Semapa

Half-yearly Accounts

1st Half 2013

Half-yearly Accounts

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A
Public Company
Av. Fontes Pereira de Melo, nº 14,10º, 1050-121 Lisboa
Companies Registry and Corporate Person no.: 502 593 130
Share Capital: € 118,332,445

Part 1

Management Report

Contents

1. Main Developments

- Acquisition by the Portucel Group of the remaining 82% stake in Soporgen, from EDP.

- Portucel placed a bond issue on the international market, aimed at institutional investors, with a total value of 350 million euros, maturing in 2020; the bonds are listed on the Luxembourg stock exchange. This operation permitted the Portucel Group to improve its liquidity, diversify its sources of finance and to extend the average maturity of its borrowing.

- Portucel was elected European Business of the Year 2012 at the European Business Awards (EBA). The EBAs are amongst Europe's most coveted business awards, which seek to reward and promote excellence, good practice and innovation in Europe's business community. The 2012 awards attracted entries from more than 15 thousand organizations from different sectors in 30 countries.

- Portucel paid out a total dividend of 115.2 million euros, corresponding to 0.16 euros / share.

- Semapa SGPS distributed free reserves with a total value of 28.8 million euros, corresponding to 0.255 euros / share.

- ITS, a subsidiary of the ETSA Group acting in the capacity of leader of a consortium, signed a three-year contract with the Directorate-General of Food and Veterinary Services relating to the new procedure for providing integrated collection and forwarding services for the destruction of animal carcasses (SIRCA). Services in accordance with the new procedure defined in the contract specifications for the tendering procedure are expected to start up during the 2nd half of 2013.

2. Overview of Semapa Group Operations

Comparison of leading business indicators with the same period in 2012:

Turnover: 989.8 million euros ↑ 4.5%

Total EBITDA: 202.3 million euros ↓ 11.6%

Recurrent EBITDA: 201.8 million euros ↓ 0.1%

Pre-tax profits: 77.8 million euros ↓ 41.2%

Net income: 39.3 million euros ↓ 52.3%

Net debt: 1,420.8 million euros ↓ 32.2 million euros (in relation to December 2012)

Despite the adverse economic situation, recurrent EBITDA stood at 201.8 million euros, virtually unchanged from the figure recorded in the same period in the previous year.

Net income for the period stood at 39.3 million euros, held down essentially by the drop in total EBITDA and the worsening of financial results.

Leading Business Indicators

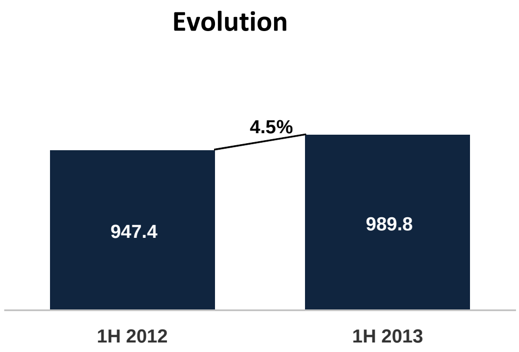
IFRS - accrued amounts (million euros)	1H 2013	1H 2012	Var. (%)
Turnover	**989.8**	**947.4**	**4.5%**
Other income	18.1	55.2	-67.1%
Costs and losses	(805.6)	(773.7)	-4.1%
Total EBITDA	**202.3**	**228.9**	**-11.6%**
Recurrent EBITDA	201.8	202.1	-0.1%
Depreciation and impairment losses	(83.3)	(79.2)	-5.2%
Provisions (increases and reversals)	0.3	5.2	-93.8%
EBIT	**119.3**	**154.9**	**-23.0%**
Net financial profit	(41.5)	(22.5)	-84.6%
Pre-tax profit	**77.8**	**132.4**	**-41.2%**
Tax on profits	(18.3)	(26.8)	31.8%
Retained profits for the period	59.5	105.6	-43.6%
Attributable to Semapa equity holders	**39.3**	**82.3**	**-52.3%**
Attributable to minority interests	20.3	23.3	-13.0%
Cash-flow	142.5	179.6	-20.7%
EBITDA margin (% Sales)	**20.4%**	**24.2%**	**-3.7 p.p.**
EBIT margin (% Sales)	12.1%	16.3%	-4.3 p.p.
	30-06-2013	**31-12-2012**	**Jun13 vs. Dec12**
Equity (before MI)	801.9	795.9	0.7%
Net debt	**1,420.8**	**1,453.0**	**-2.2%**

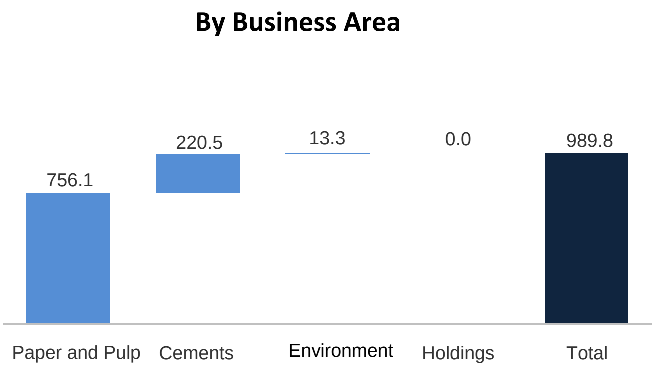
Notes:

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

Comparability is affected in 2013: i) by inclusion of 50% of operations in Brazil (Supremo Group), consolidated on a proportional basis, and also (ii) by full consolidation of Secil in the 1st half of 2013, as compared to proportional consolidation of 51% during the 1st quarter of 2012 and full consolidation in the 2nd quarter of 2012.

Analysis of Results

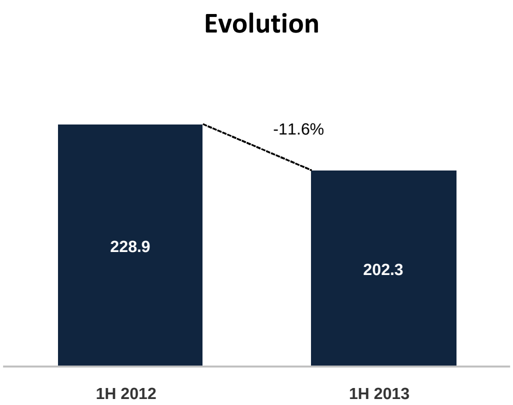


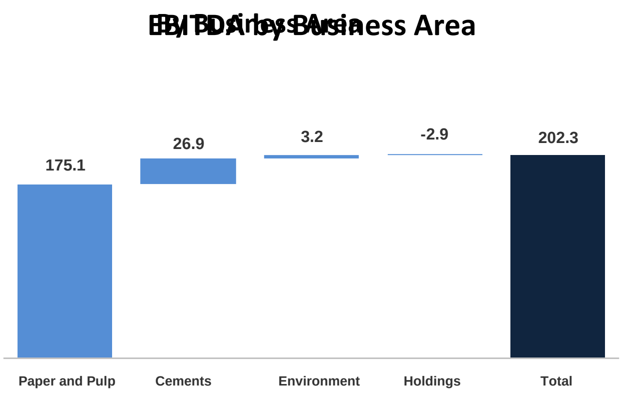


Figures in million euros

Consolidated turnover increased by 4.5% over the same period in 2012, due essentially to inclusion of an additional 49% of Secil in the consolidate accounts. Turnover by business area was as follows:

- Paper and Pulp: 756.1 million euros, up 1.8% in relation to the first 6 months of 2012.
- Cement and Derivatives: 220.5 million euros, up +17.2% on the figure recorded in the same period in the previous year (reflecting the change in the consolidation procedure and the inclusion of the Supremo Group in Semapa's consolidated accounts).
- Environment: 13.3 million euros, down 19.9% on the same period in the previous year.





Figures in million euros

Although total EBITDA was down by 11.6%, it should be stressed that recurrent EBITDA decreased slightly by 0.1% due to i) inclusion of Secil on a full consolidation basis as from the 2nd quarter of 2012 and ii) the recording in the previous period of various non-recurrent items with a value of 26.3 million euros in relation to holdings.

The financial loss for the 1st half of 2013 was greater by 19.0 million euros than that recorded in the same period in the previous year, due essentially to an increase in the Group's indebtedness as a result of acquisitions made (49% of Secil and 50% of Supremo) and the increase in average interest rates paid over the period, resulting in an overall financial loss of 41.5 million euros.

Accrued consolidated net income for the 1st half of 2013 totalled 39.3 million euros, representing a reduction of 52.3% in relation to the same period in the previous year.

At 30 June 2013, consolidated net debt stood at 1,420.8 million euros, representing a reduction of 32.2 million euros from the figure recorded at year-end 2012.

