



## **DIRECTORS' REPORT**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**1st Quarter 2010**

## **Directors' Report**

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## 1 Semapa Group – Business Overview

The 1st quarter of 2010 presented moderate signs of a world economic upturn.

The various business areas of Semapa Group faced several market conditions.

In the **paper market**, in Europe, the Uncoated Woodfree Paper (UWF) consumption increased. The sales from the European industry benefited from the euro exchange rate, recording an increase of 9%.

In the US, consumption grew slightly during the 1st quarter of 2010, inverting the downward trend observed in 2009.

The emerging markets from Asia, Middle East and Latin America were stronger than those from Europe and the US.

As far as the price is concerned, the market index presented an unfavourable evolution when compared with the 1st quarter of 2009, i.e. decreased by 7.1%.

In the **pulp market**, it should be highlighted the strong increase in the PIX index for hardwood pulp due to the significant improvement in global demand, and to the restrictions on timber supplies caused by bad weather in Europe, North America and Indonesia.

The **construction industry and the demand for cement** continued to decrease in most developed countries, and in particular in Portugal, which is a key market for the Secil Group.

In the Portuguese market, demand for cement is estimated to have fallen by approximately 6% in relation to the first quarter of 2009. At the same time, the residential construction sector remains in crisis. The latest production figures available show that the construction sector contracted by 8.6% in January and February.

In Tunisia, the construction industry continued to display robust growth in the first quarter of the year. Cement consumption increased by 12%, although growth in the southern region, which is Secil's natural market, stood at only 4%.

In Lebanon, despite the economic slowdown, the construction sector presented a strong performance, driven by the residential construction segment. Estimates point to an increase of 19% in demand for cement in the first quarter of the year.

In Angola, there are signs of economic recovery in both the petroleum sector and the rest of the economy. However, the construction industry kept the downward trend recorded in the second half of 2009.

Operations in **the environmental sector** continued to be constrained by the scarcity of raw materials, due to the current economic situation in Portugal and Spain.

## Leading Business Indicators (IFRS)

Given that the performance in the first quarter of the previous year was especially hard hit by the difficult environment created by the Great Recession, which was at its peak during the 1<sup>st</sup> half of 2009, and that the start-up of the new paper mill in the 3<sup>rd</sup> quarter changed the profile of the Paper and Pulp segment, figures are presented for the final quarter of 2009, in order to present a more appropriate view of the evolving state of the Group's affairs.

IFRS - accrued amounts (million euros)	Q1 2010	Q4 2009	Q1 2009	Var. 1Q10/4Q09	Var. 1Q10/1Q09
<b>Turnover</b>	<b>365.2</b>	<b>365.6</b>	<b>342.4</b>	<b>-0.1%</b>	<b>6.7%</b>
Other income	12.7	15.6	17.0	-18.2%	-25.3%
Costs and losses	(290.8)	(297.4)	(286.4)	2.2%	-1.5%
<b>Total EBITDA</b>	<b>87.1</b>	<b>83.8</b>	<b>73.0</b>	<b>3.9%</b>	<b>19.3%</b>
Recurrent EBITDA	85.4	82.0	72.2	4.3%	18.3%
Depreciation and impairment losses	(50.2)	(54.1)	(33.4)	7.2%	-50.3%
Provisions (increases and reversals)	6.7	11.6	1.8	-41.8%	273.7%
<b>EBIT</b>	<b>43.6</b>	<b>41.3</b>	<b>41.4</b>	<b>5.6%</b>	<b>5.4%</b>
Net financial profit	(13.6)	(3.3)	(14.9)	-313.8%	8.6%
<b>Pre-tax profit</b>	<b>30.0</b>	<b>38.0</b>	<b>26.5</b>	<b>-21.1%</b>	<b>13.3%</b>
Tax on profits	(3.8)	(4.0)	(7.1)	4.8%	46.4%
<b>Retained profits for the period</b>	<b>26.2</b>	<b>34.0</b>	<b>19.4</b>	<b>-23.0%</b>	<b>35.1%</b>
<b>Attributable to Semapa equity holders</b>	<b>18.3</b>	<b>26.6</b>	<b>12.8</b>	<b>-31.1%</b>	<b>43.6%</b>
Attributable to minority interests	7.9	7.4	6.6	6.2%	18.5%
<b>Cash-flow</b>	<b>69.7</b>	<b>76.5</b>	<b>51.0</b>	<b>-9.0%</b>	<b>36.6%</b>
<b>EBITDA margin (% Sales)</b>	<b>23.8%</b>	<b>22.9%</b>	<b>21.3%</b>	<b>0.9 p.p.</b>	<b>2.5 p.p.</b>
<b>EBIT margin (% Sales)</b>	<b>11.9%</b>	<b>11.3%</b>	<b>12.1%</b>	<b>0.6 p.p.</b>	<b>-0.1 p.p.</b>
	<b>31-03-2010</b>	<b>31-12-2009</b>	<b>Var. 10/09</b>		
Total net assets	3,404.2	3,373.5	0.9%		
Equity (before MI)	887.1	865.7	2.5%		
<b>Net debt</b>	<b>1,131.1</b>	<b>1,143.0</b>	<b>-11.9</b>		

### Notes:

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

## Segment reporting (IFRS)

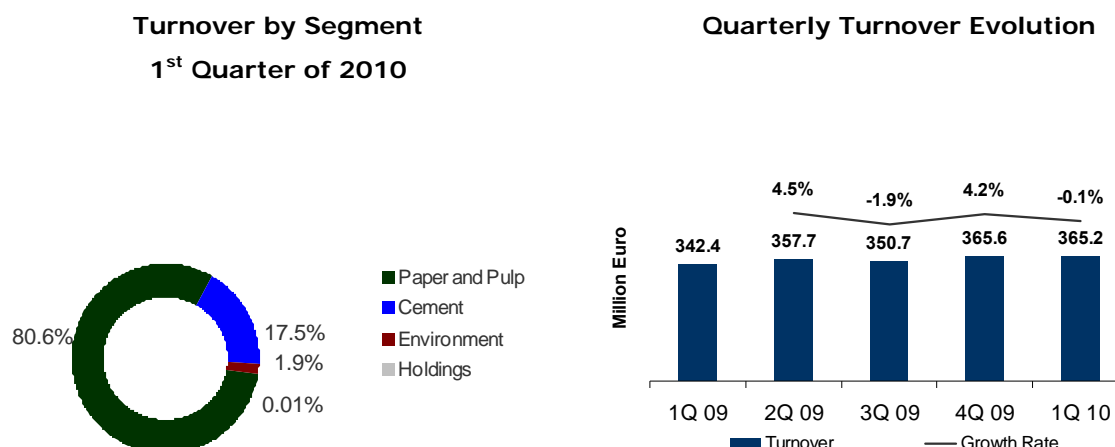
IFRS-accrued amounts (million euros)	Paper and Pulp	Cement	Environment	Holdings	Consolidated
Turnover	294.3	63.8	7.1	0.0	365.2
<b>Total EBITDA</b>	<b>72.4</b>	<b>14.1</b>	<b>2.5</b>	<b>(2.0)</b>	<b>87.1</b>
Recurrent EBITDA	71.6	13.4	2.5	(2.0)	85.4
Depreciation and impairment losses	(44.4)	(5.3)	(0.5)	(0.0)	(50.2)
Provisions (increases and reversals)	7.0	(0.2)	-	(0.0)	6.7
<b>EBIT</b>	<b>35.0</b>	<b>8.7</b>	<b>1.9</b>	<b>(2.0)</b>	<b>43.6</b>
Net financial profit	(6.3)	(0.5)	(0.1)	(6.7)	(13.6)
<b>Pre-tax profits</b>	<b>28.7</b>	<b>8.2</b>	<b>1.8</b>	<b>(8.7)</b>	<b>30.0</b>
Tax on profits	(1.0)	(2.3)	(0.5)	(0.0)	(3.8)
<b>Retained profits for the period</b>	<b>27.6</b>	<b>5.9</b>	<b>1.3</b>	<b>(8.7)</b>	<b>26.2</b>
<b>Attributable to Sermapa equity holders</b>	<b>21.3</b>	<b>4.7</b>	<b>1.1</b>	<b>(8.7)</b>	<b>18.3</b>
Attributable to minority interests	6.3	1.3	0.3	-	7.9
<b>Cash-flow</b>	<b>65.1</b>	<b>11.4</b>	<b>1.9</b>	<b>(8.7)</b>	<b>69.7</b>
<b>EBITDA margin (% Sales)</b>	<b>24.6%</b>	<b>22.2%</b>	<b>34.6%</b>	<b>-</b>	<b>23.8%</b>
<b>EBIT margin (% Sales)</b>	<b>11.9%</b>	<b>13.6%</b>	<b>27.4%</b>	<b>-</b>	<b>11.9%</b>
<b>Net total assets</b>	<b>2,575.5</b>	<b>512.0</b>	<b>26.9</b>	<b>289.9</b>	<b>3,404.2</b>
<b>Net debt</b>	<b>661.1</b>	<b>40.4</b>	<b>12.9</b>	<b>416.7</b>	<b>1,131.1</b>

### 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

## Analysis of Results

The Semapa Group's turnover was up by 6.7% on the same period in the previous year, at a total of **365.2 million euros**, practically unchanged from the final quarter of 2009.



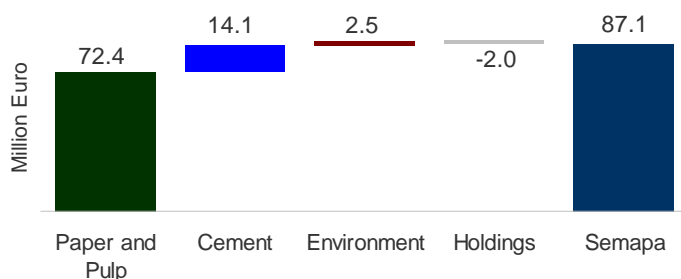
The contribution to turnover from the paper and pulp sector in the 1<sup>st</sup> quarter of 2010 stood at 294.3 million euros, representing an increase of 11.6% on the same quarter in the previous year and of 1.8% on the 4<sup>th</sup> quarter of 2009. This sales figure was due essentially to an increase in the volume of paper sales, sustained by the output of the new mill, and by growth in energy output and sales.

In the cement sector, turnover in the 1<sup>st</sup> quarter of 2010 stood at 125.1 million euros, with the Semapa Group appropriating 63.8 million euros. This performance was down by 10.5% on the 1<sup>st</sup> quarter of the previous year and 6.2% on the final quarter. The positive performance in the business segment Lebanon – Cement was not sufficient to compensate weaker turnover presented by the rest of the business segments.

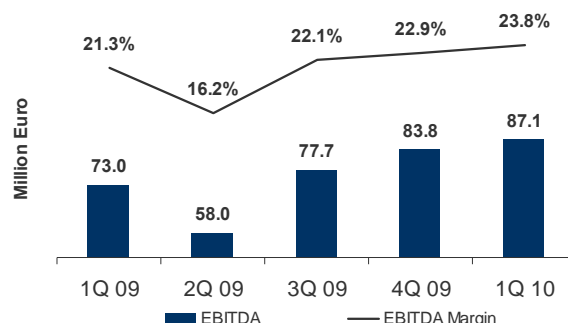
In the Environmental sector, operated through the ETSA Group, turnover stood at 7.1 million euros in the period in analysis, practically unchanged from the first quarter in the previous year (and down 15.7% on the final quarter of 2009, mainly due to the seasonality effect inherent to this activity).

The EBITDA margin (**23,8%**) improved by 2.5 p.p. on the same period in the previous year and by 0.9 p.p. on the final quarter of 2009.

### EBITDA by Segment 1<sup>st</sup> Quarter of 2010



### Quarterly EBITDA Evolution



EBITDA in the Paper and Paper Pulp sector stood at 72.4 million euros, up by 25.9% on the same period in the previous year and by 6.4% on the final quarter of 2009.

In Cement business, EBITDA stood at 27.7 million euros, with the Semapa Group appropriating 14.1 million euros, down by approximately 8.9% on the same period in 2009 and by 24.4% in relation to the 4<sup>th</sup> quarter of the previous year.

EBITDA in the Environmental sector totalled 2.5 million euros, up by 1.8% on the figures of the 1st quarter of 2009 and 77.7% on the 4th quarter of the previous year, due to the already mentioned seasonality effect.

Accrued financial results for 2009 represented an improvement of 8.6% on the first quarter of 2009, despite the growth of net debt as a result of the ambitious capital expenditure plan.

Financial results presented an improvement on the 1<sup>st</sup> quarter of 2009, at **-13.6 million euros**. Nonetheless, this represents a deterioration in comparison with the final quarter of 2009 (-3.3 million euros), when the Group recorded non-recurrent items, including significant gains on currency hedging operations and reversal by the Portucel Group of the allocation to periods of interest on prior period fiscal contingencies.

