINANCIAL INSTRUMENTS

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

During 2009, in order to protect itself from the interest rate risk of its bond loans Semapa hired 3 collars: (i) of Euro 175,000,000; (ii) of Euro 25,000,000 and (iii) of Euro 25,000,000. Therefore Semapa fixates a maximum and minimum rate for payments of these loans.

These instruments, in accordance with IAS 39, are recognized on the financial statements as referred in the accounting policy stated in Note 3 h).

As of December 31, 2009 the impacts of the recognition of these instruments is as follows:

Market To Market		Total
Intrinsic (Note 40)	Timely (Note 45)	Fair value (Note 49)
(4,465,146)	1,458,654	(3,006,492)

51. ACCRUALS AND DEFERRALS

As of December 31, 2009 and 2008 these captions were made up as follows:

	31-12-2009	31-12-2008
<u>Accrued Income</u>		
Interests to be received:		
Bank deposits	435	-
<u>Deferred costs:</u>		
Rentals	49,296	48,065
Prepaid interests of Commercial paper	22,215	304,793
Expenses incurred to open credit lines (Note 52)		
Debtor loans	770,522	893,632
Commercial paper	1,132,315	815,890
Bank loans	389,196	969,610
Other deferred costs	8,117	11,944
	<u>2,371,661</u>	<u>3,043,934</u>
<u>Accrued costs:</u>		
Accrued insurance	4,268	-
Other accrued interests	1,227,840	4,285,020
Vacation pay, vacation subsidu and other payroll costs	4,907,940	5,515,866
Other accrued costs	248,930	168,393
	<u>6,388,978</u>	<u>9,969,279</u>
<u>Deferred Income:</u>		
Rentals	5,883	11,505

As of December 31, 2009 the Caption “Accrued costs – vacation pay, vacation subsidy and other personnel costs” includes the amount related to the accrual, in the period, of the bonus to pay to the Board of Directors concerning the participation on the 2009 results (Note 43).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

52. LOANS

As of December 31, 2009 and 2008 this caption was made up as follows:

	31-12-2009			31-12-2008
	Short term	Medium and Long term	Total	Total
Semapa 2006/2016 Bonds loans	-	225,000,000	225,000,000	225,000,000
Commercial paper	-	59,350,000	59,350,000	92,750,000
Bank loans	50,000,000	133,079,000	183,079,000	158,079,000
Other loans	-	-	-	18,726,083
Overdrafts	482,037	-	482,037	35,397,119
	<u>50,482,037</u>	<u>417,429,000</u>	<u>467,911,037</u>	<u>529,952,202</u>

During Semapa's debt rearrangement process, Semapa SGPS issued two bond loans amounting to Euro 50,000,000 and Euro 175,000,000 with 10 years maturity. The second bond loan is listed in Euronext Lisbon under the designation "Semapa 2006/2016 – Bonds loans", which listed price on December 31, 2009 was Euro 94.

During the year ended December 31, 2006 Semapa issued a commercial paper programme amounting o Euro 175,000,000 with 10 years maturity, of which Euro 42,350,000 is being used on December 31, 2009

During the year ended December 31, 2008 Semapa and Verdeoculto issued a commercial paper programme amounting to Euro 70,000,000 with 5 years maturity, of which Euro 17,000,000 is being used on December 31, 2009.

Additionally, Semapa held a structure of Euro 18,726,083 with Credit Suisse International (Portucel Total Return Swap) granting the right to by 1.13% of Portucel S.A.'s share capital. At the end of the agreed period, Semapa bought the referred share capital which brought a loss of Euro 373,436 (Note 46)

As of December 31, 2009 the medium and long-term bond loans are redeemable as follows:

2011	133,079,000
2013	17,000,000
2015 and following	<u>267,350,000</u>
	<u>417,429,000</u>

On December 31, 2009 and 2009, bank loans granted and not withdrawn amounts to Euro 192,417,963 and Euro 164,102,882, respectively.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

53. SHAREHOLDERS

On December 31, 2009, payables to and receivables from shareholders were as follows:

	Liabilities	
	Shareholders short term	Accounts payable to suppliers
Cimigest, SGPS, SA	-	10,774
Cimo - Gestão de Participações, SGPS, SA	198,015	-
Longapar, SGPS, SA	9,871,902	-
Sonaca, SGPS, SA	567,891	-
	<u>10,637,808</u>	<u>10,774</u>

The accounts payable to shareholders amounting to Euro 10,637,808 relates to short term treasury activities. Interests on these loans are due at market rates.