3. Paper and Paper Pulp Business Area - PORTUCEL

3.1. Leading Business Indicators

IFRS - accrued amounts (million euros)	1H 2013	1H 2012	Var %
Sales	**756.1**	**742.7**	**1.8%**
Other income	8.5	13.4	-36.8%
Costs and losses	(589.5)	(569.0)	-3.6%
EBITDA	**175.1**	**187.1**	**-6.4%**
Recurrent EBITDA	174.9	186.9	-6.4%
Depreciation and impairment losses	(58.2)	(60.0)	3.1%
Provisions (increases and reversals)	0.2	6.5	-96.9%
EBIT	**117.1**	**133.6**	**-12.4%**
Net financial profit	(7.8)	(8.4)	7.1%
Pre-tax profit	**109.3**	**125.2**	**-12.7%**
Tax on profts	(16.9)	(25.0)	32.4%
Retained profits for the period	92.4	100.3	-7.8%
Attributable to Portucel equity holders *	**92.4**	**100.3**	**-7.8%**
Attributable to minority interests (MI)	0.0	(0.0)	140.6%
Cash-Flow	**150.4**	**153.8**	**-2.2%**
EBITDA margin (%)	**23.2%**	**25.2%**	**-8.1%**
EBT margin (%)	15.5%	18.0%	-13.9%
	30-06-2013	**31-12-2012**	**Jun13 vs. Dec12**
Equity (before MI)	1,308.4	1,336.3	-2.1%
Net debt	**238.6**	**255.6**	**-6.7%**

* of which 80.84% is attributable to Semapa

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

3.2. Portucel Group – Overview of Operations

The turnover generated by the Portucel Group in the first half of 2013 was up by 1.8% on the first half of 2012, at 756.1 million euros. Despite the troubled economic climate, positive performance in pulp and energy business made for growth in the overall value of sales. Energy business was positively influenced by full inclusion of Soporgen (the company responsible for natural gas cogeneration at the Figueira da Foz site) in the consolidated accounts, after acquisition of the remaining 82% stake in its share capital from EDP, at the start of 2013.

In UWF (uncoated woodfree) **paper** business, the sales volume was down in the first quarter on the same period in the previous year, but then rallied in the second quarter. The volume of paper sales in the first half was nonetheless down by around 2% on the previous year, with the Group's average sales price recording an equivalent reduction. The drop in the average price was due essentially to the deterioration in the benchmark price on the European market (the PIX Copy B index fell by 1% in relation to the same period in the previous year), exchange rate trends and to the fact that overseas markets have accounted for a larger proportion of the Group's sales mix. Lower prices are due largely to very high levels of unemployment in Europe, where around 26 million people are out of work, in line with the clearly established correlation between consumption of UWF paper and the level of economic activity and employment.

Despite the great uncertainty initially surrounding expectations for the bleached eucalyptus **pulp** (BEKP) market in 2013, the first half proved to be fairly positive, with the Group recording positive performance in terms of both sales volumes and prices. The sales volume climbed by approximately 16%, thanks to excellent performance in production and reduction in levels of BEKP stocks, whilst the average price rose by around 3%. The combination of these factors led to a value for pulp sales in the first half up by 19% on that recorded in the first half of 2012.

In the **energy** sector, gross power output stood at 1,154 GWh, representing an increase of 23%. However, this figure is not comparable with the previous year, as it includes output from Soporgen. Power generation, excluding Soporgen, recorded a slight decrease, due to an accident involving the steam turbine at the natural gas combined cycle cogeneration plant in Setúbal. Power sales stood at approximately 116 million euros, and sales excluding Soporgen were lower than in the 1st half of 2012, reflecting in part the application of the new legal framework for cogeneration, which has had a negative impact on the sales price for power generated at the Cacia plant.

In this context, EBITDA totalled 175.1 million euros, which represents a drop of 6.4% in relation to the same period in 2012 and corresponds to an EBITDA margin of 23.2%.

Operating income stood at 117.1 million euros, as compared with the figure of 133.6 million euros recorded in the first half of 2012.

The Group recorded a financial loss, but at 7.8 million euros it compares favourably with the loss of 8.4 million euros recorded in the same period in the previous year. This improvement was due largely to the substantial reduction in net debt in relation to the end of the 1st half of 2012.

The Group accordingly recorded consolidated net income for the period of 92.4 million euros, down by 7.8% on the same period in the previous year.

Quarterly figures show that turnover in the second quarter compares very favourably with that for the first quarter, up by almost 11.9%, due largely to significant growth in the volume of paper sales, as well as to rising sales volume and prices for pulp.

EBITDA in the 2nd quarter totalled 89.7 million euros, representing growth of 5.2% in relation to the first 1st quarter of 2013.

3.3. BUSINESS REVIEW

3.3.1. Market Analysis

The second quarter of 2013 witnessed further deterioration of the economic situation in Europe, which is the main destination for the Group's sales. Unemployment continued to rise, reaching worryingly high levels.

Consumption of UWF **paper** in this region dropped by around 3%, although this was less than previously anticipated. However, paper imports from outside Europe increased, which had a negative impact on the market mix and consequently on average prices, due to the quality gap in relation to the average for European manufacturers.

The printing sector, and folio products in particular - one of the segments to which the Group is particularly exposed, in view of its leadership position and large market share - was the segment which presented the largest year-on-year decline, down by almost 10%. However, the industry continued to operate at a high capacity utilization rate, which in the first half stood at an average of approximately 92% (around 2 percentage points down from the same period in the previous year), despite dropping in June to 84%. As in previous periods, consumption of office paper (the most important segment for Group business) displayed the highest levels of resilience to the crisis of the entire printing and writing paper sector, dropping by just 1.5% in relation to the first half of 2012.

Figures for the US also point to a year-on-year drop in UWF consumption of approximately 3.5%, despite a degree of economic recovery during the period. As in Europe, office paper presented stronger performance, with impressive growth of 2%.

In overseas markets, key countries for the Group's business, in North Africa and the Middle East, experienced a worsening of political and economic instability which, combined with aggressive marketing by manufacturers from other regions, has made it more difficult to compete.

These factors weighed heavily on the Group's performance, with the value of paper sales dropping by approximately 4%, accompanied by a 2% drop in sales volumes and also in average sales prices. The reduction in the Group's sales volumes was due essentially to the need to renew stocks along its logistical chain after they had fallen to minimal levels in late 2012. It should nonetheless be noted that at the end of the first half the Portucel Group's stocks remained at a very low level, more than 40% lower than the average for the industry in Europe. As stated above, the drop in average prices was due to the deterioration of the market benchmark price, to trends on the foreign exchanges and to the growing relative importance of overseas markets in the Group's overall sales mix.

Despite this very difficult context, the Group placed approximately 60% of its output in premium products, both in Europe and in its total sales. Significantly, the Group's own brands grew further as a proportion of its total sales of sheeted products. Mill brands accounted in the first half for 65% of sales of these products, which are the cornerstone of the Group's stability and profitability. In particular, the Navigator brand recorded 4% growth in its European sales, once again demonstrating the strength of the brand and its resilience in the face of troubled market conditions.

Despite growth in the supply of eucalyptus **pulp**, due to the start-up in December 2012 of a new large-capacity production unit in Brazil, and the slowdown in purchases by the Chinese market, the pulp market continued in the first half of 2013 to follow the positive trend first observed in the final quarter of 2012.

In contrast with recent tendencies, the main driving force behind demand was not the Chinese market, but rather the Western markets, and especially the US market, with year-on-year growth of 8% over the first five months of the year.

As a result, three price rises were announced for eucalyptus pulp in Europe over the first half, the last of which brought the listed price up to USD 850 / ton. This increase in USD prices was not wholly achieved at the end of the first half and has not been reflected in full in prices in euros, due to foreign exchange trends.

The difficult economic situation worldwide has led certain emerging countries, with export-led economies, to adopt a policy of currency devaluation, in order to keep their products competitive. This has included a number of leading pulp manufacturers, such as Brazil, Indonesia, Russia and South Africa, where local producers will therefore feel less pressure from the level of USD prices.

In this context, the Group's sales of BEKP pulp in the first half of 2013 rose by 16% in relation to sales in the same period in 2012.

A breakdown of BEKP pulp sales by paper segment shows that the Group has maintained its leadership position in supplying the special papers segment, which clearly offers the highest value added. Sales to this segment accounted for 60% of pulp turnover.

An analysis of sales by destinations shows that, as in the past, practically all the Group's pulp sales went to European markets, home to manufacturers of higher quality paper where technical demands are more stringent and where the intrinsic qualities of the *eucalyptus globulus* pulp are more properly valued.

3.3.2. Development

In the Group's integrated development project for forestry, pulp and energy in Mozambique, extremely encouraging results have been obtained in the first phase, especially in the field trials for determining the plant materials with the best potential and for testing forestry models. The Group made preparations during the first half to speed up the pace of its forestry operation, in particular with the groundwork for its project for a cloning facility and nurseries, set to play a key role in expanding the scale of plantations.

At the same time, in the field of logistics, studies have continued to determine the feasibility of the different alternatives for supplying raw materials and other factors of production to the mill, and for dispatching eucalyptus pulp; these studies will make it possible to reach a conclusion during the second half on the relative merits of the different scenarios considered.

In the field of woodlands protection, the Group will invest this year more than 3 million euros in preventing and helping to fight forest fires, in a strategy which puts prevention in first place. This will include managing and sharing know-how acquired through scientific research. The amount invested in the programme for preventing and helping to fight forest fires continues to position the Group as Portugal's leading private-sector contributor to the country's efforts to reduce fire risks.

The strategy implemented has meant that the Group's woodlands present a much lower rate of forest fires than the national average and, significantly, the overwhelming majority of incidents to which our resources respond occur on the property of third parties, which amounts to a public service in support of the national forest fire protection system It is important to note that this work, carried out year after year for the common good, brings the Group no reward other than recognition of its great social and environmental value.

4. Cement and Derivatives Business Area – SECIL AND SUPREMO

As previously reported, the Secil Group has been included in the Semapa's accounts on a full consolidation basis since the end of March 2012.