Semapa recorded net profits of **18.3 million euros**, as compared with 12.8 million euros in the 1st quarter of the previous year, i.e. growth of 43.6%.

This was due essentially to the following factors:

- Growth in EBITDA of approximately 14.1 million euros, thanks fundamentally to increased turnover;
- The increase in depreciation, as a result of the start-up of facilities acquired in the Group's ambitious capital expenditure plan, partially offset this growth in EBITDA.

- Positive evolution in the account for Tax on Profits, down by approximately 3.3 million euros, thanks to the reversal of provisions for tax.

In relation to the 4th quarter of 2009, net profits were down by approximately 31%. Despite the increase in EBIT in the 1st quarter of 2010, this was not enough to offset the movement in financial results, as described above.



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

### 2.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Q1 2010	Q4 2009	Q1 2009	Var. 1Q10/4Q09	Var. 1Q10/1Q09
<b>Sales</b>	294.3	289.2	263.8	1.8%	11.6%
Other income	6.8	9.8	11.9	(30.7%)	(42.6%)
Costs and losses	(228.7)	(231.0)	(218.1)	1.0%	(4.8%)
<b>EBITDA</b>	<b>72.4</b>	<b>68.1</b>	<b>57.5</b>	<b>6.4%</b>	<b>25.9%</b>
Recurrent EBITDA	71.6	66.5	57.5	7.6%	24.5%
Depreciation and impairment losses	(44.4)	(48.1)	(27.3)	7.7%	(62.9%)
Provisions (increases and reversals)	7.0	11.4	3.0	(39.0%)	132.6%
<b>EBIT</b>	<b>35.0</b>	<b>31.4</b>	<b>33.3</b>	<b>11.6%</b>	<b>5.2%</b>
Net financial profit	(6.3)	1.8	(5.8)	(459.5%)	(9.1%)
<b>Pre-tax profit</b>	<b>28.7</b>	<b>33.1</b>	<b>27.5</b>	<b>(13.4%)</b>	<b>4.3%</b>
Tax on profits	(1.0)	(5.0)	(4.2)	79.2%	74.9%
Retained profits for the period	27.6	28.1	23.3	(1.7%)	18.5%
<b>Attributable to Portucel equity holders *</b>	<b>27.7</b>	<b>28.0</b>	<b>23.3</b>	<b>(1.4%)</b>	<b>18.6%</b>
Attributable to minority interests (IM)	(0.0)	0.1	(0.0)	(160.4%)	(1164.0%)
<b>Cash-Flow</b>	<b>65.1</b>	<b>64.8</b>	<b>47.6</b>	<b>0.5%</b>	<b>36.8%</b>
EBITDA margin (%)	24.6%	23.5%	21.8%	1.1 p.p.	2.8 p.p.
EBT margin (%)	11.9%	10.8%	12.6%	1.0 p.p.	-0.7 p.p.
	31-03-2010	31-12-2009	Var. □ 10/09		
Total net assets	2,575.5	2,574.4	0.0%		
Equity (before IM)	1,148.0	1,180.2	-2.7%		
<b>Net debt</b>	<b>661.1</b>	<b>670.0</b>	<b>-1.3%</b>		

\* of which 76,95% is attributable to Semapa

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

## 2.2 Business Overview

Turnover in the first quarter of 2010 stood at **294.3 million euros**, which represented an increase by 11.6% on the first quarter of the previous year and 1.8% down on the final quarter of 2009.

EBITDA totalled **72.4 million euros**, which compares positively, both with the 1<sup>st</sup> quarter (+25,9%) and the last quarter of 2009 (+6,4%). This performance materialized in an increased EBITDA margin of **24.6%**, +2.8 p.p. compared with the last quarter and +1,1 p.p. compared with the 1<sup>st</sup> quarter 2009.

The **negative** financial result of **6.3 million euros** compares with a similarly negative result of 5.8 million euros in the first quarter of 2009, which had benefited from the effect (2.4 million euros) of the reversal of interest charges for fiscal contingencies which failed to materialize.

The first quarter financial results compare with a positive result of 1.8 million euros in the previous quarter. Despite this evolution, financing costs performed well, down by approximately 0.8 million euros on the previous quarter, thanks to lower interest rates. It should be noted that the result recorded in the final quarter of 2009, as reported at the time, included gains of approximately 4.8 million euros on currency hedges and reversal of interest charges for fiscal contingencies which failed to materialize, in the amount of approximately 2.5 million euros.

Net profits attributable to Portucel equity holders stood at **27.7 million euros**.

At 31 March 2010, interest-bearing net debt stood at **661.1 million euros**, down by 8.9 million euros on year-end 2009. This reduction was achieved in spite of additional capital expenditure, which in this quarter stood at 24.4 million euros.

With the current level of net borrowing, occurring at the final phase of a sequence of highly significant capital expenditure program, the Group shows clear evidence of a robust financial situation, standing out among the main companies in the sector worldwide.

## **2.3 Business Evolution**

### **2.3.1 Market Analysis**

The recovery observed in the European UWF paper market in the final quarter of 2009 continued into the first quarter of 2010, and apparent consumption is estimated to have grown by approximately 4% in relation to the first quarter of the previous year. Despite the start-up of Portucel's new paper mill in August 2009, net production capacity for UWF paper in Europe was down by approximately 4% on the same period in 2009.

The euro fell 5% and 9% against the currencies of Brazil and Indonesia, the main exporters of UWF paper to Europe, contributing to a reduction in UWF imports, especially cut-size, at the start of 2010.

As a result, the upturn in UWF consumption in Europe supported growth of 5% in quantities sold by European producers.

The evolving exchange rate made European exports more attractive, and European manufacturers enjoyed growing sales outside their home territory. Total sales by the European industry accordingly grew by 9%.

In this context, the Portucel Group recorded significant growth in the volume of sales of UWF paper over the preceding quarter, with sales up by two digits in Europe. Estimates point to the Group having increased its share of the European market by approximately 27 000 tons in a single quarter.

Nonetheless, despite growth in sales by quantity in Europe, paper sales prices were lower than in the previous quarter. As explained above, the reduction in the Group's sales price was smaller than for the European market benchmark (PIX Copy B - Foex), in particular on its sales to Europe, with a positive differential of 2 percentage points.

Significantly, the Group recorded growth of 14% in sales of its own brands, with an increase of 15% for Navigator, the world's best-selling premium office paper brand. In the first quarter of 2010, the Group's own brands represented almost 60% of its cut-size sales to Europe, in line with the proportion recorded prior to the start-up of the new mill.

The UWF market in the USA reversed the trend of decrease in consumption that occurred in 2009 and showed evidence of a slight growth during the first quarter of 2010, benefiting from the improvement in economic environment. In this context, Portucel Group increased its sales volume to the North-American market by 14%, when compared to the same period in 2009.

Emerging markets from Asia, Middle East and Latin America revealed consumption growth superior to the more mature markets from Europe and the US and allowed for Asian and Latin American producers to increase their sales to their local markets as well as for increase in exports from European producers.

In fact, European UWF exports increased significantly this quarter when compared to the first quarter of 2009. Along with the increase in volume, the rise in prices in export markets and the strengthening of the USD, all have increased these regions attractiveness. Therefore, a significant part of the

European UWF exports was captured by the Portucel Group, with its share increasing 8 percentage points from late 2009 to the end of the first quarter.

As such, over the course of the first quarter, the Group continued to increase its presence in new geographical markets, in line with the strategy pursued throughout 2009, enlarging significantly the number of countries to which it sells paper.

The PIX index for hardwood pulp experienced three further price rises during the first quarter, corresponding to a total increase of 90 USD/t, due to the significant improvement in global demand, and to the restrictions on timber supplies caused by bad weather in Europe, North America and Indonesia.

### **2.3.2 Portucel Soporcel Group: Operations**

Consolidated sales in the first quarter of 2010 stood at 294.3 million euros, with sales of UWF paper and energy representing an increasingly significant proportion of turnover, in line with the development strategy pursued by the Portucel Group.

The Group's overall performance in the 1st quarter of 2010 compares very favourably with that recorded in the 1st quarter of 2009. Turnover is up by 11.6%, due essentially to an increase in the volume of paper sales, sustained by the output of the new mill, and by growth in energy output and sales. In this context, consolidated sales were up by 1.8% over the fourth quarter of 2009.

In the paper sector, the sharp increase in quantities sold, made possible by the start-up of the new mill, more than offset the 6% drop in the average sales price, with sales in paper growing significantly in relation to the 1st quarter of 2009. The decrease in the Group average paper price is nevertheless smaller than the average market price, with the PIX Index falling 7.1% in the same period.

Paper sales increased approximately 5% in terms of volume, with average prices growing more than 3% when compared to the previous quarter. Paper sales in value grew by around 8%.

The Group has been highly successful in placing the paper output from the new mill. Despite the present imbalance between demand and supply for paper, the additional output has been sold without causing any significant disruption in the market. This was achieved thanks to careful planning of sales activities, in terms of both quantity and quality, with active efforts made to diversify into new clients and countries of destination, allowing a significant proportion of sales from the new mill to be placed in markets outside Europe.

Performance in pulp business shows the influence, on the one hand, of the sharp increase in sale prices and, on the other, of the smaller quantity of market pulp for sale. This was essentially caused by the increased integration into the additional paper production capacity in Setúbal, but also by the reduction in pulp production output (re-established in the meantime) due to difficulties in wood supply from adverse weather conditions, which reduced harvesting operations and transport to the mill sites.

As such, pulp sales in volume were down by 37%, although the extremely positive performance of pulp prices made it possible to offset part of this reduction, resulting in a fall of only 7% in the value

of pulp sales on the market. The Group's average sales price was 47.6% higher than in the same period in 2009, comparing with a variation in the PIX index (for hardwood pulp in Euros) of approximately 33% over the same period. Sales were down by 36% in quantity on the previous quarter, whilst the Group's average price rose by more than 16%.

Energy sales grew by 79,4% over the first quarter, a very significant increase due to power generated by the new natural gas cogeneration plant in Setúbal (which started-up in August 2009) and also to the output of the two new biomass power stations in Cacia and Setúbal, which started production in December 2009. Compared with the 1<sup>st</sup> quarter of 2009, energy sales grew by 15%.

In relation to the first quarter of 2009, unit production costs presented positive performance, especially in the case of pulp production costs. Maintenance costs also showed some improvement compared with the first quarter of 2009. The downward trend in the prices of some of the main cost factors, observed in the second half of 2009, did not occur in this period.

As a result, consolidated EBITDA was up by 25.9% over the same period in the previous year, and the EBITDA / Sales margin increased by 2.8 pp and 1.8 pp over the 4<sup>th</sup> quarter of 2009.

## **Development**

The Group is nearing completion of a programme of heavy capital expenditure, featuring the new paper mill in Setúbal, which started operating in the third quarter of 2009, three new power stations, which also started up in the third and final quarters of 2009, and a new steam cogeneration turbine at the biomass power plant in Figueira da Foz, due to start up in the third quarter of 2010.

These investments position the Group as Europe's leading producer of UWF printing and writing paper, and as producer of approximately 5% of all electricity generated in Portugal, most of it obtained from renewable resources – forestry biomass and industrial by-products.

### 3 Cement and Derivatives Business Area – SECIL

Semapa Group owns a 51% holding in the Secil Group, which is included in its accounts using the proportional method on the basis of that percentage.

In order to provide a clearer understanding of the real developments in the business activities of Secil and its subsidiaries, we chose, in this chapter only, to present figures representing **100% of Secil** (after consolidation adjustments), instead of the percentage actually held by Semapa.

#### 3.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Q1 2010	Q4 2009	Q1 2009	Var. 1Q10/4Q09	Var. 1Q10/1Q09
<b>Sales</b>	<b>125.1</b>	<b>133.3</b>	<b>139.8</b>	<b>(6.2%)</b>	<b>(10.5%)</b>
Other income	11.2	10.6	8.4	5.4%	32.8%
Costs and losses	(108.6)	(107.2)	(117.8)	(1.2%)	7.8%
<b>EBITDA</b>	<b>27.7</b>	<b>36.7</b>	<b>30.5</b>	<b>(24.4%)</b>	<b>(8.9%)</b>
Recurrent EBITDA	<b>26.2</b>	<b>36.1</b>	<b>30.4</b>	<b>(27.5%)</b>	<b>(13.7%)</b>
Depreciation and impairment losses	(10.3)	(10.6)	(10.9)	3.1%	5.9%
Provisions (increases and reversals)	(0.4)	(0.1)	(0.3)	(208.7%)	(55.8%)
<b>EBIT</b>	<b>17.0</b>	<b>26.0</b>	<b>19.2</b>	<b>(34.4%)</b>	<b>(11.5%)</b>
Net financial profit	(0.9)	(0.3)	0.5	(191.6%)	(273.9%)
<b>Pre-tax profit</b>	<b>16.1</b>	<b>25.6</b>	<b>19.8</b>	<b>(37.2%)</b>	<b>(18.7%)</b>
Tax on profits	(4.4)	2.9	(4.8)	(251.6%)	8.5%
Retained profits for the period	11.7	28.6	14.9	(59.2%)	(22.0%)
<b>Attributable to Secil equity holders *</b>	<b>9.2</b>	<b>27.1</b>	<b>12.5</b>	<b>(66.1%)</b>	<b>(26.3%)</b>
Attributable to minority interests (IM)	2.5	1.5	2.5	67.9%	(0.3%)
<b>Cash-flow</b>	<b>22.4</b>	<b>39.3</b>	<b>26.1</b>	<b>(43.1%)</b>	<b>(14.5%)</b>
EBITDA Margin (%)	22.2%	27.5%	21.8%	-5.4 p.p.	0.4 p.p.
EBIT Margin (%)	13.6%	19.5%	13.8%	-5.9 p.p.	-0.2 p.p.
	31-03-2010	31-12-2009	Var. 10/09		
Total net assets	1,006.8	945.4	6.5%		
Equity (before IM)	498.2	483.5	3.1%		
<b>Net debt</b>	<b>79.2</b>	<b>95.3</b>	<b>(17.0%)</b>		

\* of which 51% is attributable and integrated in the consolidated financial statements of Semapa

### 3.2 Business Overview

In view of the economic situation, the construction industry and demand for cement have experienced a significant downturn in the more developed countries, including Portugal, which is one of the key markets for the Secil Group.