During the year ended December 31, 2009, transactions with shareholders were as follows:

	31-12-2009	
	External suppliers and services	Financial expenses (Note 45)
Cimigest, SGPS, SA	107,740	-
Cimo - Gestão de Participações, SGPS, SA	-	5,011
Longapar, SGPS, SA	-	161,335
Sonaca - Sociedade Nacional de Canalizações, SA	-	15,526
	<u>107,740</u>	<u>181,872</u>

The caption "External suppliers and services" of Euro 107,740 refers to services rendered by Cimigest SGPS in the financial area, administration support and others where expenses were recognized by Semapa.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

54. GROUP COMPANIES

As of December 31, 2009, balances with Group companies were as follows:

	Assets		Liabilities	
	Group companies -short term	Other debtors (Note 49)	Group companies -short term	Other creditors (Note 49)
Cimentospar - Participações, SGPS, Lda.	255,488	626,950	-	-
Ciminpart - Investimentos e Participações, SGPS, SA	-	3	-	-
ETSA - Empresa Transformadora de Subprodutos Animais	-	27,511	-	-
Great Earth - Projectos, SA	52	25	38	90,000
Interholding Investments, BV	-	-	-	-
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	-	45	-	-
Portucel - Empresa Produtora de Pasta e Papel, SA	-	158,503	-	-
SEBOL - Comércio e Indústria de Sebo, SA	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, SA	-	1,540	-	-
Seinpar Investments, BV	44,620	-	-	-
Seinpart - Participações, SGPS, SA	-	75	18,403	-
Semapa Inversiones, SL	11,571,310	-	5,889	-
Seminv - Investimentos, SGPS, SA	-	-	108,110	-
Soporcel - Sociedade Portuguesa de Papel, S.A.	-	550	-	-
Verdeoculto - Investimentos, SGPS, S.A.	30,877	-	638	-
	<u>11,902,347</u>	<u>815,202</u>	<u>133,078</u>	<u>90,000</u>

The amounts receivable from group companies of Euro 11,902,347 refer to short-term loan facilities bearing interest quarterly at current market rates.

During financial year of 2009 transactions with Group companies were as follows:

	Sales and services rendered	Additional Profit	Financial income (Note 45)	Financial losses (Note 45)	Services purchase	Investments goods purchase (Note 17)
Cimentospar - Participações, SGPS, Lda	1,181,040	-	93,207	-	-	-
ETSA - Emp. Transf. de Subprod. Animais, SA	242,592	3,573	-	-	-	-
Great Earth - Projectos, SA	-	45,000	-	-	42,000	-
Interholding Investments, BV	-	-	-	1,186	-	-
Portucel - Emp. Produtora de Pasta e Papel, SA	1,481,200	45,169	-	-	-	-
Secil - Companhia Geral de Cal e Cimento, SA	-	16,938	-	-	-	-
Seinpar Investments, BV	-	-	758	-	-	12,981,100
Seinpart - Participações, SGPS, SA	-	-	4,040	152,610	-	-
Semapa Inversiones, SL	-	-	270,957	-	-	-
Seminv - Investimentos, SGPS, SA	-	-	385	-	-	-
Soporcel - Soc. Portuguesa de Papel, SA	-	75,779	-	-	-	-
Verdeoculto - Investimentos, SGPS, S.A.	-	-	18,269	-	-	-
	<u>2,904,832</u>	<u>110,680</u>	<u>387,616</u>	<u>153,796</u>	<u>42,000</u>	<u>12,981,100</u>

The amount of Euro 2,904,832 in the caption "Sales and services rendered" refers to management services provided by the Company in financial, administrative, fiscal and IT areas, among others (Note 43)

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

55. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2009 and 2008 were made up as follows:

	31-12-2009	31-12-2008
Petty Cash	3,021	2,909
Bank deposits immediately available:		
Bank deposits	27,572	9,565
Term Deposits	6,600,000	-
Bank overdrafts	-	(35,397,119)
	<u>6,630,593</u>	<u>(35,384,645)</u>

56. AUDIT FEES

The costs incurred with services rendered by the current auditors/ statutory auditors during the year ended December 31, 2009 and 2008 were as follows:

	2009	2008
Statutory auditors services	55,207	64,141
Tax consultancy services and others	10,827	6,500
Other reliability assurance services	10,202	-
	<u>76,236</u>	<u>70,641</u>

57. RECONCILIATION OF THE CAPTION “EXTRAORDINARY RESULTS” SHOWN IN INCOME STATEMENT BY NATURE AND INCOME STATEMENT BY FUNCTION

The Functional Income Statement presents extraordinary results different from that required by Portuguese GAAP (POC) for the preparation of the Income Statement by Nature. Therefore, the amounts of extraordinary income presented in the income statement by nature (Note 46) for the year ended December 31, 2009 and 2008 of Euro 1,363,919 and Euro 15,988,685, respectively, have been reclassified to current income:

	Income Statement					
	2009			2008		
	By Nature	Reclassifications	By Functions	By Nature	Reclassifications	By Functions
Net operating profit:	(13,716,872)	1,363,919	(12,352,953)	(12,029,223)	15,988,685	3,959,462
Current profit:	77,566,143	1,363,919	78,930,062	85,992,815	15,988,685	101,981,500
Extraordinary results	1,363,919	(1,363,919)	-	15,988,685	(15,988,685)	-
Net income for the year:	78,849,324	-	78,849,324	106,347,480	-	106,347,480

58. NOTE ADDED FOR TRANSLATION

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

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

(Translation of a report originally issued in Portuguese – Note 58)
(Amounts stated in Euro)

BOARD OF DIRECTORS

Pedro Mendonça de Queiroz Pereira
Chairman

Maria Maude Mendonça de Queiroz Pereira Lagos
Member

José Alfredo de Almeida Honório
Member

Francisco José de Melo e Castro Guedes
Member

Carlos Maria Cunha Horta e Costa
Member

José Miguel Pereira Gens Paredes
Member

Paulo Miguel Garcês Ventura
Member

Rita Maria Lagos do Amaral Cabral
Member

António da Nóbrega de Sousa da Câmara
Member

António Pedro de Carvalho Viana Baptista
Member

Paulo Jorge Morais Costa
The Accountant

Joaquim Martins Ferreira do Amaral
Member

**Report of the Auditors for Statutory and Stock Exchange Regulatory
Purposes in respect of the Individual Financial Information
(Free translation from the original version in Portuguese)**

Introduction

1 As required by law, we present the Report of the Statutory Auditors in respect of the Financial Information included in the Management Report and the financial statements of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA, comprising the balance sheet as at December 31, 2009, (which shows total assets of €1,453,580,046 and a total of shareholder's equity of €865,744,068, including a net profit of €78,849,324), the income statement by nature and by function, the cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare financial statements which present fairly, in all material respects, the financial position of the company, the results of its operations and cash flows; (ii) to prepare the historic financial information in accordance with generally accepted accounting principles while also meeting the principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an adequate system of internal control; and (v) the disclosure of any relevant matters which have influenced the activity and the financial position or results of the company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, particularly as to whether it is complete, truthful, accurate, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of expressing an independent and professional opinion on that financial information, based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our examination included: (i) verification, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the financial statements; (ii) assessing the appropriateness and consistency of the

SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA

accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the financial information included in the management report is in agreement with the financial statements.

6 We believe that our examination provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA as at December 31, 2009, the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal, derogated by the application of International Financial Reporting Standards (IFRS) as mentioned in note 1 and duly comply with principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness.

Lisbon, March 30, 2010

PricewaterhouseCoopers & Associados, SROC, Lda
represented by:

Abdul Nasser Abdul Sattar, R.O.C.