The information presented in this chapter corresponds to 100% of the operations of the Secil Group after adjustments for consolidation in Semapa's accounts and 50% of the Supremo Group's operations in the period

4.1. LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	1H 2013	1H 2012	Var. (%)
Sales	**220.5**	**246.1**	**-10.4%**
Other income	**9.1**	**17.5**	**-48.2%**
Costs and losses	(202.6)	(235.2)	13.9%
EBITDA	**26.9**	**28.4**	**-5.2%**
Recurrent EBITDA	25.3	27.6	-8.1%
Depreciation and impairment losses	(23.6)	(34.6)	31.9%
Provisions (increases and reversals)	(0.2)	0.3	-147.9%
EBIT	**3.2**	**(5.9)**	**154.5%**
Net financial profit	(10.2)	(7.6)	-33.9%
Pre-tax profit	**(6.9)**	**(13.5)**	**48.4%**
Tax on profits	(1.2)	(2.7)	56.8%
Retained profits for the period	(8.1)	(16.2)	49.8%
Attributable to Cement equity holders	**(10.6)**	**(4.4)**	**-144.3%**
Attributable to minority interests (MI)	2.5	2.4	4.5%
Cash-flow	**15.6**	**18.1**	**-13.8%**
EBITDA Margin (%)	**12.2%**	**11.6%**	**5.8%**
EBIT Margin (%)	1.5%	-2.4%	160.8%
	30-06-2013	**31-12-2012**	**Jun13 vs. Dec12**
Equity (before MI)	537.9	548.8	-2.0%
Net debt	**332.4**	**304.3**	**9.2%**

The construction industry and cement consumption both continued on a downward course in Portugal, which is the Secil Group's main market. During the 1st half of 2013, the construction sector in Portugal remained in decline and the extremely negative trends recorded in the previous year deteriorated even further. In the period from January to May , output in the construction sector dropped by 19.4% (production index in construction and public works – INE May 2013).

Demand for cement has continued to plummet, estimated to be down by around 32% in the first two months of the year.

In this difficult setting, the Secil Group recorded turnover in the first 6 months of 2013 of 220.5 million euros. This performance represented a decline of 10.4% from that recorded in the same period in the previous year, reflecting weaker performance across all operations in Portugal, down by 23.0%. This contrasted with excellent performance by the cement business units in Lebanon and Tunisia, where turnover grew by 4.9% and 2.5% respectively, in relation to the same period in 2012.

EBITDA stood at 26.9 million euros, down by approximately 5.2% in relation to the first 6 months of 2012. As with the figures for turnover, this drop in EBITDA was due essentially to poorer performance by business units located in Portugal (as a direct consequence of the severe crisis affecting the construction sector), and to a lesser extent to the performance recorded by the cement business unit in Angola. Improved performance achieved by the cement business units in Tunisia and Lebanon was not enough to offset poorer performance in other segments.

The EBITDA margin stood at 12.2% for the first 6 months of 2013, 0.7 p.p. up from the margin recorded in the same period in the previous year.

This business area recorded losses of 10.6 million euros in the period, as compared to a loss of 4.4 million euros in the 1st half of 2012.

In quarterly terms, turnover in cement business in the 2nd quarter of 2013 was up from the 1st quarter by almost 16.5% (16.8 million euros)

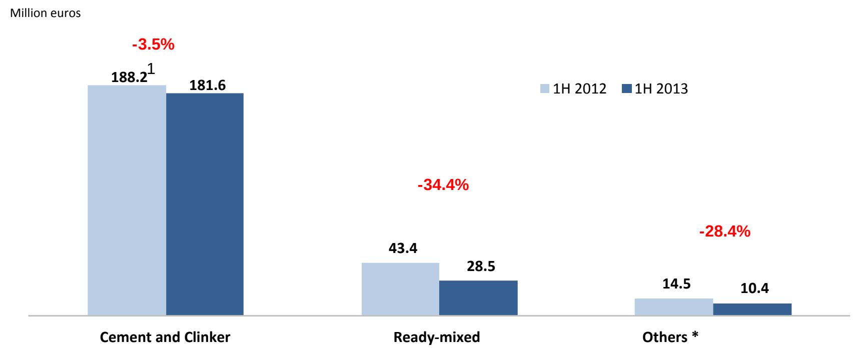
This performance is explained fundamentally by the combined figures for operations in Portugal (in particular due to growing exports in cement business, where the sales volume was up by 77.9%) and increased sales volumes and average prices in cement operations in Lebanon.

In the 2nd quarter of 2013, EBITDA from cement business totalled 15.3 million euros, represent growth of 31.5% over the 1st quarter of the year. This increase was largely due to a significant increase in turnover in cement business in Portugal, generated by export activity.

4.2. BUSINESS REVIEW

Turnover by Segment and Geographical Region

Turnover by Segment

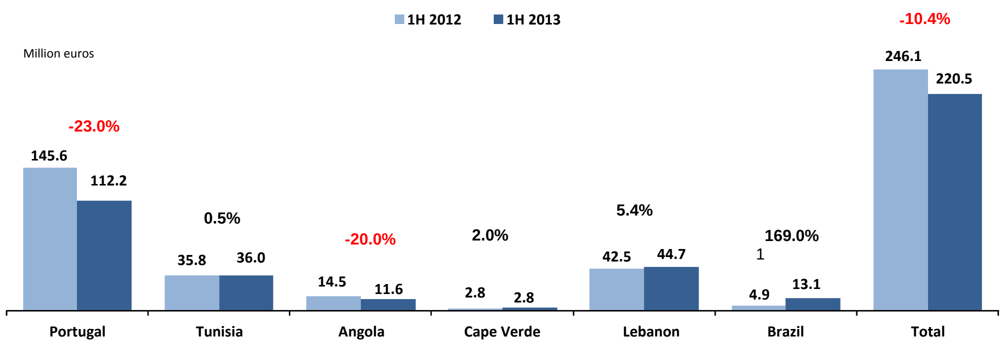


* includes Aggregates, Mortars and Pre-cast

[1] The Cement and Clinker segment includes 3 months' operations in Brazil (Supremo Group) in the 1st half of 2012 vs. 6 months' operations by the Supremo Group in the 1st half of 2013

Turnover in the cement and clinker segment declined by 3.5% in relation to the 1st half of 2012, due to a reduction in operations in Portugal and in cement operations in Angola. The cement and clinker segment represented a larger relative share of total operations carried on by the cement business unit (82.4% in the 1st half of 2013, as compared to 76.5% in the 1st half of 2012).

Turnover by Region

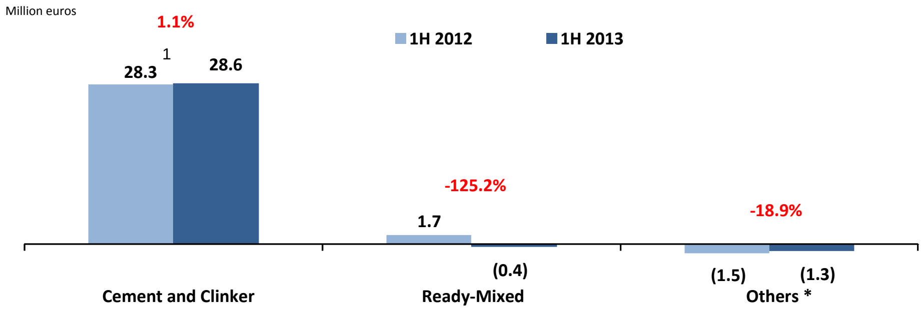


[1] The Brazil region includes 3 months' operations in Brazil (Supremo Group) in the 1st half of 2012 vs. 6 months' operations by the Supremo Group in the 1st half of 2013

Turnover from total operations in Portugal and from exports by Portugal-based operations represented a smaller share of the total: 50.9% as against 59.2% in the 1st half of 2012. Operations outside Portugal represented approximately 49.1% of consolidated total turnover in the 1st half of 2013.

Breakdown of EBITDA by segment and geographical region

EBITDA by Segment

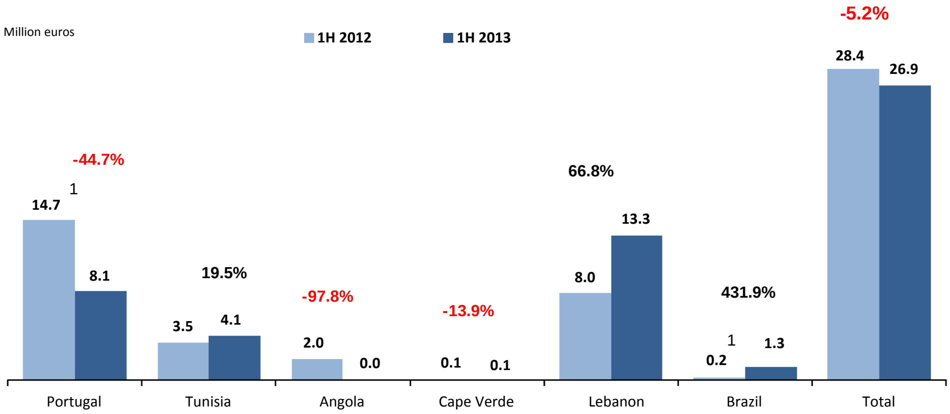


* includes Aggregates, Mortars and Pre-cast

[1] The Cement and Clinker segment includes 3 months' operations in Brazil (Supremo Group) in the 1st half of 2012 vs. 6 months' operations by the Supremo Group in the 1st half of 2013

The cement and clinker segment represented a larger proportional share of the Secil Group's operations than in the 1st half of 2012.