Turnover in the first quarter of 2010 stood at **125.1 million euros**, of which the Semapa Group appropriated 63.8 million euros, down by 10.5% on the first quarter of the previous year and 6.2% on the final quarter of 2009.

EBITDA stood at **27.7 million euros**, with the Semapa Group appropriating 14.1 million euros. This indicator corresponded to a drop of 8.9% in relation to the same period in 2009 and of 24.4% in comparison with the 4th quarter of the previous year. Successful performance by cement operations in Lebanon was not enough to offset the less favourable performance of cement business in Tunisia, Portugal and Angola.

Net profits attributable to Secil equity holders stood at **9.2 million euros**.

Capital expenditure totalled **11.3 million euros**, of which 11.1 million euros related to operational investment and 160 thousand euros to equity stakes raising in subsidiaries.

Net debt stood at **79.2 million euros** at the end of the first quarter of the year, down by 17% on the figure at year-end 2009.

### 3.3 Business Evolution

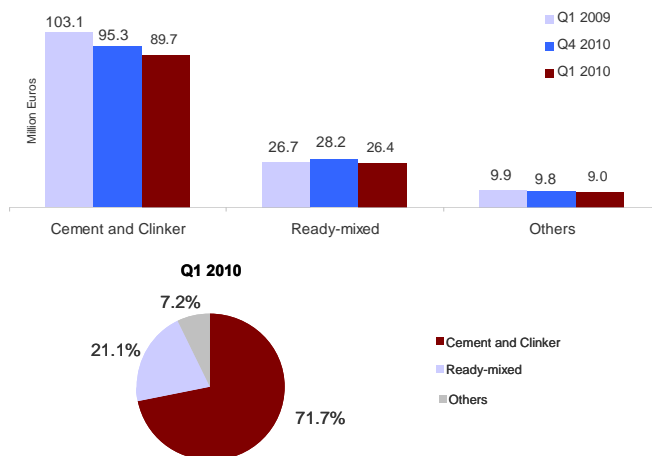
#### Breakdown of turnover by segment and country

Evolution in the Secil Group's turnover by business segment was unfavourable in relation to the first quarter of the previous year and to the last quarter of 2009 but in a less extent.

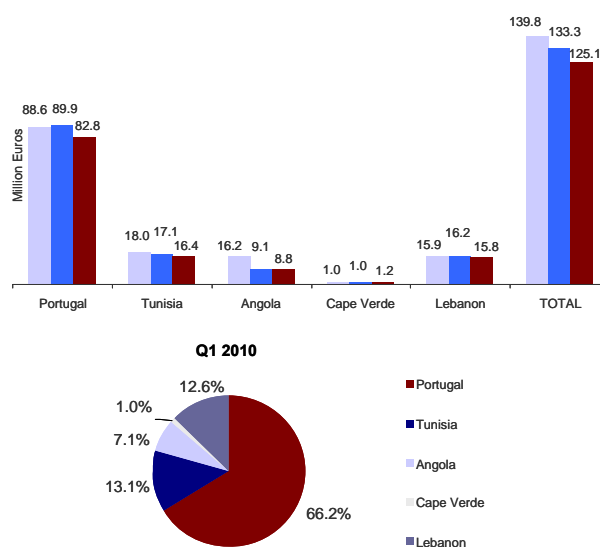
Geographically, the first quarter of 2010 turnover had a less robust performance when compared with the 1<sup>st</sup> and the 4<sup>th</sup> quarters of 2009.

Turnover from operations outside Portugal accounted for approximately 34% of total in the 1<sup>st</sup> quarter of 2010.

#### Segment



#### Country





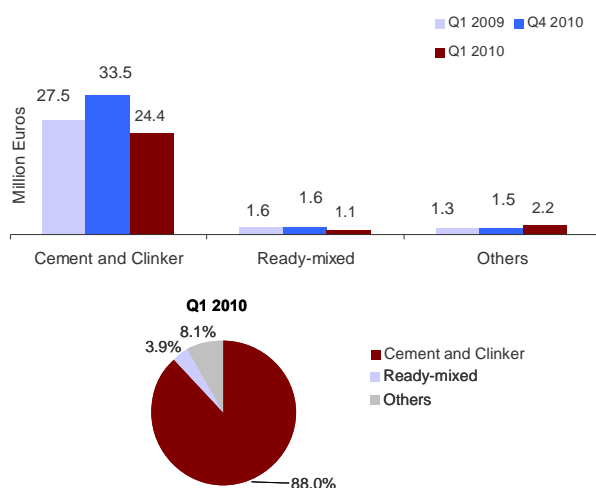
## **Breakdown of EBITDA by segment and country**

The Cement and Clinker and Ready-Mixed segments accounted for a smaller proportion of total EBITDA than in the first quarter of 2009 and in the fourth quarter of 2009. In relative terms, the Other Business segment, that includes Aggregates, Mortars and Pre-cast, compares favourably with the two mentioned quarters, although this contribution was due fundamentally to a non-recurrent operation.

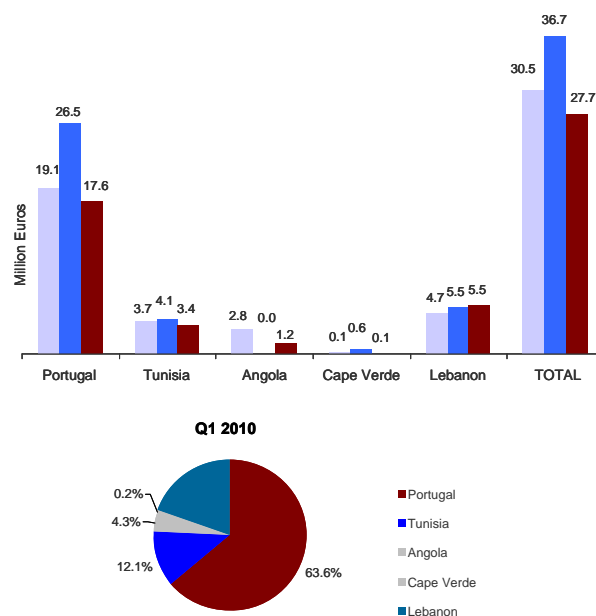
In geographical terms, the EBITDA from operations outside of Portugal represented approximately 36% of the total EBITDA of the Secil Group.

It should be noted the outstanding contribution of the operations in Lebanon, since it has been increasing its share.

### **Segment**



### **Country**



### **3.3.1 Portugal**

During the 1<sup>st</sup> quarter of the year, the economy turned around from the negative evolution of the preceding quarters, presenting growth of 1% in Gross Domestic Product, according to forecasts recently published by the INE.

The civil construction industry continued in decline as a result of the economic environment and contraction of the residential construction segment. In January and February, output in the construction sector was down by 8.6% (Production index in construction and public works – INE April 2010).

Demand for cement was down on the figure recorded for the first quarter of 2009, by a figure

estimated in the order of 6%.

In this harsh environment, cement operations in Portugal recorded a decline in performance in relation to the same period in 2009, with EBITDA standing at 17.6 million euros, down by 7.7% and down by 33.5% compared with the last quarter of 2009.

Performance in this business unit was hit by falling export unit prices for cement and clinker, adverse weather conditions and by a poorer performance than in the 1<sup>st</sup> quarter of 2009 in other operations, with business in concrete, aggregates and mortars in Portugal all presenting weaker figures than in the same period in the previous year, due to the prolonged crisis in the residential construction sector.

Operational performance in the precast sector in Portugal was boosted by a non-recurrent operation, consisting of disposal of a property in Madeira.

### **3.3.2 Tunisia**

According to figures published by the IMF, the Tunisian economy is set to grow by approximately 4% in 2010, outperforming the growth recorded in 2009 (World Economic Outlook, IMF April 2010).

The construction industry was extremely buoyant over the first quarter of the year, with cement consumption increasing approximately 12% in national terms, and 4% in the southern region, which corresponds to the natural market for Secil Group operations in Tunisia.

Turnover for cement and clinker stood at 14.0 million euros, representing a reduction of 15.3% over the same period in 2009 and 6.2% versus 4<sup>th</sup> quarter 2009.

In the first quarter of 2010, EBITDA in this business unit stood at 2.9 million euros, down by 16.6% on the same period in the previous year (23% vs. 4<sup>th</sup> quarter of 2009). This was due to a significant reduction in exports to Libya – generally offering higher margins than those in the domestic market – imposed by Government restrictions.

Operational performance was boosted by lower thermal energy costs, thanks to a reduction in petcoke prices, but penalized by maintenance activities during the quarter, which meant that the company had to buy clinker at a price over the production cost in Tunisia.

### **3.3.3 Lebanon**

According to figures published by the IMF, the Lebanese economy is expected to grow by approximately 6% in 2010, down from the growth of 9% recorded in 2009 (World Economic Outlook, IMF April 2010).

Despite slowing growth in the economy as a whole, the construction sector continues to expand. Estimates point to an increase of approximately 19% in demand for cement over the first quarter of the year.

Turnover from cement operations in Lebanon stood at approximately 14.0 million euros in the first quarter of 2010, up by 2.3% on the same period in the previous year and down by 1.7% vs. last quarter of 2009. This was achieved thanks to (i) growing sales on the domestic and external markets and (ii) the appreciation of the dollar against the euro.

EBITDA stood at approximately 5.4 million euros, up by 21.0% on the same period in the previous year and unchanged when compared with the 4<sup>th</sup> quarter of 2009. Growth in this indicator was due to successful commercial and operational performance and to lower thermal energy costs due to a reduction in petcoke prices.

### **3.3.4 Angola**

The Angolan economy is currently stabilizing and preparing to enter a cycle of growth, and IMF forecasts point to growth in the economy of 7.1% in 2010 (World Economic Outlook, IMF April 2010), turning around the negative trend recorded in 2009.

Despite this economic environment, the construction sector experienced further contraction in the first quarter of 2010, in line with the trend recorded in 2009.

In this context, cement operations in Angola presented positive performance, albeit significant down on the same period in the previous year.

Turnover stood at approximately 8.8 million euros in the first quarter of 2010, down by 45.6% on the figure recorded in the first quarter of 2009 and down by 2.6% vs. 4<sup>th</sup> quarter of 2009, due to a decline in quantities sold and lower sales prices.

EBITDA totalled 1.2 million euros, representing a reduction of 58.1% from the EBITDA recorded in the first quarter of 2009 but in excess of the EBITDA of the previous quarter.