SEMAPA – Sociedade de Investimento e Gestão, SGPS, SA
Report and Opinion of the Audit Board
Separate Accounts

Financial year of 2009

Shareholders,

1. As required by law, the articles of association and our mandate from the shareholders, we are pleased to present our report on our supervisory activities and to issue our opinion on the Separate Management Report and Separate Financial Statements presented by the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA for the financial year ended 31 December 2009.
2. Over the course of the year we monitored the company's affairs at the intervals and to the extent we deemed appropriate, in particular through periodic meetings with the directors. We confirmed that the accounts were properly kept and the respective documentation in order as well as checking the effectiveness of the systems for risk management, internal control and auditing. We were watchful of compliance with the law and the articles of association. We encountered no constraints in the course of our work.
3. We held several meetings with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., thereby monitoring the audit work carried out and assuring the independence of such work. We have assessed the Legal Certificate of Accounts and the Audit Report, and are in agreement with the Legal Certificate of Accounts and the Audit Report presented.
4. In the course of our duties we found that:
 - a) the Separate Balance Sheet, the Separate Income Statement by nature and by functions, the Separate Statement of Cash Flows and the corresponding Notes to the financial statements provide an appropriate picture of the state of the company's affairs and of its results;
 - b) the accounting policies and valuation criteria adopted are appropriate and comply with accounting principles generally accepted in Portugal; the analyses and recommendations issued by the external audit have been duly followed up;
 - c) the Separate Management Report provides sufficient information on the progress of the company's activities and the state of its affairs and offers a clear account of the most significant developments during the period;
 - d) the proposal for allocation of profits is appropriate and due grounds are stated.
5. Accordingly, taking into consideration the information received from the Board of Directors and from the company departments, together with the conclusions set out in the Legal Certificate of Accounts and the Audit Report, we recommend that:
 - a) the Separate Management Report be approved;
 - b) the Separate Financial Statements be approved;
 - c) the proposal for allocation of profits be approved.

6. Finally, the members of the Audit Board wish to express their acknowledgment and thanks to the Board of Directors and to the company's senior management and other staff for their assistance and cooperation.

Lisbon, 31 March 2010

The Chairman of the Audit Board

Duarte Nuno d'Orey da Cunha

The Member

Miguel Camargo de Sousa Eiró

The Member

Gonçalo Nuno Palha Gaio Picão Caldeira

Semapa
Minutes of General Meeting no. 28

On 22 April 2010, at 10:30 hours, the General Meeting of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A was held at the Hotel Ritz, in Lisbon [...]

[...]

The Chairman also confirmed that [...] shareholders holding 78,546,692 shares, corresponding to 203,987 votes and 66.378% of the share capital, were present or represented, these numbers including the share capital held by a shareholder exercising his right to postal votes, [...]

[...]

As the meeting had been duly called and the conditions met for it to transact valid business, the Chairman declared the meeting open [...]

[...]

As no one else wished to take the floor, the Chairman of the General Meeting called a vote on the management report, balance sheet and accounts for the period and other individual financial statements, and also a separate vote on the consolidated financial statements for the same period. The documents relating to the first item on the order of business were then approved by a majority of 203,916 votes, corresponding to 99.96% of the votes cast, with 21 votes against, corresponding to 0.01% of the votes cast, [...] and abstention of shareholders representing 57 votes, corresponding to 0.03% of the votes cast, [...].

The documents relating to the second item on the order of business were approved by a majority of 203,973 votes, corresponding to 99.99% of the votes cast, with 21 votes against, corresponding to 0.01% of the votes cast, [...].

The meeting then moved on to the third item on the order of business, and the officers read out the only proposal, tabled by the Board of Directors, transcribed below, declaring discussions open on this item of the order of business:

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

We propose that the net profits from individual operations determined under the POC rules of EUR 78,849,323.85 (seventy eight million, eight hundred and forty nine thousand, three hundred and twenty three euros and eighty five cents) be distributed as follows:

<i>Dividends for shares in circulation</i>	<i>29,481,173.48 euros</i>
	<i>(25.5 cents per share)</i>
<i>Free reserves</i>	<i>49,368,150.37 euros”</i>

[...]

As no one else wished to take the floor, the Chairman of the Meeting considered the discussion closed and put the proposal to the vote; the proposal was approved unanimously.

[...]