EBITDA by Region



[1] The Cement and Clinker segment includes 3 months' operations in Brazil (Supremo Group) in the 1st half of 2012 vs. 6 months' operations by the Supremo Group in the 1st half of 2013

In terms of geographical breakdown, EBITDA was more widely dispersed than in the previous year, with operations outside Portugal accounting for approximately 69.8% of the cement segment’s total EBITDA, as compared to the figure of 48.3% recorded in the first 6 months of 2012.

4.2.1. Portugal

The latest projections for the Portuguese economy (Summer Economic Bulletin - July 2013 - Bank of Portugal) point to contraction in gross domestic product in the order of 2.0%, followed by a slight increase in 2014. These estimates for 2013 reflect a sharp drop in internal demand and a significant increase in exports. GDP is expected to grow by 0.3 per cent in 2014, in a context of sharp public spending cuts, a slower rate of decline in consumer spending and continued robust growth in exports. These projections for the Portuguese economy continue to be marked by the ongoing process of correcting economic imbalances, in particular reduction of the level of private sector debt and the continued process of gradual and orderly deleverage of the financial system.

During the 1st half of the year, the construction sector in Portugal remained in decline and the negative trend recorded in the previous year deteriorated even further. In the period from January to May , output in the construction sector dropped by 19.4% (production index in construction and public works – INE May 2013). The index for the public works segment was down by 19.3% in May and the index for construction (buildings) presented a decline of 19.4%.

The Association of Construction, Public Works and Services Companies (AECOPS) forecasts that the construction sector will shrink by 15% in 2013, contracting by 18% in the housing segment and 14% in civil construction. The Association views the situation as cause for concern, confirming the serious risk of economic collapse in the construction industry which is experiencing the most troubled times in its history.

The Secil Group's operations in Portugal, which in 2012 were severely affected by the situation in the civil construction industry, have continued in 2013 to record a significant decline in activity.

Demand for cement continues to fall, dropping year-on-year by an estimated 32% in the first five months of the year, although this may be attributed in part to the bad weather experienced in early 2013 in comparison with the same period in the previous year. The reduction in demand recorded in 2013 comes on top of the downward trend observed in previous years: in 2012, demand was also down by 26.9%.

In this particularly difficult setting, the cement business unit in Portugal presented turnover of 82.2 million euros in the first 6 months of 2013, representing a decline of 15.2% in relation to the same period in the previous year (and of 24.4% in relation to figures for the 1st half of 2011), due fundamentally to the fall in the sales volume on the domestic market (down by 35.7%).

The first half also witnessed a significant increase in turnover in export business (up 13.4%), which benefited from a change in the mix of products sold, due to cement gaining in relative terms against clinker, with the corresponding impact on the average sales prices (up by 12.2%).

Turnover in non-cement business segments (concrete, aggregates, mortars, pre-cast and others) operating from Portugal stood at 30.0 million euros, down by 38.4% on the same period in the previous year.

EBITDA on cement operations based in Portugal stood at approximately 10.7 million euros, 31.5% down on that recorded in the 1st half of 2012, explained by the reduction in turnover. We should point to the positive effect of a cut in personnel costs of approximately 16%, thanks to the process of corporate reorganization launched in 2012, although this effect has not been enough to offset the drop in turnover.

The other business segments operating in Portugal recorded performance significantly down on 2012, with negative EBITDA of -2.6 million euros, as compared to -1.0 million euros in the 1st half of 2012, due to the sharp contraction of the construction market.

Quarterly figures show that turnover from operations based in Portugal in the 2nd quarter of 2013 compares favourably with the preceding quarter, up by almost 30.5% (an increase of +14.8 million euros).

All business units reported an increase in sales volumes and turnover. However, this increase was most significant in export business in cement operations, where turnover grew by 10.4 million euros in relation to figures for the 1st quarter of 2013 (up by 70.2%).

EBITDA in the cement business area in the 2nd quarter totalled 8.3 million euros, corresponding to growth of 235.3% in relation to the 1st quarter of 2013. This increase was largely due to the significant increase in turnover in export business.

4.2.2. Tunisia

The Tunisian economy and the country's society continue to be marked by political and social instability. The political crisis worsened in the 1st half of 2013 and the country failed to improve its economic and social situation. Instability therefore remains rife, meaning that the country's political, social and economic future is still highly uncertain.

Despite this situation, figures published by the IMF point to expected growth in the Tunisian economy of 4% in 2013, up from the figure of 3.6% recorded in 2012 (World Economic Outlook, IMF April 2013).

In relation to operations in Tunisia, the construction industry and cement consumption were down 2.3% for the country as a whole and 6% in the southern region which is the natural market for the Secil Group's operations.

The cement business unit in Tunisia recorded turnover of around 31.8 million euros, up by 2.5% on the figures for the 6 months of the previous year, due essentially to robust growth in sales on the foreign market.

Combined turnover for ready-mixed and pre-cast business stood at 4.2 million euros, down by 12.5% on the figures recorded in the first 6 months of 2012.

EBITDA from cement business stood at 3.6 million euros, up by approximately 32.9% in relation to the same period in 2012. Despite this increase in turnover and the reduction in maintenance costs, a shortfall in clinker output, due to stoppages caused by technical problems in one of the kilns, made it necessary to import substantial quantities of clinker at higher prices, penalizing operations in this area.

Performance in ready-mixed and pre-cast was slightly poorer than in the first 6 months of 2012, with EBITDA standing at 0.6 million euros, down from 0.8 million euros in the 1st half of 2012.

4.2.3. Lebanon

According to the IMF, the Lebanese economy is expected to grow by 2% in 2013, up from the rate of 1.5% recorded in 2012 (World Economic Outlook, IMF April 2013).

Despite the forecast for modest growth in the economy as a whole, cement consumption is expected to stabilize after sharp growth from 2003 to 2012, with estimates pointing to consumption at the same level as in 2012.

Over the period in question, turnover from cement operations in Lebanon stood at approximately 40.4 million euros, representing an increase of 4.9% over the same period in the previous year, due fundamentally to an increase in the sales volume, defying predictions of a market slowdown.

In the 1st half of 2013, the ready-mixed business unit recorded turnover of 4.4 million euros, corresponding to growth of 10.0% in relation to the 1st half of 2012.

EBITDA from the cement business unit stood at 12.9 million euros, up by approximately 66.8% in relation to the first 6 months of 2012. This improvement can be explained by the growth in turnover already mentioned and by the fact that the 1st half of 2012 was negatively affected by lengthy stoppages by production lines due to frequent power cuts and the occurrence of technical problems. In order to respond to market demands, the company was obliged to buy in sizeable quantities of clinker and cement from other manufacturers, with a consequent loss of margin.

In the ready-mixed segment, performance was positive and showed an improvement on the first 6 months of 2012. EBITDA stood at 0.4 million euros as compared to 0.2 million euros recorded in the 1st half of 2012.

In the 2nd quarter of 2013, turnover in the cement business area grew by 16.8% in relation to the figures recorded in the 1st quarter of 2013 (21.7 million euros, up from 18.6 million euros in the 1st quarter of 2013), thanks to an increase in sales volumes and average sales prices.

Despite increased turnover in this business area, EBITDA grew by only 2.6% in relation to the 1st quarter of 2013, insofar as certain maintenance tasks were postponed to the 2nd quarter, which meant that clinker had to be bought in at higher prices, which brought down the margin.

4.2.4. Angola

The Angolan economy continues to pick up speed, largely thanks to an upturn in the oil industry. According to the IMF, gross domestic product is expected to grow by 6.2% in 2013, albeit down from the rate of 8.4% recorded in 2012 (World Economic Outlook, IMF April 2013). In line with trends in the wider economy, the construction industry continues to grow.

Despite the growth in the economy, operations in Angola presented a decline in performance in relation to the same period in 2012, with turnover standing at approximately 11.6 million euros, representing a reduction of 20.0%. This decline was due to lower figures for sales volumes, due to the start-up of a cement mill in Benguela in 2012, and also to the reduction in average sales prices for cement as a result of the continued placement on the Angolan market of cheaper cement from China.

In response to these cut-price imports from China, Angolan manufacturers have been lobbying the authorities, calling on them to raise import tariffs, and the government has now promised to do so.

EBITDA stood at 42 thousand euros, down by approximately 97.8% in relation to the first 6 months of 2012, due fundamentally to the reduction in turnover.

4.2.5. Brazil

During the 1st quarter of 2012, the Semapa Group went ahead with acquisition of a 50% stake in Supremo Cimentos S.A., a cement manufacturer located in southern Brazil, in the state of Santa Catarina. The company operates an integrated clinker and cement mill in Pomerode, as well as aggregates and ready-mixed operations. Construction of the new mill has continued to go to plan, and once concluded this new unit will increase the Group's production capacity for cement to approximately one million seven hundred thousand tons.

In the 1st half of 2013, the Supremo Group recorded turnover of 26.1 million euros and EBITDA of 2.5 million euros as compared with turnover of 9.7 million euros and EBITDA of 0.5 million euros recorded in the 1st half of 2012.