## 4 Environment Business Area – ETSA

### 4.1 Leading Business Indicators

IFRS - accrued amounts (million euros)	Q1 2010	Q4 2009	Q1 2009	Var. 1Q10/4Q09	Var. 1Q10/1Q09
<b>Sales</b>	7.1	8.4	7.1	(15.7%)	(0.4%)
Other income	0.2	0.4	0.1	(58.3%)	38.9%
Costs and losses	(4.8)	(7.5)	(4.8)	35.4%	0.4%
<b>EBITDA</b>	<b>2.5</b>	<b>1.4</b>	<b>2.4</b>	<b>77.7%</b>	<b>1.8%</b>
Recurrent EBITDA	2.5	1.4	2.4	77.7%	1.8%
Depreciation and impairment losses	(0.5)	(0.5)	(0.5)	4.2%	4.9%
Provisions (increases and reversals)	-	0.4	(0.2)	(100.0%)	100.0%
<b>EBIT</b>	<b>1.9</b>	<b>1.3</b>	<b>1.7</b>	<b>51.4%</b>	<b>12.8%</b>
Net financial profit	(0.1)	(0.1)	(0.1)	11.5%	9.9%
<b>Pre-tax profit</b>	<b>1.8</b>	<b>1.1</b>	<b>1.6</b>	<b>59.1%</b>	<b>14.7%</b>
Tax on profits	(0.5)	(0.4)	(0.4)	(23.8%)	(11.8%)
Retained profits for the period	1.3	0.8	1.2	76.9%	15.8%
<b>Attributable to ETSA equity holders *</b>	<b>1.3</b>	<b>0.8</b>	<b>1.2</b>	<b>74.3%</b>	<b>15.0%</b>
Attributable to minority interests (MI)	0.0	(0.0)	(0.0)	164.0%	276.9%
<b>Cash-Flow</b>	<b>1.9</b>	<b>0.9</b>	<b>1.8</b>	<b>116.4%</b>	<b>0.4%</b>
EBITDA margin (%)	34.6%	16.4%	33.8%	18.2 p.p.	0.7 p.p.
EBIT margin (%)	27.4%	15.3%	24.2%	12.1 p.p.	3.2 p.p.
	<b>31-03-2010</b>	<b>31-12-2009</b>	<b>Var. □ 10/09</b>		
Total net assets	26.9	26.3	2.3%		
Equity (before MI)	8.3	7.0	19.2%		
Net debt	12.9	12.8	0.9%		

## 4.2 Business Overview

The ETSA Group continued to feel the effects of the current adverse economic environment in Portugal, creating difficult conditions for the collection of raw material and volumes processed.

In the 1<sup>st</sup> quarter of 2010, the ETSA Group recorded turnover of **7.1 million euros**, in line with the figures recorded in the same period in the previous year but down by 15,7% on business in the final quarter of 2009, mainly due to the seasonality effect inherent to this activity.

EBITDA stood at **2.5 million euros**, up by approximately 2% over the first quarter of 2009 and 78% on the final quarter of the previous year, mainly due to the already mentioned seasonality effect.

Net profits attributable to ETSA Group shareholders stood at **1.3 million euros**.

It should be noted that net debt stood at **12.9 million euros**, similar to the level recorded in December 2009.

## 5 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 5,167 at year-end 2009 to 5,216 at the end of March 2010, as may be seen in the following table:

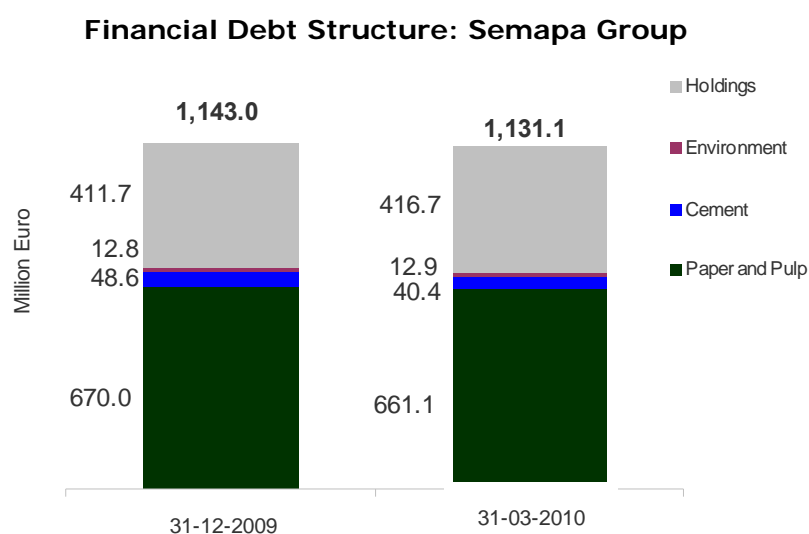
Segment	31-03-2010	31-12-2009	10/09
Paper and Pulp	2,340	2,288	52
Cement	2,659	2,676	-17
Environment	196	182	14
Holdings	21	21	0
<b>TOTAL</b>	<b>5,216</b>	<b>5,167</b>	<b>49</b>

## 6 Semapa Group - Financial

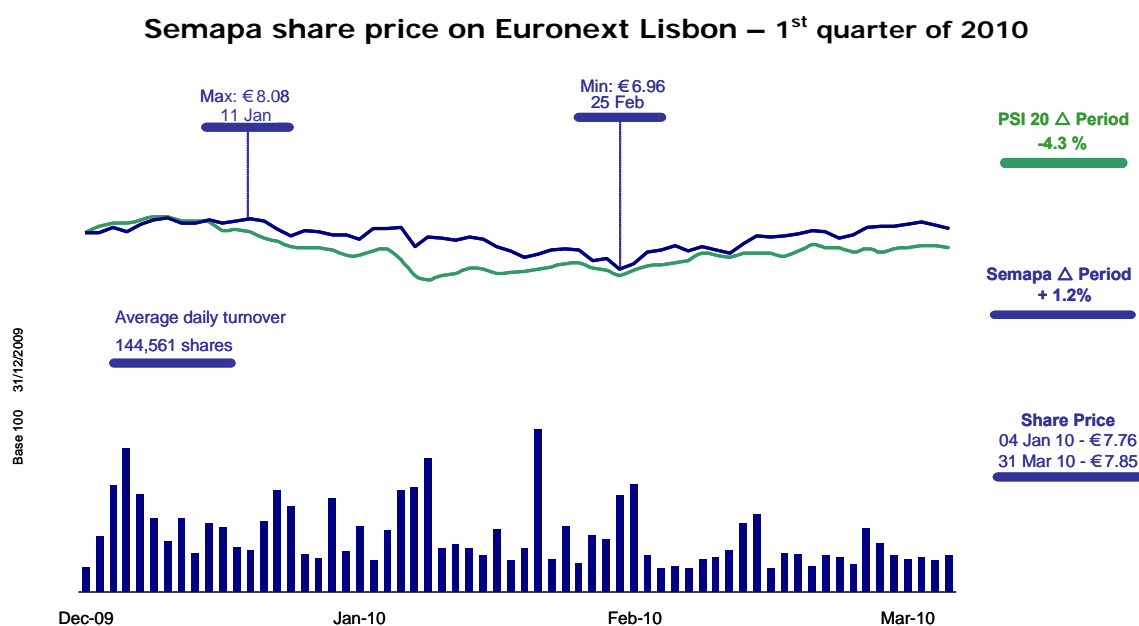
### 6.1 Net Debt

At the end of first quarter 2010, Semapa's consolidated net debt totalled approximately **1,131.1 million euros**, as compared with 1,143.0 million euros recorded at 31 December 2009.

The following graph shows total consolidated debt and a breakdown at the end of the first quarter of 2010, compared with year-end 2009:



### 6.2 Listed Share Prices



During the first quarter of 2010, Semapa shares outperformed the PSI 20 index, gaining 1.2%, while the Portuguese share index dropped 4.3%.

### **6.3 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:

- The general meeting of Semapa, held on 22 April 2010, resolved to distribute a dividend of 25.5 cents per share, corresponding to a total dividend of 29,481,173 euros.
- The general meeting of Portucel, held on 15 March 2010, resolved to distribute a dividend of 8.25 cents per share, corresponding to a total dividend of 63,318,750 euros.

### **6.4 Net Profit for the 1st quarter of 2010**

Semapa recorded a consolidated net profit for the first quarter of 2010, before minority interests, of **26.2 million euros**, of which **18.3 million euros** is attributable to Semapa equity holders.



## 7 Outlook

Whilst the financial year of 2009 was overshadowed by one of the deepest international crises of recent decades, the early months of 2010 pointed predominantly to an economic upturn, despite the persistence of various signs of uncertainty, which could undermine this trend.

Prospects for different world regions are significantly varied, with the Euro Zone presenting the least dynamic outlook. Portugal in particular has seen its already anaemic estimated rate of growth revised downwards on successive occasions. Together with Greece, Ireland and Spain, growth in this group of countries is constrained by the high level of their budget deficits, which reached record figures in 2009, and by the pressure from the financial markets.

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

Expectations for 2010 should nonetheless be moderate, as there is still a strong element of uncertainty in the market, with continued structural over-capacity in Europe and no clear signs of a sustained upturn in demand, which could maintain a degree of pressure on prices.

Over the course of the quarter, Portucel Group operated at close to full capacity (considering the anticipated learning curve for operation of the new paper mill) and was successful in placing all its output. It is confident that current efforts to extend the range of countries to which the Group sells its products, as well as the effort to increase its presence in its traditional markets, combined with excellent product positioning, will enable the Group to maintain its customary high levels of operational performance.

Nonetheless, the Group's strategy is based increasingly on paper and energy business, significantly reducing the exposure to fluctuations in the pulp market. With the completion of the new paper mill in Setúbal, the Portucel Group is now Europe's leading producer of UWF paper, with production capacity of 1, 550 thousand tons/year, and has scaled down its presence in the paper pulp market, due to all the pulp produced at the Setúbal industrial complex being incorporated in the products of the paper mill. This level of incorporation will increase over the year, as output from the new paper machine grows, in line with the operational programme.

In the energy sector, the only work that remains to be finished is the project for a new turbine in the biomass cogeneration plant at the Figueira da Foz industrial complex, due to start up in the second half of this year. The Group's investments in this field represent a strong commitment to sustainable growth, and will enable it to generate approximately 5% of all power produced in Portugal, most of it obtained from renewable resources – forestry biomass and industrial by-products.

The 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

In one important development, 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 Zambezia, 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 grants a permit for use and development of an additional area of 220,000 hectares in Manica province, as soon as the formalities currently underway are completed.

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

The current world economic environment remains unfavourable for positive developments in Secil's principal operations.

The Group therefore expects to record a positive result overall for the year, but still down on the previous year.

For Portugal, which is its main market, the prospects are still poor for the various segments in which the Secil Group operates, and especially for the residential construction segment.

The economic prospects in Tunisia and Lebanon are brighter, with growth of 4% and 6% respectively anticipated for 2010.

The Angolan economy is currently stabilizing. According to the latest IMF estimates, gross domestic product is expected to growth by 7.1% in 2010, turning around the negative figure of 0.4% recorded in 2009.

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

The economic environment in Portugal will largely shape the business operations of the ETSA Group as it continues to pursue sustained development of its subsidiaries' business activities.

The projects launched in 2009, continued efforts to boost commercial performance and competitiveness and other signs observed over the course of the 1st quarter all serve to support moderate optimism as to results over the remainder of 2010.

Lisbon, 28 May 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 Melo e Castro Guedes

**Director**

Carlos Maria Cunha Horta e Costa

**Director**

José Miguel Pereira Gens Paredes

**Director**

Paulo Miguel Garcês Ventura

**Director**

Rita Maria Lagos do Amaral Cabral

**Director**

António da Nóbrega de Sousa da Câmara

**Director**

Joaquim Martins Ferreira do Amaral

**Director**

António Pedro de Carvalho Viana-Baptista

**Director**

Vitor Manuel Galvão Rocha Novais Gonçalves

**Director**



CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
(Unaudited)

MARCH 31, 2010

# CONSOLIDATED INCOME STATEMENT

## FOR A 3 MONTH PERIOD ENDED ON MARCH 31, 2010 AND 2009

Amounts in Euros	Note	31-03-2010 (Unaudited)	31-03-2009 (Unaudited)
Revenues			
Sales	4	355,391,624	332,737,155
Services rendered	4	9,801,718	9,635,909
Other income			
Gains on disposal of non-current assets	5	1,627,042	3,098,643
Other operating income	5	11,099,238	13,942,549
Change in fair value of biological assets	5	(951,302)	861,751
Costs, expenses and losses			
Sold and consumed inventories	6	(133,013,125)	(143,480,279)
Variation in production	6	5,493,701	(4,211,779)
Consumed materials and services	6	(109,816,944)	(91,876,193)
Payroll costs	6	(43,885,712)	(39,826,402)
Other costs and losses	6	(8,670,147)	(7,898,326)
Provisions	6	6,748,633	1,806,077
Depreciation, amortization and impairment losses	7	(50,212,143)	(33,412,433)
<b>Operational results</b>		<b>43,612,583</b>	<b>41,376,672</b>
Group share of (loss) / gains on affiliated companies		(4,444)	(3,294)
Net financial results	8	(13,625,690)	(14,913,735)
<b>Profit before tax</b>		<b>29,982,449</b>	<b>26,459,643</b>
Income tax	9	(3,788,506)	(7,064,232)
<b>Net Income</b>		<b>26,193,943</b>	<b>19,395,411</b>
<b>Net profit for the year</b>			
Attributable to Semapa shareholders		<b>18,320,998</b>	<b>12,754,066</b>
Attributable to minority interests		7,872,945	6,641,345
<b>Earnings per share</b>			
Basic earnings per share, Eur	10	0.162	0.113
Diluted earnings per share, Eur	10	0.162	0.113