Turnover and EBITDA from Supremo appropriated by the Semapa Group stood at 13.1 million euros and 1.3 million euros respectively, as compared with 4.9 million euros and 0.2 million euros in the 1st half of 2012.

5. Environment Business Area – ETSA

5.1. Leading Business Indicators

IFRS - accrued amounts (million euros)	1H 2013	1H 2012	Var. (%)
Sales	**13.3**	**16.5**	**-19.9%**
Other income	0.7	0.8	-12.8%
Costs and losses	(10.7)	(13.0)	17.6%
EBITDA	**3.2**	**4.3**	**-25.6%**
Recurrent EBITDA	3.2	4.3	-25.6%
Depreciation and impairment losses	(1.4)	(1.4)	-0.1%
Provisions (increases and reversals)	0.3	(0.6)	147.4%
EBIT	**2.1**	**2.4**	**-11.9%**
Net financial profit	(0.6)	(0.8)	27.6%
Pre-tax profit	**1.5**	**1.5**	**-3.2%**
Tax on profits	(0.2)	(0.3)	41.5%
Retained profits for the period	1.3	1.2	8.3%
Attributable to ETSA equity holders *	**1.3**	**1.1**	**14.8%**
Attributable to minority interests (MI)	-	0.1	-100.0%
Cash-Flow	**2.4**	**3.1**	**-23.3%**
EBITDA margin (%)	**24.2%**	**26.1%**	**-7.1%**
EBIT margin (%)	15.7%	14.2%	10.0%
	30-06-2013	**31-12-2012**	**Jun13 vs. Dec12**
Equity (before MI)	56.9	55.7	2.2%
Net debt	**19.1**	**20.6**	**-7.2%**

* of which 96% is attributable to Semapa

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

5.2. BUSINESS OVERVIEW: ETSA GROUP

The ETSA Group recorded turnover of 13.3 million euros, down by 19.9% on the same period in 2012. This reduction in business was due essentially to the combined effect of: (i) a reduction in sales volumes and average sales prices for low acidity fats and meals, (ii) a reduction in the average value of contracts for collecting animal by-products from hypermarkets and (iii) a reduction in business in collection, transport and destruction of animal carcasses under the SIRCA service provided to the Portuguese State, in comparison with the 1st half of 2012.

EBITDA for the ETSA group totalled 3.2 million euros, representing a reduction of 25.6% in relation to the 1st half of 2012. This is explained fundamentally by (i) the reduction in turnover described above and (ii) widespread increases in the average purchase price of by-products, due to the depressed business environment in which the ETSA Group has operated, leading to lower levels of slaughter, and consequently smaller quantities of by-products collected by the Group, with the resulting increase in the price of the raw materials for industrial processing by plant with the same production capacity.

Other significant factors that had a positive impact on performance included: (i) a reduction in the cost of goods sold per ton of raw material processed, as the result of planned down-scaling of collection activities in Spain (the high prices for collecting by-products in this region made it no longer worthwhile to continue this business, which was discontinued in April) and (ii) lower costs for thermal fuels used in industrial processing, thanks to capex projects implemented in previous periods.

Operating results in the 1st half of 2013 were positively influenced by the reversal of provisions worth 0.3 million euros, due to an arbitral award in ETSA's favour relating to a VAT dispute. For their part, operating results in the 1st half of 2012 had been brought down by the recording of a provision of 0.45 million euros relating to insolvency proceedings concerning an abattoir with which Sebol had established a contract in late 2010.

Financial costs came down in the 1st half of 2013 as a result of the reduction in average net debt.

The combined impact of these factors resulted in Net Income for the 1st half of 2013 of approximately 1.3 million euros, 14.8% up on that recorded in the same period in the previous year.

6. Semapa Group – Financial Area

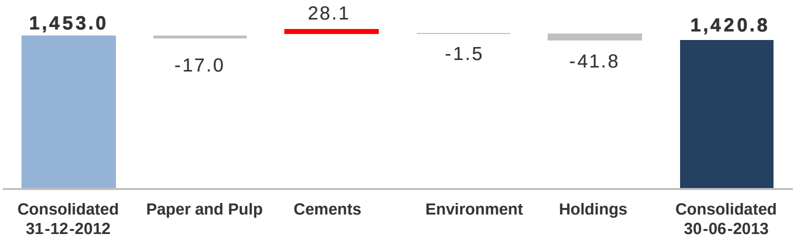
6.1. INDEBTEDNESS

At 30 June 2013, consolidated net debt stood at 1,420.8 million euros, representing a reduction of 32.2 million euros from the figure recorded at year-end 2012.

Million Euros

	30-06-2013	31-12-2012	Var
Pulp and Paper	238.6	255.6	-17.0
Cement	332.4	304.3	28.1
Environment	19.1	20.6	-1.5
Holdings	830.8	872.6	-41.8
Total	**1,420.8**	**1,453.0**	**-32.2**

Consolidated Net Debt



This decrease was due essentially to a combination of effects:

i) Reduction in indebtedness in the Paper and Pulp segment, down by 17.0 million euros. Portucel distributed dividends during the period of 115.2 million euros, in relation to the financial year of 2012. It should also be noted that approximately 11.6 million euros in the reduction in debt is due directly to the appreciation of own shares;

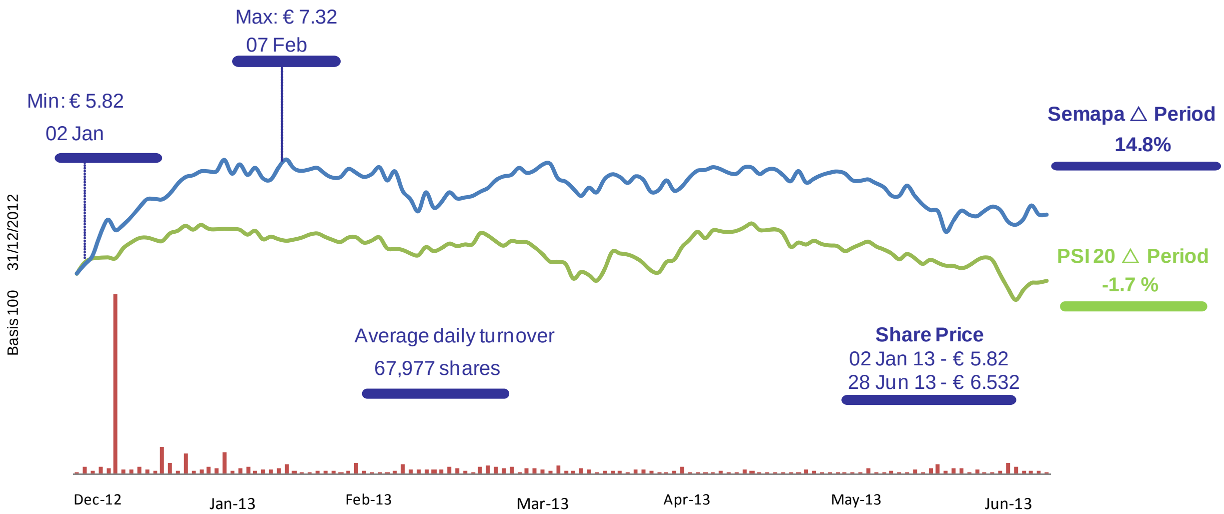
ii) The increase of 28.1 million euros in the cement segment, resulting from increased indebtedness of the Secil and Supremo Groups;

iii) A reduction of 1.5 million euros in the Environment segment, due essentially to compliance with the technical reimbursement plan, despite the fact that State debts to the ETSA group stood, at 30 June 2013, at approximately 4.5 million euros, with invoices more than 150 days overdue, which is manifestly intolerable;

iv) A reduction of 41.8 million euros in the holding companies, as a result of receipt of dividends from Portucel less the value of financial costs, overheads and payment of dividends by Semapa SGPS. The figure for consolidated net debt also include 4.6 million euros relating to the appreciation of shares in listed companies held in the Group's portfolio.

6.2. LISTED SHARE PRICE

The markets fell prey to severe instability towards the end of the first half, reducing and in some cases wiping out gains accrued through to the end of May. Of the European indexes, the Lisbon and Madrid exchange (PSI20 and Ibex) fared worst over the first half, down respectively by 1.7% and 5%.



Note: Closing prices

In this context, Semapa shares recorded outstanding performance, up by 14.8% and clearly outperforming the PSI20, which fell by 1.7% over the period in question.

6.3. NET INCOME: 1ST HALF 2013

Accrued consolidated net income for the 1st half of 2013 totalled 39.3 million euros, representing a reduction of 52.3% in relation to the same period in the previous year. This reduction is due essentially to the following factors:

- A drop in total EBITDA of approximately 26.6 million euros;
- An increase in depreciation and impairment losses of 4.1 million euros;
- Reversal of provisions amounting to 0.3 million euros vs 5.2 million euros in the same period in the previous year;
- A worsening of financial results by 19.0 million euros in relation to the same period in the previous year;
- A reduction in taxes of 8.5 million euros.

7. Outlook

The international economy continues to be dogged by the persistence of major imbalances and factors of uncertainty. A particular cause for concern is that unemployment rates remain very high in Europe and also, despite a slight reduction in recent months, in the United States.