# CONSOLIDATED BALANCE SHEET

## AS OF MARCH 31, 2010 AND 2009

Amounts in Euros	Note	31-03-2010 (Unaudited)	31-12-2009
<b>Assets</b>			
<b>Non-Current Assets</b>			
Goodwill		321,208,932	321,274,798
Other intangible assets		196,377,100	169,912,322
Plant, property and equipment	11	2,135,749,594	2,152,005,430
Investment properties		159,078	161,117
Biological assets		117,338,668	118,289,970
Investment in affiliated companies		1,850,986	1,855,433
Financial assets at fair value through profit or loss	12	14,230,728	14,871,574
Available-for-sale financial assets		716,840	798,167
Deferred tax assets	16	38,287,869	30,904,802
Other non-current assets		1,350,384	1,363,767
		<b>2,827,270,179</b>	<b>2,811,437,380</b>
<b>Current Assets</b>			
Inventories		194,563,082	189,847,791
Receivable and other current assets	13	211,487,688	226,038,886
State and other public entities		58,572,539	57,100,036
Cash and cash equivalents		113,821,092	89,034,727
		<b>578,444,401</b>	<b>562,021,440</b>
<b>Total Assets</b>		<b>3,405,714,580</b>	<b>3,373,458,820</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	14	118,332,445	118,332,445
Treasury shares	14	(47,164,986)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translation reserves	15	(14,200,609)	(17,978,700)
Fair value reserves	15	(7,112,336)	(6,220,818)
Other reserves	15	790,465,836	711,616,512
Retained earnings		24,563,816	24,386,833
Consolidated net profit for the period		18,320,998	78,849,324
<b>Consolidated shareholders' equity</b>		<b>887,128,623</b>	<b>865,744,069</b>
Minority interests		299,713,444	305,375,260
<b>Total Equity</b>		<b>1,186,842,067</b>	<b>1,171,119,329</b>
<b>Non-current liabilities</b>			
Deferred taxes liabilities	16	280,973,746	280,120,078
Pensions and other post-employment benefits		121,590,841	120,484,945
Provisions	17	25,858,986	32,625,824
Interest-bearing liabilities	18	1,218,655,340	871,817,132
Other non-current liabilities		28,065,943	29,437,896
		<b>1,675,144,856</b>	<b>1,334,485,875</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	18	115,781,870	447,973,519
Payables and other current liabilities	19	361,044,493	346,913,088
State and other public entities		66,901,294	72,967,009
		<b>543,727,657</b>	<b>867,853,616</b>
<b>Total liabilities</b>		<b>2,218,872,513</b>	<b>2,202,339,491</b>
<b>Total equity and liabilities</b>		<b>3,405,714,580</b>	<b>3,373,458,820</b>

# STATEMENT OF COMPREHENSIVE INCOME

## FOR A 3 MONTH PERIOD ENDED ON MARCH 31, 2010 AND 2009

Amounts in Euros	31-03-2010 (Unaudited)	31-03-2009 (Unaudited)
<b>Net income for the period</b>	<b>26,193,943</b>	<b>19,395,411</b>
Derivative Financial Instruments		
Change in Fair Value	(441,548)	(6,019,925)
Tax effect	(273,926)	1,595,280
Fair value in available-for-sale financial investments	-	
Foreign exchange differences	5,907,537	1,005,391
Actuarial gains / (losses)		
Actuarial gains / (losses)	292,040	(1,518,936)
Tax effect	(27,859)	23,252
<b>Net profit directly recognized in equity</b>	<b>5,456,245</b>	<b>(4,914,938)</b>
<b>Total comprehensive income for the period</b>	<b>31,650,188</b>	<b>14,480,473</b>
<b>Attributable to:</b>		
Semapa's shareholders	21,399,039	8,208,957
Minority Interests	10,251,149	6,271,516
	<b>31,650,188</b>	<b>14,480,473</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2009 TO MARCH 31, 2009 AND JANUARY 1, 2010 TO MARCH 31, 2010

	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the year	Total	Minority interests	Total
<b>Equity as of January 1, 2009</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>3,580,893</b>	<b>649,750,205</b>	<b>(14,005,971)</b>	<b>574,051</b>	<b>106,347,480</b>	<b>821,337,576</b>	<b>302,940,493</b>	<b>1,124,278,069</b>
Foreign exchange translation differences	-	-	-	-	-	(101,637)	-	-	(101,637)	1,106,899	1,005,262
Distribution of net profit of 2008:											
- 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)	-	(29,481,173)
Treasury shares acquisition	-	-	-	-	-	-	-	-	-	69,907	69,907
Changes in perimeter	-	-	-	-	-	-	-	-	-	(2,659,182)	(2,659,182)
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(18,426,602)	(18,426,602)
Change in actuarial assumptions*	-	-	-	-	-	-	(1,150,105)	-	(1,150,105)	(345,450)	(1,495,555)
Fair value of financial instruments*	-	-	-	(3,293,496)	-	-	-	-	(3,293,496)	(1,131,149)	(4,424,645)
Differences in acquisition of minority interests	-	-	-	-	-	-	232,642	-	232,642	-	232,642
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	695,634	-	695,634	-	695,634
Other movements	-	-	-	-	-	-	(123)	-	(123)	(12,572)	(12,695)
Net profit for the period	-	-	-	-	-	-	-	12,754,066	12,754,066	6,641,345	19,395,411
<b>Equity as of March 31, 2009</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>287,397</b>	<b>711,616,512</b>	<b>(14,107,608)</b>	<b>15,352,099</b>	<b>12,754,066</b>	<b>800,993,384</b>	<b>288,183,689</b>	<b>1,089,177,073</b>

\* Net of deferred taxes

	Share Capital	Treasury shares	Share premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the year	Total	Minority interests	Total
<b>Equity as of January 1, 2010</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>(6,220,818)</b>	<b>711,616,512</b>	<b>(17,978,700)</b>	<b>24,386,833</b>	<b>78,849,324</b>	<b>865,744,069</b>	<b>305,375,259</b>	<b>1,171,119,328</b>
Foreign exchange translation differences	-	-	-	-	-	3,778,091	-	-	3,778,091	2,129,446	5,907,537
Distribution of net profit of 2009:											
- Transfer to reserves	-	-	-	-	78,849,324	-	-	(78,849,324)	-	-	-
- Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Treasury shares acquisition	-	-	-	-	-	-	-	-	-	-	-
Changes in perimeter	-	-	-	-	-	-	-	-	-	-	-
Dividends paid by subsidiaries to minority interests	-	-	-	-	-	-	-	-	-	(15,850,216)	(15,850,216)
Change in actuarial assumptions*	-	-	-	-	-	-	190,380	-	190,380	73,802	264,182
Fair value of financial assets available for sale*	-	-	-	-	-	-	-	-	-	-	-
Fair value of financial instruments*	-	-	-	(891,518)	-	-	-	-	(891,518)	176,044	(715,474)
Differences in minority interests acquisitions	-	-	-	-	-	-	(15,838)	-	(15,838)	(63,836)	(79,674)
Dividends distributed to subsidiary Seminv, SGPS, SA	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	2,441	-	2,441	-	2,441
Net profit for the period	-	-	-	-	-	-	-	18,320,998	18,320,998	7,872,945	26,193,943
<b>Equity as of March 31, 2010</b>	<b>118,332,445</b>	<b>(47,164,986)</b>	<b>3,923,459</b>	<b>(7,112,336)</b>	<b>790,465,836</b>	<b>(14,200,609)</b>	<b>24,563,816</b>	<b>18,320,998</b>	<b>887,128,623</b>	<b>299,713,444</b>	<b>1,186,842,067</b>

\* Net of deferred taxes



# CONSOLIDATED CASH FLOW STATEMENT AS OF MARCH 31, 2010

Amounts in Euros	March 31, 2010				
	Cement and derivatives	Pulp and paper	Environment	Holding	Total
<b>OPERATING ACTIVITIES</b>					
Received from customers	73,251,525	333,946,330	6,259,365	-	413,457,220
Payments to suppliers	(43,542,598)	(279,033,460)	(5,144,327)	(960,199)	(328,680,584)
Payments to employees	(6,950,039)	(22,718,881)	(1,160,205)	(2,805,913)	(33,635,038)
Cash flow generated from activities	22,758,888	32,193,989	(45,167)	(3,766,112)	51,141,597
(Payments) / receipts of income tax	(293,914)	(2,564,886)	(4,862)	(6,129)	(2,869,791)
Other (payments) / receipts from operating activities	(7,414,655)	(5,418,660)	132,493	(82,779)	(12,783,601)
<b>Cash flow from operating activities (1)</b>	<b>15,050,319</b>	<b>24,210,443</b>	<b>82,464</b>	<b>(3,855,021)</b>	<b>35,488,205</b>
<b>INVESTING ACTIVITIES</b>					
<b>Inflows</b>					
Financial Assets	1,466,250	-	-	-	1,466,250
Property, plant and equipment	53,520	-	-	-	53,520
Intangible Assets	-	4,552,360	-	-	4,552,360
Interest and similar income	458,078	6,317,115	1,627	886	6,777,706
Dividends	339,788	-	-	-	339,788
	2,317,636	10,869,475	1,627	886	13,189,624
<b>Outflows</b>					
Financial Assets	-	-	-	-	-
Cash and cash equivalents by changes of Perimeter	-	-	-	-	-
Property, plant and equipment	(6,697,214)	(25,860,570)	(61,922)	-	(32,619,706)
Intangible Assets	-	-	-	-	-
	(6,697,214)	(25,860,570)	(61,922)	-	(32,619,706)
<b>Cash flow from investing activities (2)</b>	<b>(4,379,578)</b>	<b>(14,991,095)</b>	<b>(60,295)</b>	<b>886</b>	<b>(19,430,082)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Inflows</b>					
Borrowings	88,765,739	315,000,000	1,498,300	209,978,395	615,242,434
	88,765,739	315,000,000	1,498,300	209,978,395	615,242,434
<b>Outflows</b>					
Borrowings	(90,573,614)	(300,000,000)	-	(205,705,500)	(596,279,114)
Amortisation of financial leases	(17,508)	-	(1,501,176)	-	(1,518,684)
Interest and similar expenses	(1,407,188)	(6,308,946)	(108,752)	(657,963)	(8,482,849)
Dividends	(1,522,189)	-	-	-	(1,522,189)
	(93,520,499)	(306,308,946)	(1,609,928)	(206,363,464)	(607,802,837)
<b>Cash flow from financing activities (3)</b>	<b>(4,754,760)</b>	<b>8,691,054</b>	<b>(111,628)</b>	<b>3,614,931</b>	<b>7,439,597</b>
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)	5,915,981	17,910,402	(89,459)	(239,204)	23,497,720
<b>FOREIGN EXCHANGE DIFFERENCES</b>	1,288,645	-	-	-	1,288,645
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	99,353,058	226,180,453	2,432,486	(238,931,269)	89,034,728
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>106,557,684</b>	<b>244,090,855</b>	<b>2,343,027</b>	<b>(239,170,473)</b>	<b>113,821,092</b>

# CONSOLIDATED CASH FLOW STATEMENT

## AS OF MARCH 31, 2009

Amounts in Euros	March 31, 2009				
	Cement and derivatives	Pulp and paper	Environment	Holding	Total
<b>OPERATING ACTIVITIES</b>					
Received from customers	78,934,440	275,683,523	7,511,757	-	362,129,720
Payments to suppliers	(48,247,433)	(259,552,640)	(6,415,723)	(926,395)	(315,142,191)
Payments to employees	(6,137,527)	(17,612,099)	(947,377)	(1,103,660)	(25,800,663)
Cash flow generated from activities	24,549,480	(1,481,216)	148,657	(2,030,055)	21,186,866
(Payments) / receipts of income tax	492,295	(2,589,665)	(4,606)	(778,745)	(2,880,721)
Other (payments) / receipts from operating activities	(9,191,941)	14,753,858	444,431	239,623	6,245,971
<b>Cash flow from operating activities (1)</b>	<b>15,849,833</b>	<b>10,682,977</b>	<b>588,482</b>	<b>(2,569,177)</b>	<b>24,552,115</b>
<b>INVESTING ACTIVITIES</b>					
<b>Inflows</b>					
Financial Assets	-	-	-	18,522,334	18,522,334
Property, plant and equipment	25,612	-	29,500	-	55,112
Intangible Assets	-	5,522,900	-	-	5,522,900
Government Grants	195,782	-	-	-	195,782
Interest and similar income	399,264	4,478,250	4,761	181	4,882,456
Dividends	-	-	-	7,730	7,730
	620,659	10,001,150	34,261	18,530,245	29,186,315
<b>Outflows</b>					
Financial Assets	(677,109)	-	-	-	(677,109)
Property, plant and equipment	(3,361,460)	(88,701,620)	(511,624)	(35,919)	(92,610,623)
	(4,038,569)	(88,701,620)	(511,624)	(35,919)	(93,287,732)
<b>Cash flow from investing activities (2)</b>	<b>(3,417,910)</b>	<b>(78,700,470)</b>	<b>(477,363)</b>	<b>18,494,326</b>	<b>(64,101,417)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Inflows</b>					
Borrowings	44,909,478	-	225,669	271,036,240	316,171,387
	44,909,478	-	225,669	271,036,240	316,171,387
<b>Outflows</b>					
Borrowings	(46,646,558)	(3,125,000)	-	(249,952,500)	(299,724,058)
Amortisation of financial leases	(18,045)	-	(272,964)	-	(291,009)
Interest and similar expenses	(918,780)	(10,202,125)	(100,193)	(1,879,913)	(13,101,011)
Dividends	(141,979)	-	-	-	(141,979)
Treasury shares acquisition	-	(2,356,633)	-	-	(2,356,633)
	(47,725,362)	(15,683,758)	(373,157)	(251,832,413)	(315,614,690)
<b>Cash flow from financing activities (3)</b>	<b>(2,815,884)</b>	<b>(15,683,758)</b>	<b>(147,488)</b>	<b>19,203,827</b>	<b>556,697</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>	<b>9,616,039</b>	<b>(83,701,251)</b>	<b>(36,369)</b>	<b>35,128,976</b>	<b>(38,992,605)</b>
FOREIGN EXCHANGE DIFFERENCES	448,147	-	-	-	448,147
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>56,134,772</b>	<b>334,327,886</b>	<b>335,470</b>	<b>(185,625,497)</b>	<b>205,172,631</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>66,198,958</b>	<b>250,626,635</b>	<b>299,101</b>	<b>(150,496,521)</b>	<b>166,628,172</b>

(Translation from an original report issued in Portuguese)

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# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

OF THE PERIOD ENDED MARCH 31, 2010

(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 interim financial statements were approved by the Board of Directors on April 23, 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. Basis of Preparation

The consolidated interim financial statements for the three month period ended March 31, 2010 were prepared in accordance with the International Accounting Standard nº 34 – Interim Financial Report.

The accompanying consolidated interim financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 2), and under the historic cost convention, except for biological assets, and financial instruments which are recorded at fair value.

The following notes were selected to contribute to the comprehension of the most relevant changes on the

Group's balance sheet and its performance since the last annual reporting period as of December 31, 2009.

## 2. Accounting policies

The accounting policies applied in the preparation of these consolidated interim financial statements are consistent to the ones used on the preparation of the financial statements as of December 31, 2009 and stated in the respective notes.

## 3. Important accounting estimates and judgments

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 reporting 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.

## 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.

Financial information by business segment for the three month period ended March 31, 2010 is shown as follows:

Valores em Euros	Pasta e Papel	Cimento e Derivados	Ambiente	Holdings	Consolidado
<b>RÉDITOS</b>					
Réditos	294.279.706	63.793.035	7.091.282	29.319	365.193.342
Resultados operacionais	34.985.365	8.687.725	1.942.915	(2.003.422)	43.612.583
Resultados financeiros líquidos externos	(6.307.235)	(478.197)	(123.429)	(6.716.829)	(13.625.690)
Parte de lucros líquidos em associadas	-	(4.444)	-	-	(4.444)
Imposto sobre o rendimento	(1.043.584)	(2.262.772)	(475.130)	(7.020)	(3.788.506)
Resultados actividades ordinárias	27.634.546	5.942.312	1.344.356	(8.727.271)	26.193.943
Interesses minoritários	(6.345.521)	(1.254.307)	(273.117)	-	(7.872.945)
<b>Resultado líquido do período</b>	<b>21.289.025</b>	<b>4.688.005</b>	<b>1.071.239</b>	<b>(8.727.271)</b>	<b>18.320.998</b>
<b>OUTRAS INFORMAÇÕES</b>					
Total dos Activos segmentais	2.575.471.261	513.476.018	26.864.073	289.903.229	3.405.714.581
Investimentos em Associadas	130.074	1.720.912	-	-	1.850.986
Total de Passivos segmentais	1.427.283.354	226.160.696	18.589.948	546.838.515	2.218.872.513
Amortizações e perdas por imparidade	44.410.600	5.252.684	509.705	39.154	50.212.143
Provisões líquidas	(6.958.441)	204.807	-	5.001	(6.748.633)

Financial information by business segment for the three month period ended March 31, 2009 is shown as follows:

Valores em Euros	Pasta e Papel	Cimento e Derivados	Ambiente	Holdings	Consolidado
<b>RÉDITOS</b>					
Réditos	263.758.303	71.284.797	7.118.418	211.546	342.373.064
Resultados operacionais	33.263.847	9.816.906	1.723.372	(3.427.453)	41.376.672
Resultados financeiros líquidos externos	(5.779.127)	280.864	(136.981)	(9.278.491)	(14.913.735)
Parte de lucros líquidos em associadas	-	(3.295)	-	-	(3.295)
Imposto sobre o rendimento	(4.164.504)	(2.472.872)	(424.823)	(2.033)	(7.064.232)
Resultados actividades ordinárias	23.320.216	7.621.603	1.161.568	(12.707.977)	19.395.410
Interesses minoritários	(5.386.218)	(1.258.470)	3.343	-	(6.641.345)
<b>Resultado líquido do período</b>	<b>17.933.998</b>	<b>6.363.133</b>	<b>1.164.911</b>	<b>(12.707.977)</b>	<b>12.754.065</b>
<b>OUTRAS INFORMAÇÕES</b>					
Total dos Activos segmentais	2.479.334.342	498.109.898	27.964.431	290.069.563	3.295.478.234
Investimentos em Associadas	130.074	1.694.814	-	119	1.825.007
Total de Passivos segmentais	1.369.302.317	216.905.115	19.691.207	600.402.521	2.206.301.160
Amortizações e perdas por imparidade	27.259.270	5.582.833	536.139	34.191	33.412.433
Provisões líquidas	(2.991.436)	131.436	(150.000)	1.203.923	(1.806.077)

## 5. Other operating income

As of March 31, 2010 and 2009, the caption "Other operating income" was as follows:

Amounts in Euros	31-03-2010	31-03-2009
Grants - CO2 Emission licences	8,742,508	4,467,820
Adjustment reversal	192,173	5,432,108
Supplementary income	199,624	1,362,548
Gains on disposals of non-current assets	1,627,042	3,098,643
Gains on inventories	740,968	261,537
Gains on disposals of current assets	43,723	170,099
Government grants	1,059	465,042
Revenues from waste	153,969	177,385
Other operating income	1,025,214	1,606,010
	<b>12,726,280</b>	<b>17,041,192</b>

## 6. Costs

As of March 31, 2010 and 2009 costs comprises:

Amounts in Euros	31-03-2010	31-03-2009
<b>Cost of sales and service rendered</b>		
Sold and Consumed Inventories	(133,013,125)	(143,480,279)
Consumed Services and Materials	(109,816,944)	(91,876,193)
<b>Variation in production</b>	<b>5,493,701</b>	<b>(4,211,779)</b>
<b>Payroll costs</b>		
Board of directors	(1,964,138)	(3,204,355)
Other remunerations	(27,309,749)	(26,052,385)
Pension costs	(2,808,868)	(2,945,463)
Other payroll costs	(11,802,957)	(7,624,199)
	<b>(43,885,712)</b>	<b>(39,826,402)</b>
<b>Other costs and losses</b>		
Recovery of costs related to capital expenditure	10,032	23,298
Quotations	(279,411)	(244,350)
Donations	(132,061)	(98,928)
Emission allowance costs	(4,919,367)	(3,300,699)
Inventories and other receivables impairment	(305,222)	(190,345)
Losses on inventories	(319,771)	(136,502)
Indirect taxes	(1,760,901)	(1,788,957)
Losses on disposal of non-current assets	(21,404)	(2,006)
Other operating costs	(942,042)	(2,159,837)
	<b>(8,670,147)</b>	<b>(7,898,326)</b>
<b>Net provisions</b>	<b>6,748,633</b>	<b>1,806,077</b>
<b>Total Costs</b>	<b>(283,143,594)</b>	<b>(285,486,902)</b>

## 7. Depreciation, amortization and impairment losses

As of March 31, 2010 and 2009 depreciation, amortization and impairment losses were as following:

Amounts in Euros	31-03-2010	31-03-2009
<b>Property, plant and equipment depreciation</b>		
Land	(303,491)	(227,221)
Buildings	(6,902,822)	(5,704,975)
Other tangible assets	(42,889,725)	(27,364,132)
	<b>(50,096,038)</b>	<b>(33,296,328)</b>
<b>Intangible assets depreciation</b>		
Industrial property and other rights	(116,105)	(116,105)
	<b>(116,105)</b>	<b>(116,105)</b>
	<b>(50,212,143)</b>	<b>(33,412,433)</b>

## 8. Net financial costs

As of March 31, 2010 and 2009, net financial costs comprise:

Amounts in Euros	31-03-2010	31-03-2009
Interest paid on shareholders' loans	(31,389)	(52,051)
Interest paid on other loans	(7,886,678)	(18,916,819)
Other interest earned	456,655	1,913,574
Compensatory interest	21,801	2,428,419
Fair value in financial assets available for sale	(81,327)	-
Justo valor em activos financeiros ao justo valor em resultado	(640,846)	(1,464,112)
Gains / (losses) on financial instruments - hedging	(1,164,703)	1,244,157
Gains / (losses) on financial instruments - trading	(1,925,533)	(2,130,102)
Exchange fluctuations	100,829	3,088,569
Other financial expenses	(1,914,100)	(1,038,603)
Other financial income	(560,399)	13,233
	<b>(13,625,690)</b>	<b>(14,913,735)</b>

## 9. Income Tax

The Groups Semapa, Portucel, Secil and ETSA are subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 90% and which meet the conditions laid down in articles 63 and following of the IRC Code.

As of March 31, 2010 and 2009, income tax comprises:

Amounts in Euros	31-03-2010	31-03-2009
Current tax	11,159,001	8,319,824
Provision for current tax	(280,480)	(787,668)
Deferred tax	(7,090,015)	(467,924)
	<b>3,788,506</b>	<b>7,064,232</b>

The reconciliation of the effective tax rate in the period ended March 31, 2010 is as follows:

Amounts in Euros	31-03-2010
Profit before tax	29,982,449
Expected income tax	7,945,349
Differences (a)	(3,539,946)
Recoverable tax losses carried forward	(91,638)
Non recoverable tax losses	1,161,778
Tax rate effect	(384,275)
Provision for current tax	(280,480)
Tax benefits	(1,118,718)
Adjustments to taxable income	96,436
	<b>3,788,506</b>

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	4,444
Capital gains / (losses) for tax purposes	778,841
Capital gains / (losses) for accounting purposes	(760,606)
Provisions not allowed for tax purposes	1,433,753
Tax benefits	(295,154)
Decrease in taxed provisions	(15,336,048)
Pension fund allocation	1,042,475
Others	(939,990)
	<b>(14,072,285)</b>
Tax effect (26,50%)	<b>(3,729,156)</b>

The annual tax returns in Portugal are subject to review and possible adjustment on behalf of 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 6 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 March 31, 2010. Additionally, the periods until 2007 of Portucel, Soporcel and Secil have already been reviewed.

## 10. Earnings per share

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

Amounts in Euros	31-03-2010	31-03-2009
Profit attributable to Semapa's shareholders	18,320,998	12,754,066
Weighted average number of ordinary shares in issue	112,884,470	112,884,470
Basic earnings per share	0.162	0.113
Diluted earnings per share	0.162	0.113

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 itself.

## 11. Property, plant and equipment

The following movements were registered in the three month period ended March 31, 2010 and the year ended December 31, 2009 on the caption Property, plant and equipment, as well as on the respective amortization and impairment losses accounts:

Amounts in Euros	Land	Buildings and other constructions	Equipments and others tangibles	Assets in progress	Total
<b>Acquisition Cost</b>					
<b>Amount as of January 1, 2009</b>	<b>179,530,283</b>	<b>647,473,486</b>	<b>3,452,542,094</b>	<b>288,345,993</b>	<b>4,567,891,856</b>
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)
Fair value revaluation	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)
<b>Amount as of December 31, 2009</b>	<b>187,724,197</b>	<b>741,362,474</b>	<b>3,983,083,162</b>	<b>188,537,448</b>	<b>5,100,707,281</b>
Change of perimeter	587,949	-	-	-	587,949
Acquisitions	29,626	33,873	7,999,414	29,865,094	37,928,007
Disposals	(203,686)	(1,732,244)	(319,401)	37,570	(2,217,761)
Fair value revaluation	(768,909)	(564,463)	6,514,140	(11,963,155)	(6,782,387)
Exchange differences	407,607	1,295,182	3,752,460	331,397	5,786,646
<b>Amount as of March 31, 2010</b>	<b>187,776,784</b>	<b>740,394,822</b>	<b>4,001,029,775</b>	<b>206,808,354</b>	<b>5,136,009,735</b>
<b>Accumulated depreciations and impairment losses</b>					
<b>Amount as of January 1, 2009</b>	<b>(14,281,002)</b>	<b>(394,438,371)</b>	<b>(2,383,596,257)</b>	<b>-</b>	<b>(2,792,315,630)</b>
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	-	1,982	(54,725)	-	(52,743)
Exchange differences	217,526	525,896	2,096,000	-	2,839,422
<b>Amount as of December 31, 2009</b>	<b>(15,318,776)</b>	<b>(417,539,212)</b>	<b>(2,515,843,863)</b>	<b>-</b>	<b>(2,948,701,851)</b>
Change of perimeter	-	-	-	-	-
Depreciations and impairment losses	(303,491)	(6,902,822)	(43,836,544)	-	(51,042,857)
Disposals	1,356	540,593	275,985	-	817,934
Adjustments, transfers and write-off's	-	710,656	299,608	-	1,010,264
Exchange differences	(30,314)	(571,239)	(1,742,078)	-	(2,343,631)
<b>Amount as of March 31, 2010</b>	<b>(15,651,225)</b>	<b>(423,762,024)</b>	<b>(2,560,846,892)</b>	<b>-</b>	<b>(3,000,260,141)</b>
Net book value as of January 1, 2009	165,249,281	253,035,115	1,068,945,837	288,345,993	1,775,576,226
Net book value as of December 31, 2009	172,405,421	323,823,262	1,467,239,299	188,537,448	2,152,005,430
Net book value as of March 31, 2010	172,125,559	316,632,798	1,440,182,883	206,808,354	2,135,749,594

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 exclusively to Soporcel.