The US economy is expected to present improved performance, with recovery in internal demand, sustained by a tentative improvement in the labour market and increased demand in the real estate sector. In the Euro zone, recent economic indicators have shown signs of improvement, and a degree of stabilization is expected in the second half, albeit with a recovery that is set to remain very slow. In the emerging markets, the main indicators of growth fell short of expectations, and forecasts for the rest of the year have been revised downwards.

In the case of Portugal, despite the INE's flash estimate pointing to an increase in GDP in the 2^{nd} quarter of 2013, after 10 consecutive quarters of contraction, the latest projections from the Bank of Portugal suggest that GDP will shrink by 2.0% in 2013, as the economy remains in recession.

Paper and Pulp

In the context described above of poor economic growth and uncertainty, the prospects for the sector over the coming months are unavoidably cautious. Despite the resilience displayed by BEKP **pulp** business in the first half, the impact of new production capacity - including that which started up at the end of last year and capacity expected to come on line in the second half of the year - has already started to undermine price stability. Given that for several years the Chinese market has been one of the main driving forces behind demand in pulp business, a recovery in this market is essential in the short term to assure a balance between supply and demand.

In the **paper** market, the downward trend in apparent consumption in Europe continued throughout the first half, although the decline became a little less steep over the course of the period. The return to production of a European paper mill in early June, with annual capacity of 300 thousand tons of UWF, has added an additional factor of uncertainty and disruption, in view of the surplus capacity in the market.

As described above, in key countries for the Group's exports, in particular in North Africa and the Middle East, the worsening of political and economic instability, combined with seasonal factors in Europe and the US and overcapacity in Asia, as well as the increased volatility on the pulp market which started to be felt at the end of the first half and has since intensified, purchasing decisions are currently being postponed, which will have a significant impact on the course of international prices for UWF paper over the second half. Conditions in the paper market in the near future are therefore expected to be particularly harsh.

In the face of these challenges, the Group will press ahead with its efforts to expand its markets and to reposition the product mix in its traditional markets, taking advantage of the excellent penetration and awareness enjoyed by its own brands and a broad perception of the quality of its value proposition. Ongoing efforts will also continue to increase productivity and improve efficiency, which are key factors for boosting its ability to compete.

Cement

The current economic environment remains unfavourable for Secil's main business operations.

As stated above, in **Portugal**, the Secil Group's main market, IMF forecasts point to contraction in gross domestic product of 2.0% in 2013, meaning that the outlook remains bleak, taking into account the delicate state of the country's economy, which has had a particularly severe impact on the construction sector. As a result, the expectations for the various segments operated by the Secil Group in Portugal are not positive.

In this context, Secil is committed to implementing a series of cost cutting measures, in the most varied areas (both in operations and its central offices), and has started a process of optimizing supporting functions, which will involve projects in the field of information technology, in order to improve organizational processes.

In **Tunisia**, according to figures published by the IMF for 2013, the economy is forecast to grow by 4.0%, up from the figure of 3.6% recorded in 2012 (World Economic Outlook, IMF, April 2013). Instability therefore remains rife, meaning that the country’s political, social and economic future is still highly uncertain.

Economic growth in **Lebanon** is forecast to stand at 2.0%, up from the figure of 1.5% recorded in 2012 (World Economic Outlook, IMF April 2013). However, despite the expected expansion in the country's economy, cement consumption is forecast to stabilize, holding steady at its 2012 levels.

With regard to **Angola**, forecasts published by the IMF point to continued economic growth, with estimates that gross domestic product will increase by 6.2% in 2013, albeit down from the figure of 8.4% recorded in 2012 (World Economic Outlook, IMF, April 2013). The construction industry is expected to continue to expand. Due to increasing competition, no significant improvement is expected in results from Secil's operations.

The investment in acquiring Supremo Cimentos and building a new mill in Brazil, will result in increased debt, which will bring down financial results and consequently the Group's net income until the new plant starts operation.

Environment

In view of the current economic climate, in which the dominant trend is for contraction in the European economy, and especially in Portugal, domestic consumption can be expected to deteriorate significantly. No improvements are therefore envisaged in the short term in the sector operated by the ETSA Group, insofar as falling levels of internal consumption result directly in a reduction in the animal slaughter rate, and consequently in the volume of by-products generated. In view of this situation and the need for readjustment between supply and demand in by-product processing capacity, competition between operators is set to increase significantly, leading to a more aggressive search for raw materials, which will be increasingly scarce.

The ETSA Group can legitimately expect that the Portuguese State will settle all its outstanding debts to the Group relating to the SIRCA service during the second half of 2013. In effect, the accumulation of this debt and the severe operational and cash-flow restrictions which it engenders will understandably make it impossible to continue managing the Group's day-to-day operations if this situation is not resolved in the near future.

The Group’s prime objectives in the short term include: (i) concentrating on horizontal expansion of its markets, with estimates suggesting that exports will account for more than half of total turnover in 2013; and (ii) identifying fresh opportunities for vertical growth, paying particular attention to investment in improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres.

Lisbon, 30 August 2013

The Board of Directors

Pedro Mendonça de Queiroz Pereira

Chairman

Maude Mendonça de Queiroz Pereira Lagos

Director

José Alfredo de Almeida Honório

Director

Francisco José Melo e Castro Guedes

Director

José Miguel Pereira Gens Paredes

Director

Paulo Miguel Garcês Ventura

Director

Rita Maria Lagos do Amaral Cabral

Director

António da Nóbrega de Sousa da Câmara

Director

Joaquim Martins Ferreira do Amaral

Director

António Pedro de Carvalho Viana-Baptista

Director

Vitor Manuel Galvão Rocha Novais Gonçalves

Director

PART 2

DECLARATION REQUIRED UNDER ARTICLE 246.1 C) OF THE SECURITIES CODE

Declaration required under Article 246.1 c) of the Securities Code

Article 246.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of declarations, as described in this article. In the case of Semapa, a uniform declaration has been adopted, worded as follows:

> *"I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code that, to the best of my knowledge, the condensed financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the first half of 2013, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the said company and other companies included in the consolidated accounts, and that the interim management report sets out faithfully the information required by Article 246.2 of the Securities Code."*

As required by this rule, we provide below a list of the persons signing the declaration and their office in the company:

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

Part 3

Disclosures required by sub-paras. a) and c) of Article 9.1 and Article 14.7 of Securities Market Commission (CMVM) Regulation no. 5/2008

Disclosures required by sub-paras. a) and c) of Article 9.1 and Article 14.7 of Securities Market Commission (CMVM) Regulation no. 5/2008 (with reference to the first half of 2013)

1. SECURITIES ISSUED BY THE COMPANY, CONTROLLED OR CONTROLLING COMPANIES OR COMPANIES IN THE SAME GROUP HELD BY COMPANY OFFICERS AT THE END OF THE FIRST HALF(*):

- José Alfredo de Almeida Honório - 20,000 shares in the company and 500 company bonds;
- José Miguel Pereira Gens Paredes – 205 company bonds and 1 bond issued by Portucel, S.A. (*Obrigações Portucel* 5.735 per cent per annum);
- Paulo Miguel Garcês Ventura – 125 company bonds;
- Vítor Manuel Galvão Rocha Novais Gonçalves – 50 company bonds;
- Miguel Camargo de Sousa Eiró – 50 company bonds;
- Duarte Nuno d'Orey da Cunha – 2,907 shares in the company, 25 company bonds and 16,000 shares in Portucel, S.A.

2. ACQUISITION, ENCUMBRANCE OR DISPOSAL OF SECURITIES ISSUED BY THE COMPANY, CONTROLLED OR CONTROLLING COMPANIES OR COMPANIES IN THE SAME GROUP DURING THE FIRST HALF BY COMPANY OFFICERS (*):

- José Miguel Pereira Gens Paredes acquired 3 company bonds, on 29 May, 7 company bonds, on 30 May, 1 company bond, on 31 May, and 14 company bonds, on 12 June, all for the price of 1,039.20 euros per bond, and acquired 1 bond issued by Portucel, S.A. (Portucel Senior Notes 5.375% 2020), on 29 May, for a price of 103,000.00 euros.

(*) The company bonds referred to in items 1 and 2 correspond to bonds with a flat rate of 6.85 per cent per annum, maturing in 2015, issued by Semapa with the name "Obrigações SEMAPA 2012/2015"

3. List of qualifying holdings, indicating the number of shares held and the corresponding percentage of voting rights, calculated in accordance with Article 20 of the Securities Code:

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
A -	Cimigest, SGPS, SA	3,185,019	2.69%	2.82%
	Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69%	14.35%
	Longapar, SGPS, S.A.	21,505,400	18.17%	19.05%
	OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45%	0.47%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53%	0.55%
	Sodim, SGPS, S.A.	15,657,505	13.23%	13.87%
	Total:	57,707,154	48.77%	51.12%
B -	Banco BPI, S.A.	-	-	-
	Banco Português de Investimento, S.A. - own portfolio	3,294	0.00%	0.00%
	BPI Vida - Companhia de Seguros de Vida, S.A.	405,804	0.34%	0.36%
	Pension funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10,362,388	8.76%	9.18%
	Investment Funds managed by BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A.	1,237,518	1.05%	1.10%
	Total:	12,009,004	10.15%	10.64%
C -	Bestinver Gestión, SA, SGIIC	-	-	-
	Bestinver Bolsa, F.I.	3,820,550	3.23%	3.38%
	Bestinfond, F.I.	3,432,923	2.90%	3.04%
	Bestinver Global, FP	907,128	0.77%	0.80%
	Bestinver Hedge Value Fund, FIL	855,353	0.72%	0.76%
	Bestinver Mixto, F.I.	639,125	0.54%	0.57%
	Soixa, SICAV	603,626	0.51%	0.53%
	Bestinver Bestvalue, SICAV	550,645	0.47%	0.49%
	Bestinver Ahorro, F.P.	540,058	0.46%	0.48%
	Texrenta Inversiones, SICAV	162,753	0.14%	0.14%
	Bestinver Value Investor, SICAV	146,200	0.12%	0.13%
	Bestinver Renta, F.I.	94,353	0.08%	0.08%

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
	Bestinver Prevision, F.P.	33,828	0.03%	0.03%
	Divalsa de Inversiones, SICAV, SA	26,132	0.02%	0.02%
	Bestinver Empleo, F.P.	23,517	0.02%	0.02%
	Linker Inversiones, SICAV, SA	15,964	0.01%	0.01%
	Sumeque Capital, SICAV	10,719	0.01%	0.01%
	Bestinver Empleo II, F.P.	1,415	0.00%	0.00%
	Bestvalue, F.I.	921	0.00%	0.00%
	Total:	11,865,210	10.03%	10.51%
D -	Norges Bank (the Central Bank of Norway)	5,649,215	4.77%	5.00%

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

4. Trading in company shares by management personnel and closely connected persons during the first half:

- On 22 April, Zoom Investment, SGPS, S.A. disposed of 630,000 shares in the company for a price of 7.021 euros per share.

PART 4

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 AND 2012

Amounts in Euro	Note	1st Semester 2013	1st Semester 2012	2nd Quarter 2013	2nd Quarter 2012
				(unaudited)	*(unaudited)*
Revenues					
Sales	4	967,492,995	928,724,168	513,324,919	515,699,529
Services rendered	4	22,287,754	18,667,259	11,028,442	10,545,736
Other income					
Gains on disposal of non-current assets	5	450,225	23,268,055	(2,967,196)	6,156,432
Other operating income	5	17,697,417	31,947,591	12,402,244	19,972,954
Change in fair value of biological assets	18	3,152,709	(154,297)	1,163,980	1,464,173
Costs, expenses and losses					
Cost of inventories sold and consumed	6	(413,949,628)	(371,689,645)	(220,360,987)	(200,326,019)
Variation in production	6	5,205,050	(1,654,804)	(739,421)	(12,249,090)
Cost of materials and services consumed	6	(284,228,469)	(267,070,679)	(151,746,998)	(150,778,386)
Payroll costs	6	(105,643,172)	(109,629,723)	(52,928,177)	(59,305,832)
Other costs and losses	6	(10,170,699)	(23,527,365)	(5,238,529)	(16,653,450)
Provisions	6	318,957	5,163,162	900,952	3,383,015
Depreciation, amortization and impairment losses	8	(83,281,896)	(79,166,524)	(39,652,810)	(42,716,956)
Operational Results		**119,331,243**	**154,877,198**	**65,186,419**	**75,192,106**
Group share of (loss)/gains of associated companies	9	28,487	505,540	7,488	392,446
Net financial results	10	(41,551,632)	(22,998,007)	(19,343,568)	(12,824,031)
Profit before tax		**77,808,098**	**132,384,731**	**45,850,339**	**62,760,521**
Income tax	11	(18,286,688)	(26,813,812)	(7,879,356)	(12,987,512)
Net income		**59,521,410**	**105,570,919**	**37,970,983**	**49,773,009**
Net profit for the period					
Attributable to Semapa shareholders		**39,271,190**	**82,306,371**	**27,063,362**	**37,244,096**
Attributable to non-controlling interests	13	20,250,220	23,264,548	10,907,621	12,528,913
Earnings per share					
Basic earnings per share, Eur	12	0.348	0.729	0.240	0.330
Diluted earnings per share, Eur	12	0.348	0.729	0.240	0.330

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2013 AND 31 DECEMBER 2012

Amounts in Euro	Note	June 2013	December 2012
ASSETS			
Non-current assets			
Goodwill	15	335,700,924	335,700,924
Other intangible assets	16	292,001,061	295,255,939
Property, plant and equipment	17	2,254,238,011	2,301,163,727
Investment Properties		1,602,654	1,615,016
Biological assets	18	112,208,634	109,055,925
Investment in Associates	19	3,509,932	5,498,397
Financial assets at fair value through profit or loss	20	9,752,362	9,026,930
Available-for-sale financial assets	21	195,358	226,921
Deferred tax assets	28	58,036,169	60,858,404
Other non-current assets		4,279,112	3,113,802
		3,071,524,217	**3,121,515,985**
Current Assets			
Inventories	23	317,610,184	317,329,632
Receivable and other current assets	24	326,020,332	290,925,902
State and other public entities	25	88,582,268	80,511,929
Assets held for sale	33	3,850,213	4,000,614
Cash and cash equivalents	31	598,614,494	413,676,080
		1,334,677,491	**1,106,444,157**
Total Assets		**4,406,201,708**	**4,227,960,142**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	26	118,332,445	118,332,445
Treasury shares	26	(47,164,986)	(47,164,986)
Share premiums		3,923,459	3,923,459
Translations reserves	27	(33,160,931)	(25,322,950)
Fair value reserves	27	(16,279,759)	(20,213,050)
Other reserves	27	924,814,439	953,599,979
Retained earnings	27	(187,866,785)	(313,759,714)
Retained earnings from the period	27	39,271,190	126,516,088
Consolidated Shareholder's equity		**801,869,072**	**795,911,271**
Non-controlling interests	13	328,539,181	335,228,645
Total Equity		**1,130,408,253**	**1,131,139,916**
Non-current liabilities			
Deferred tax liabilities	28	424,411,711	455,206,346
Pensions and other post-employment benefits	29	8,207,458	9,503,059
Provisions	30	60,062,433	34,518,241
Interest-bearing liabilities	31	2,000,357,480	1,681,677,079
Other non-current liabilities		50,785,143	15,616,661
		2,543,824,225	**2,196,521,386**
Current liabilities			
Interest-bearing liabilities	31	184,064,801	333,104,559
Payables and other current liabilities	32	423,418,904	415,397,720
State and other public entities	25	123,297,587	150,562,422
Liabilities held for sale	33	1,187,938	1,234,139
		731,969,230	**900,298,840**
Total Liabilities		**3,275,793,455**	**3,096,820,226**
Total equity and liabilities		**4,406,201,708**	**4,227,960,142**

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 AND 2012

Amounts in Euro	1st Semester 2013	1st Semester 2012	2nd Quarter 2013 *(unaudited)*	2nd Quarter 2012 *(unaudited)*
Retained earnings for the perido without non-controlling interests	**59,521,410**	**105,570,919**	**37,970,983**	**49,773,009**
Fair value in derivative financial instruments				
Fair value changes	3,771,114	(3,155,124)	3,311,923	(3,596,900)
Tax on items above when applicable	25,619	30,871	(396,366)	690,834
Actuarial gains /(losses)				
Actuarial gains /(losses)	(100,470)	7,568,314	(174,735)	3,424,689
Tax on items above when applicable	213,701	(196,594)	180,184	(156,829)
Currency translation differences	(7,567,536)	(383,928)	(17,114,341)	6,111,067
Share of other comprehensive income of associates	90,031	-	90,031	-
Profit directly recognized in equity	**(3,567,541)**	**3,863,539**	**(14,103,304)**	**6,472,861**
Total recognized income and expense for the period	**55,953,869**	**109,434,458**	**23,867,679**	**56,245,870**
Attributable to:				
Semapa's shareholders	35,432,168	83,072,708	14,661,955	40,446,633
Non-controlling interests	20,521,701	26,361,750	9,205,724	15,799,237
	55,953,869	**109,434,458**	**23,867,679**	**56,245,870**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 AND 2012

Amounts in Euro	Share Capital	Treasury Shares	Share Premium	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2013	**118,332,445**	**(47,164,986)**	**3,923,459**	**(20,213,050)**	**953,599,979**	**(25,322,950)**	**(313,759,714)**	**126,516,088**	**795,911,271**	**335,228,645**	**1,131,139,916**
Application of prior year's profit:											
- Transfer to reserves	-	-	-	-	-	-	126,516,088	(126,516,088)	-	-	-
- Dividends paids	-	-	-	-	(28,785,540)	-	-		(28,785,540)	-	(28,785,540)
Dividens paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(24,417,778)	(24,417,778)
Income and expenses recognized directly in equity *	-	-	-	3,933,291	-	(7,837,981)	65,666	-	(3,839,024)	271,483	(3,567,541)
Differences in non controlling interests acquisitions	-	-	-	-	-	-	(676,028)	-	(676,028)	(2,630,834)	(3,306,862)
Consolidation method changes	-	-	-	-	-	-	-	-	-	(158,507)	(158,507)
Other movements	-	-	-	-	-	-	(12,797)	-	(12,797)	(4,048)	(16,845)
Net profit for the period	-	-	-	-	-	-	-	39,271,190	39,271,190	20,250,220	59,521,410
Equity as of 30 June 2013	**118,332,445**	**(47,164,986)**	**3,923,459**	**(16,279,759)**	**924,814,439**	**(33,160,931)**	**(187,866,785)**	**39,271,190**	**801,869,072**	**328,539,181**	**1,130,408,253**