In 2009, with the start of the new paper plant 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 30,662,032 (December 31, 2009: Euro 29,714,344), was deducted as of March 31, 2010. As of March 31, 2010, the net book value of these equipments was Euro 27,341,918 (December 31, 2009: Euro 28,289,606).

As of March 31, 2010 the Construction in progress included Euro 36,313,145, related to advance payments of Property Plant and Equipment, obtained under the scope of the investments projects being developed by the Group. 90% of 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.



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

The following movements were registered in this caption during the periods ended March 31, 2010 and December 31, 2009:

Amounts in Euros	31-03-2010	31-12-2009
Fair value at the beginning of the period	14,871,574	13,400,586
Acquisitions	-	-
Disposals	-	-
Changes in fair value	(640,846)	1,470,988
<b>Fair value at period end</b>	<b>14,230,728</b>	<b>14,871,574</b>

As of March 31, 2010, "Financial assets at fair value through profit or loss" comprises:

	Fair Value	
	31-03-2010	31-12-2009
Banco Comercial Português, SA - Shares	5,055,240	5,184,075
EDP - Energias de Portugal, SA - Shares	9,172,738	9,684,749
Others	2,750	2,750
	<b>14,230,728</b>	<b>14,871,574</b>

## 13. Receivables and other current assets

As of March 31, 2010 and December 31, 2009 the caption Receivables and other current assets comprised:

Amounts in Euros	31-03-2010	31-12-2009
Accounts receivable	182,997,437	196,467,451
Accounts receivable- Related parties	3,025,357	2,800,242
Derivative Financial Instruments	1,545,922	1,514,537
Other receivables	11,986,317	20,970,996
Accrued income	776,879	838,721
Deferred costs	11,155,776	3,446,939
	<b>211,487,688</b>	<b>226,038,886</b>

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

As of March 31, 2010 and December 31, 2009, other receivables comprise:

Amounts in Euros	31-03-2010	31-12-2009
Advances to suppliers	952,007	707,762
AICEP - Financial incentives to receive	6,891,182	6,891,182
EDP	12,228	-
IMT	152,135	311,919
Others	3,978,765	13,060,133
	<b>11,986,317</b>	<b>20,970,996</b>

As of March 31, 2010 and December 31, 2009, the captions accrued income and deferred costs comprise:

Amounts in Euros	31-03-2010	31-12-2009
<b>Accrued Income</b>		
Interest receivable	223,774	177,929
Discounts in acquisitions	117,727	122,643
Others	435,378	538,149
	<b>776,879</b>	<b>838,721</b>
<b>Deferred costs</b>		
Major repairs	1,725,174	1,043,627
Insurance	5,513,153	498,506
Rents and leases	413,864	272,189
Others	3,503,585	1,632,617
	<b>11,155,776</b>	<b>3,446,939</b>
	<b>11,932,655</b>	<b>4,285,660</b>

## 14. Share capital and treasury shares

At March 31, 2010 and December 31, 2009, 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.

As of March 31, 2010 and December 31, 2009 the following entities had substantial holdings in the company's capital:

Name	Number of Shares	31-03-2010 %	31-12-2009 %
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	7.46
Banco Espírito Santo, SA	3,222,308	2.72	2.72
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	2.17
Sonaca - SGPS, S.A.	1,630,590	1.38	1.38
CMigest, 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
Treasury shares	2,720,000	2.30	2.30
Other shareholders with less than 2% participation	28,673,550	24.23	24.23
	<b>118,332,445</b>	<b>100.00</b>	<b>100.00</b>

Seminv Investimentos, SGPS, S.A. is a 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 as of March 31, 2010.

## 15. Reserves and Retained earnings

At March 31, 2010 and December 31, 2009 the captions Fair value reserve, Currency translation reserve and Other reserves comprises:

Amounts in Euros	31-03-2010	31-12-2009
Financial instruments fair value	(5,830,594)	(4,939,076)
Control acquisition revaluation	(1,281,742)	(1,281,742)
<b>Total fair value reserves</b>	<b>(7,112,336)</b>	<b>(6,220,818)</b>
Currency translation reserve	<b>(14,200,609)</b>	<b>(17,978,700)</b>
Legal Reserves	23,666,489	23,666,489
Others Reserves	766,799,347	687,950,023
<b>Total of other reservers</b>	<b>790,465,836</b>	<b>711,616,512</b>
<b>Total reserves</b>	<b>769,152,891</b>	<b>687,416,994</b>

## 16. Deferred Taxes

The following movement took place in the caption Deferred income tax assets and liabilities during the three month period ended March 31, 2010:

	As of January 1, 2010	Exchange adjustment	Income Statement		Retained earnings	Changes in perimeter	As of March 31, 2010
Amounts in Euros			Increases	Decreases			
Temporary differences originating deferred tax assets							
Tax losses carried forward	24,471,815	-	1,170	-	-	-	24,472,985
Taxed provisions	14,879,967	(6,813)	306,187	(178,782)	-	-	15,000,559
Fixed assets adjustments	36,991,010	-	33,125,082	(5,157,226)	-	-	64,958,866
Underfunding of the pension fund	2,864,221	(331)	29,249	-	-	-	2,893,139
Financial Instruments	2,317,069	-	588,011	-	(1,038,918)	-	1,866,162
Deferred accounting gains in inter-group transactions	5,507,032	-	2,553,395	-	-	-	8,060,427
Forests valuation	10,127,672	-	-	(1,615,524)	-	-	8,512,148
Depreciation in assets subject to IFRIC 4	3,983,424	-	126,875	(95,412)	-	-	4,014,887
Liabilities with retirement benefits	597,992	5,757	-	(7,938)	-	-	595,811
Liabilities with long service award	687,966	-	16,696	-	-	-	704,662
Retirement benefits not covered by an autonomus fund	5,233,862	-	-	(75,522)	(27,321)	-	5,131,019
Derecognition of government grants	2,895,940	-	15,001	-	(1,480)	-	2,909,461
Liabilities for healthcare benefits	5,754,960	-	-	(47,886)	-	-	5,707,074
Other temporary differences	2,662,263	108,738	-	(755,771)	19,685	-	2,034,915
	118,975,193	107,351	36,761,666	(7,934,061)	(1,048,034)	-	146,862,115
Temporary differences originating deferred tax liabilities							
Revaluation of fixed assets	(16,874,592)	-	-	1,220,606	1,679	-	(15,652,307)
Retirement benefits	(999,965)	-	(7,238)	-	(47,692)	-	(1,054,895)
Financial instruments	(1,514,536)	-	(36,620)	-	5,235	-	(1,545,921)
Fair Value of fixed assets- Soporcel	(232,991,369)	-	-	4,337,106	-	-	(228,654,263)
Tax Benefits	(89,442,118)	-	-	8,696,739	-	-	(80,745,379)
Extension of the useful life for tangible fixed assets	(148,757,332)	6,651	(38,464,310)	13,834,526	-	-	(173,380,465)
Deferred accounting losses in inter-group transactions	(33,462,192)	(334,117)	(582,456)	4,102,335	-	-	(30,276,430)
Deferred tax gains	(601,752)	-	-	16,663	-	-	(585,089)
Harmonization of depreciation criteria	(81,182,313)	25,176	(1,629,312)	-	-	-	(82,786,449)
Fair Value of fixed assets- Brands	(151,488,000)	-	-	-	-	-	(151,488,000)
Fair Value of fixed assets- Portucel	(223,900,762)	-	-	6,219,466	-	-	(217,681,296)
Subsidiaries fair value	(70,988,607)	(367,247)	-	148,724	-	(587,949)	(71,795,079)
Overfunding of the pension fund	(2,174,097)	-	-	17,198	(47,302)	-	(2,204,201)
Other temporary differences	(14,225)	-	-	-	-	-	(14,225)
	(1,054,391,860)	(669,537)	(40,719,936)	38,593,363	(88,080)	(587,949)	(1,057,863,999)
Deferred tax assets	30,904,802	14,096	9,516,368	(1,870,262)	(277,135)	-	38,287,869
Deferred tax liabilities	(280,120,078)	(121,385)	(10,512,234)	9,956,143	(20,385)	(155,807)	(280,973,746)

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended December 31, 2009:

Amounts in Euros	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 for 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)

## 17. Provisions

During the course of the period ended March 31, 2010 and the year ended December 31, 2009, the following movements took place under the caption Provisions:

Amounts in Euros	Legal claims	Fiscal claims	Environmental restoration	Others	Total
<b>As of January 1, 2009</b>	<b>1,917,090</b>	<b>2,393,391</b>	<b>529,438</b>	<b>50,025,876</b>	<b>54,865,795</b>
Changes of perimeter	-	-	1,539	148,920	150,459
Increases	687,414	-	205,807	2,000,881	2,894,102
Replacements	(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
<b>As of December 31, 2009</b>	<b>2,096,956</b>	<b>-</b>	<b>686,760</b>	<b>29,842,108</b>	<b>32,625,824</b>
Increases	-	-	44,943	245,625	290,568
Replacements	-	-	-	(7,039,201)	(7,039,201)
Direct utilizations	-	-	(3,323)	(212,219)	(215,542)
Exchange differences	-	-	-	164,682	164,682
Transfers	-	-	-	32,655	32,655
<b>As of March 31, 2010</b>	<b>2,096,956</b>	<b>-</b>	<b>728,380</b>	<b>23,033,650</b>	<b>25,858,986</b>

On March 31, 2009, provisions for tax claims include VAT contingencies, outside Portugal that were extinguished during the year ended December 31, 2009.

Equally the provision for risks with other entities was also reduced due to the Group's exposure to risks based on specialists' opinion.

## 18. Interest-bearing liabilities

As of March 31, 2010 and December 31, 2009, Group's net debt was as follows:

Amounts in Euros	31-03-2010	31-12-2009
<b>Interest-bearing liabilities</b>		
Non-current	1,218,655,340	871,817,132
Current	115,781,870	447,973,519
	<b>1,334,437,210</b>	<b>1,319,790,651</b>
<b>Cash and cash equivalents</b>		
Cash	272,352	208,914
Short term bank deposits	24,408,995	24,847,920
Others	89,139,745	63,977,893
	<b>113,821,092</b>	<b>89,034,727</b>
Market Value	89,473,976	87,733,655
<b>Interest-bearing net debt</b>	<b>1,131,142,142</b>	<b>1,143,022,269</b>

### Non-current interest-bearing liabilities

As of March 31, 2010 and December 31, 2009, non-current interest-bearing liabilities were as follows:

Amounts in Euros	31-03-2010	31-12-2009
<b>Non-currents</b>		
Bond loans	795,400,000	595,400,000
Commercial paper	61,700,000	59,350,000
Loans from financial institutions	365,155,953	220,402,282
Expenses with bond loans issuance	(6,067,567)	(5,681,979)
<b>Interest-bearing bank debt</b>	<b>1,216,188,386</b>	<b>869,470,303</b>
Financial leases	1,222,287	1,582,631
Other loans - POEs	43,004	57,338
Other loans - QREN	1,201,663	706,860
<b>Other interest-bearing liabilities</b>	<b>2,466,954</b>	<b>2,346,829</b>
<b>Non-current interest-bearing liabilities</b>	<b>1,218,655,340</b>	<b>871,817,132</b>

### Current interest-bearing liabilities

As of March 31, 2010 and December 31, 2009 current interest-bearing liabilities were as follows:

Amounts in Euros	31-03-2010	31-12-2009
<b>Currents</b>		
Bond loans	31,250,000	325,000,000
Loans from financial institutions	72,927,595	111,087,808
<b>Interest-bearing bank debt</b>	<b>104,177,595</b>	<b>436,087,808</b>
Shareholders short term loans	10,355,532	10,637,809
Financial leases	1,220,073	1,219,233
Other loans - POE	28,670	28,669
<b>Other interest-bearing liabilities</b>	<b>11,604,275</b>	<b>11,885,711</b>
<b>Current interest-bearing liabilities</b>	<b>115,781,870</b>	<b>447,973,519</b>

## 19. Payables and other current liabilities

As of March 31, 2010 and December 31, 2009 the caption Payables and other current liabilities comprises:

Amounts in Euros	31-03-2010	31-12-2009
Accounts payable to suppliers	122,370,734	142,193,701
Related parties	14,613,044	1,369,273
Accounts payable to suppliers of fixed assets	40,057,728	56,075,786
Instituto do Ambiente - CO2 Emission licences	25,005,550	19,859,906
Derivative Financial Instruments (Note 33)	9,710,863	6,702,720
Other creditors	12,853,080	13,102,034
Accrued costs	68,898,373	63,820,894
Deferred income	65,735,579	43,788,774
	<b>361,044,493</b>	<b>346,913,088</b>

As of March 31, 2010 and December 31, 2009, the captions Accrued costs and Deferred income comprised:

Amounts in Euros	31-03-2010	31-12-2009
<b>Accrued costs</b>		
Insurance costs	205,810	47,432
Payroll expenses	30,666,120	36,515,061
Interests payable	8,413,524	5,541,185
Power costs	16,043,643	10,581,714
Forest acquisitions	224,833	329,796
Commitments to settle the sale of paper	371,610	1,920,346
Others	12,972,833	8,885,360
	<b>68,898,373</b>	<b>63,820,894</b>
<b>Deferred income</b>		
Government grants	39,831,159	40,809,361
Grants - CO2 Emission licences	23,962,264	1,383,589
Others	1,942,155	1,595,824
	<b>65,735,578</b>	<b>43,788,774</b>

## 20. Financial assets and liabilities

### Derivative Financial Instruments

As of March 31, 2010 and December 31, 2009 the fair value of derivative financial instruments for trading was as follows:

Amounts in Euros	Currency	Notional	Maturity	Fair value	
				31-03-2010	31-12-2009
<b>Derivative Financial Instruments - trading</b>					
Foreign exchange forwards	USD	5,731,380	30-Oct-10	36,620	-
	USD	16,128,000	14-Jul-10	(218,498)	-
	GBP	2,608,000	13-Jul-10	(16,341)	-
	USD	26,528,000	13-Ago-10	(798,480)	(338,615)
Foreign exchange options	GBP	6,120,000	9-Jul-10	(20,763)	(1,040,545)
	EUR	6,782,631	3-Dec-10	-	(25,145)
SWAPs	EUR	20,400,000	28-Feb-10	(923,796)	(310,640)
Foreign exchange forwards (USD)	EUR	3,186,480	28-Feb-10	1,509,302	1,514,537
Collar Interest Rate (time basis)	EUR	175,000,000	30-Nov-15	(142,527)	1,368,373
Collar Interest Rate (time basis)	EUR	25,000,000	30-Nov-15	(51,922)	70,070
Collar Interest Rate (time basis)	EUR	25,000,000	30-Nov-15	(40,882)	20,210
<b>Ending balance</b>				<b>(667,287)</b>	<b>1,258,245</b>

As of March 31, 2010 and December 31, 2009 the fair value of derivative financial instruments recognized as hedging was as follows:

Amounts in Euros	Currency	Notional	Maturity	Fair value	
				31-03-2010	31-12-2009
Financial instruments - hedging					
Cobertura Taxa de Juro	EUR	150,000,000	29-Mar-10	-	(762,218)
Cobertura Taxa de Juro	EUR	75,000,000	27-Out-10	(942,366)	(1,219,066)
Collar Interest Rate (Intrinsic)	EUR	175,000,000	30-Nov-15	(5,303,066)	(3,749,335)
Collar Interest Rate (Intrinsic)	EUR	25,000,000	30-Nov-15	(632,538)	(382,898)
Collar Interest Rate (Intrinsic)	EUR	25,000,000	30-Nov-15	(619,683)	(332,911)
Ending balance				(7,497,553)	(6,446,428)

Changes in fair value of derivative financial instruments for the period ended December 31, 2009 and March 31, 2010 were as follows:

Amounts in Euro	Fair Value Variation (Trading)	Fair Value Variation (Hedging)	Total
<b>As of January 1, 2009</b>	<b>4,086,447</b>	<b>7,135,435</b>	<b>11,221,882</b>
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)
<b>As of December 31, 2009</b>	<b>1,258,245</b>	<b>(6,446,428)</b>	<b>(5,188,183)</b>
Variation in fair value at Earnings (Note10)	(1,925,532)	(1,164,703)	(3,090,235)
Variation in fair value at Equity (DRG)	-	113,478	113,478
<b>As of March 31, 2010</b>	<b>(667,287)</b>	<b>(7,497,653)</b>	<b>(8,164,940)</b>

## 21. Balances and transactions with related parties

As of March 31, 2010 receivables from related parties are as follows:

Amounts in Euros	Interest-bearing liabilities	
	31-03-2010	31-12-2009
<b>Shareholders</b>		
Cimo SGPS, SA	121,956	198,015
Longapar, SGPS, SA	9,701,732	9,871,902
Sonaca SGPS, SA	531,844	567,892
	<b>10,355,532</b>	<b>10,637,809</b>

Amounts in Euros	31-03-2010		31-12-2009	
	Other Receivables	Other Payables	Other Receivables	Other Payables
<b>Other Related Parties</b>				
Cotif Sicar	-	-	-	11,878
Seribo, S.A.	-	-	-	94,737
J.M. Henriques, Lda.	53,133	-	52,078	-
Cimentagor	35	-	35	-
Secil Unicon - S.G.P.S., Lda	98,247	-	103,704	-
Setefrete	-	49,130	339,788	52,965
Chryso Portugal, S.A.	-	72,662	-	119,790
Secil Prebetão - Pré-Fabricados de Betão, S.A.	15,542	7,561	86,972	12,688
Viroc Portugal - Industria de Madeira e Cimento,	529,638	-	574,452	-
Intertogrande	103,086	-	-	-
Teporsset	788,182	-	786,383	-
Soporgen	1,438,023	172,320	854,034	489,856
Other related parties	(529)	-	2,796	587,359
Shareholders (Dividends to INC)	-	14,311,371	-	-
<b>Total</b>	<b>3,025,357</b>	<b>14,613,044</b>	<b>2,800,242</b>	<b>1,369,273</b>

During the three month period ended March 31, 2010 transactions with related parties are as follows:

Amounts in Euros	31-03-2010	
	Service Purchase	Financial Losses
<b>Shareholders</b>		
Cimianto SGPS, SA	26,935	-
Cimo SGPS, SA	-	519
Longapar, SGPS, SA	-	29,213
Sonaca SGPS, SA	-	1,657
	<b>26,935</b>	<b>31,389</b>

Amounts in Euros	31-03-2010			
	Service Purchase	Services rendered	Operating Income	Financial Losses/(Gains)
<b>Affiliated Companies and Joint Ventures</b>				
Viroc Portugal, S.A.	-	110,392	3,811	(13,344)
Chryso Portugal, S.A.	113,555	-	-	-
Setefrete, S.A.	397,841	-	-	-
Secil Prebetão, S.A.	5,334	76,154	16,676	732
Soporgen	5,133,362	-	-	-
TASC	52,013	-	-	-
Other	-	-	3,823	(7,052)
	<b>6,227,406</b>	<b>186,546</b>	<b>24,310</b>	<b>(19,664)</b>

## 22. Number of employees

As of March 31, 2010 and December 31, 2009 the number of employees in the service of the Group's various companies, was as follows:

Segment	31-03-2010	31-12-2009	Var. 10/09
Pulp and Paper	2,340	2,288	52
Cement and derivatives	2,659	2,676	(17)
Environment	196	182	14
Holdings and other	21	21	-
	<b>5,216</b>	<b>5,167</b>	<b>50</b>

## 23. Contingent liabilities

### Revision of the complementary retirement and survivors' pensions plan

#### Portucel

During the year 2009, Portucel SA presented its coworkers a proposal of revision for the current pensions plan transforming the defined benefit plan into a defined contribution plan. This proposal was approved by the majority of the coworkers.

In 2010, validation from IRC National Services was obtained related to the tax treatment proposed by Portucel in the revision of the plan. The company is still waiting for IRS National Services' response as well as the contacts with the regulatory authorities to proceed to this change.

#### Secil

Secil agreed with its employees unions to open up the possibility to convert the existing defined benefit pension plans to defined contribution plans.

## 24. Companies included in consolidation

		Direct and Indirect % of equity held by subsidiary Semapa		
		Direct	Indirect	Total
Name	Head Office			
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 Portucel – under full consolidation**

		Direct and indirect % of equity held by subsidiary Portucel			Equity % actually held by Semapa
Name	Head Office	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
CountryTarget SGPS SA *	Setúbal	100.00	-	100.00	76.95
Portucel Cacia - Produção de Pasta, S.A *	Cacia	100.00	-	100.00	76.95
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	50.00	50.00	100.00	76.95
Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, SA	Setúbal	-	100.00	100.00	76.95
Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, 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 Florestal, SA	Setúbal	-	100.00	100.00	76.95
Cofotrans - Empresa de Exploração Florestal, 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 incêndios florestais	Portugal	-	64.80	64.80	49.86
Bosques do Atlantico, SL	Spain	-	100.00	100.00	
Naturfungi, ACE	Setúbal	-	50.00	50.00	38.47
Verde Arena - Sociedade Gestora de Zonas de Intervenção Florestal, S.A.	Setúbal	-	100.00	100.00	76.95
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
CELCA CACIA - 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
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Cacia	-	91.15	91.15	70.14
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	71.22
Ema 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 Florestal e Industrial, Lda	Mozambique	25.00	75.00	100.00	76.95
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	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

## 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



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

		Direct and indirect % of equity held by subsidiary Secil			Equity % acctually held by Semapa
Name	Head Office	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.	Amesterdam	100.00	-	100.00	51.00
Secilpar, SL	Madrid	-	100.00	100.00	51.00
Somera Trading Inc.	Panama	-	100.00	100.00	51.00
Hew bol, SGPS, Lda.	Funchal	-	100.00	100.00	51.00
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	51.00
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	31.88
Florimar- Gestão e Participações, SGPS, Lda.	Funchal	100.00		100.00	
Seciment Investments, B.V.	Amesterdam	100.00	-	100.00	51.00
Serife - Sociedade de Estudos e Realizações Industriais e de Silonor, S.A.	Lisbon	100.00	-	100.00	51.00
Société des Ciments de Gabés	Dunkerque - France	100.00	-	100.00	51.00
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	98.72	-	98.72	50.35
Zarzis Béton	Tunis	-	98.72	98.72	50.35
Secil Angola, SARL	Tunis	-	98.52	98.52	50.25
Secil - Companhia de Cimento do Lobito, S.A.	Luanda	100.00	-	100.00	51.00
Secil, Betões e Inertes, S.G.P.S., S.A. e Subsidiárias	Lobito	-	51.00	51.00	26.01
Britobetão - Central de Betão, Lda.	Setúbal	91.85	8.15	100.00	51.00
Unibetão - Indústrias de Betão Preparado, S.A.	Évora	-	82.00	82.00	41.82
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
Quimpedra - Secil Britas, Calcários e Derivados, Lda.	Lisbon	-	100.00	100.00	51.00
Colegra - Exploração de Pedreiras, S.A.	Lisbon	-	100.00	100.00	51.00
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, Lda.	Leiria	51.19	45.81	97.00	49.47
IRP - Industria de Rebocos de Portugal, S.A.	Santarém	-	97.00	97.00	49.47
Condind - Conservação e Desenvolvimento Industrial, Lda.	Setúbal	50.00	50.00	100.00	51.00
Ciminpart - Investimentos e Participações, SGPS, S.A.	Lisbon	-	100.00	100.00	51.00
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.87	90.87	46.34
Ave- Gestão Ambiental e Valorização Energética, S.A.	Lisbon	-	70.00	70.00	35.70
Cimentos Costa Verde - Comércio de Cimentos, Lda.	Lisbon	-	100.00	100.00	51.00
Ecoresíduos - Centro de Tratamento e Valorização de Resíduos,Lda.	Setúbal	50.00	50.00	100.00	51.00
Prescor Produção de Escórias Moldas, 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
Sanimar Madeira, Sociedade de Materiais de Construção, 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
Secil Unicon - S.G.P.S., Lda.	Lisbon	50.00	-	50.00	25.50
Secil Prébetão, S.A.	Montijo	-	39.80	39.80	20.30
Teporset - Terminal Portuário de Setúbal, S.A.	Lisbon	-	50.00	50.00	25.50



**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

Vitor Manuel Galvão Rocha Novais Gonçalves