** Net of deferred taxes*

Amounts in Euro	Share Capital	Treasury Shares	Share Premium	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2012	**118,332,445**	**(47,164,986)**	**3,923,459**	**(11,409,673)**	**858,223,719**	**(15,071,293)**	**17,807,527**	**124,161,800**	**1,048,802,998**	**333,216,889**	**1,382,019,887**
Application of 2011 profit of the year:											
- Transfer to reserves	-	-	-	-	95,376,260	-	-	(95,376,260)	-	-	-
- Dividends paid	-	-	-	-	-	-	-	(28,785,540)	(28,785,540)	-	(28,785,540)
Dividens paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(37,425,563)	(37,425,563)
Income and expenses recognized directly in equity *	-	-	-	(3,183,812)	-	(2,719,500)	6,669,649	-	766,337	3,097,202	3,863,539
Differences in non controlling interests acquisitions	-	-	-	-	-	-	(338,035,737)	-	(338,035,737)	(44,060,883)	(382,096,620)
Consolidation method changes	-	-	-	-	-	-	-	-	-	31,381,063	31,381,063
Fair value changes attributable to non controlling interests	-	-	-	-	-	-	-	-	-	10,201,119	10,201,119
Other movements	-	-	-	-	-	-	(48,197)	-	(48,197)	(46,780)	(94,977)
Net profit for the period	-	-	-	-	-	-	-	82,306,371	82,306,371	23,264,548	105,570,919
Equity as of 30 June 2012	**118,332,445**	**(47,164,986)**	**3,923,459**	**(14,593,485)**	**953,599,979**	**(17,790,793)**	**(313,606,758)**	**82,306,371**	**765,006,232**	**319,627,595**	**1,084,633,827**

** Net of deferred taxes*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 AND 2012

Amounts in Euro	1st Semester 2013	1st Semester 2012	2nd Quarter 2013	2nd Quarter 2012
			(unaudited)	*(unaudited)*
OPERATING ACTIVITIES				
Payment from customers	1,051,509,713	1,023,290,063	544,810,474	564,839,293
Payments to suppliers	(792,347,236)	(833,347,047)	(364,325,911)	(440,753,122)
Payments to personnel	(91,916,248)	(81,352,130)	(45,897,296)	(55,689,157)
Cash flow from operations	167,246,229	108,590,886	134,587,267	68,397,014
Income tax received / (paid)	(3,752,052)	(24,678,082)	(4,506,460)	(14,908,949)
Other receipts / (payments) relating to operating activities	(12,279,922)	25,458,531	(11,082,586)	22,122,344
Cash flow from operating activities (1)	**151,214,255**	**109,371,335**	**118,998,221**	**75,610,409**
INVESTING ACTIVITIES				
Inflows				
Financial investments	1,397	297,454	-	(70,532)
Property, plant and equipment	211,203	876,687	96,303	384,199
Government Grants	-	32,526,671	-	8,573,643
Interests and similar income	4,604,057	8,534,403	2,717,730	4,625,698
Dividends	951,431	885,755	725,425	831,606
Other assets	-	120,000	-	120,000
	5,768,088	43,240,970	3,539,458	14,464,614
Outflows				
Financial investments	(11,600,865)	(709,313,311)	(6,540,372)	(673,971,913)
Cash and cash equivalents - changes in consolidation perimeter	6,680,980	39,414,089	(2,257)	39,414,089
Property, plant and equipment	(48,987,771)	(17,817,106)	(30,171,608)	(9,813,644)
Other assets	-	(263,272)	-	(263,272)
	(53,907,656)	(687,979,600)	(36,714,237)	(644,634,740)
Cash flow from investing activities (2)	**(48,139,568)**	**(644,738,630)**	**(33,174,779)**	**(630,170,126)**
FINANCING ACTIVITIES				
Inflows				
Proceeds from borrowings	1,993,205,609	1,918,070,838	1,264,164,354	1,046,941,888
Acquisition of treasury shares	3,308,769	-	3,307,269	-
	1,996,514,378	1,918,070,838	1,267,471,623	1,046,941,888
Outflows				
Repayments of borrowings	(1,809,192,926)	(1,389,570,360)	(1,114,126,653)	(861,756,855)
Repayment of financial leases	(541,753)	(335,561)	(268,685)	(216,120)
Interest and similar expenses	(52,331,871)	(40,971,719)	(38,623,790)	(23,008,769)
Dividends paid	(52,865,986)	(67,087,150)	(52,806,906)	(67,065,098)
	(1,914,932,536)	(1,497,964,790)	(1,205,826,034)	(952,046,842)
Cash flow from financing activities (3)	**81,581,842**	**420,106,048**	**61,645,589**	**94,895,046**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)	**184,656,529**	**(115,261,247)**	**147,469,031**	**(459,664,671)**
EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS	248,716	549,922	(1,407,867)	1,201,026
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**413,676,079**	**415,697,575**	**452,520,160**	**760,624,644**
EFFECT OF NON-CURRENT ASSETS HELD FOR SALE	33,170	1,237,678	33,170	62,929
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**598,614,494**	**302,223,928**	**598,614,494**	**302,223,928**

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2013

(Translation of a report originally issued in Portuguese)

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

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

Head Office: Av. Fontes Pereira de Melo, 14, 10th floor, Lisbon
Share Capital: Euro 118,332,445
Corporate body no.: 502 593 130

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

These consolidated financial statements were approved by the Board of Directors on the 29 August 2013.

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

1. Summary of the principal accounting policies

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

1.1 Basis of preparation

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

The accompanying interim consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 45), and under the historic cost convention, except for biological assets, financial assets at fair value through profit and loss, available-for-sale financial assets and financial instruments, which are recorded at fair value (Notes 18, 20, 21 and 34). Plant, property and equipment acquired previously to 1 January 2004 are measured under its revalued amount.

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

1.2 Additional disclosures

Comparability

Acquisition of 82% share capital of Soporgen, S.A.

On 22 March 2013, the Group, through its subsidiary Soporcel, S.A., acquired the remaining representative shares of Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A. to EDP, S.A., through the exercise of the call option comprised in the shareholders' agreement.

In accordance with the revised IFRS 3, Semapa measured its equity interest held in Soporcel (18%) by its fair value at the date in which control was obtained. Additionally, the Group has attributed to the 82% share capital acquired the fair value of identifiable assets and liabilities, calculated by reference to the date in which control was obtained, which resulted in a gain of Euro 2,3 million (Note 19).

Therefore, the consolidated financial statements comprise the consolidation of Soporgen by the equity method for the 6 months period ended 30 June 2012 and the 12 months period ended 31 December 2012, and by the full consolidation method for the 6 months period ended 30 June 2013.

Secil, S.A.

The comparative information for the six months period ended 30 June 2012 presented in the interim consolidated financial statements comprise the consolidation of Secil by the proportional method between January and March 2012 and by the full consolidation method between April and June 2012 (six months period ended 30 June 2013: full consolidation method).

1.3 Basis of consolidation

1.3.1 Subsidiaries

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

These companies' shareholders equity and net income/loss, corresponding to the third-party investment in such companies are presented under the caption non-controlling interests in the Consolidated Statement of Financial Position (in a separate component of shareholders' equity) and in the Consolidated Income Statement, respectively. The companies included in the consolidated financial statements are disclosed in Note 45.

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

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

The subsidiaries are consolidated using the full consolidation method with effect from the date that control is transferred to the Group. In the acquisition of additional share capital of controlled entities, the excess between the proportion of acquired net assets and respective acquisition cost is directly recognised in Equity under the caption Retained earnings (Note 27).

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

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

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

1.3.2 Associates

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

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

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

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

When the Group's share of losses in associate companies equals or exceeds its investment in that associate, the Group ceases the recognition of additional losses, unless it has incurred in liabilities or has made payments on behalf of that associate. Unrealised gains on transactions with associates are eliminated to the extent of the Group's investment in the associates. Unrealised losses are also eliminated, except where the transaction reveals evidence of impairment losses on the assets transferred.

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

1.3.3 Joint ventures

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

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

1.4 Segmental reporting

An operating segment is a component of an entity:

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

The operating segments are consistently reported according with the same internal model of management information that is provided to the chief operating decision maker of the entity (CODM-Chief Operating Decision-

Maker). The CODM is responsible for allocating resources to the operating segment and for assessing its performance, as well as undertaking the strategic decisions.

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

Pulp and paper

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

Cement and derivatives

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

Supremo Cimentos, S.A., is a cement company operating in southern Brazil (Santa Catarina state), with a fully integrated factory of clinker and cement placed in Pomerode, as well as aggregate and concrete operations.

Environment

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

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

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

1.5 Foreign currency translation

1.5.1 Functional and reporting currency

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

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

1.5.2 Balances and transactions expressed in foreign currencies

All the Group's assets and liabilities denominated in foreign currencies were translated into Euro at the exchange rate prevailing at the date of the consolidated statement of financial position.

The currency adjustments, favourable and unfavourable, arising from the differences between the exchange rates prevailing at the transaction date and those at the date of collection, payment or statement of financial position, are recorded as income and costs in the consolidated income statement for the period.

1.5.3 Group companies

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

(i) The assets and liabilities of each Statement of financial position are translated at the exchange rates prevailing at the date of the financial statements;

The resulting exchange rate differences are recognised under the caption Translation reserve in the Shareholders' Equity;

(ii) The income and costs of each income statement are translated at the average exchange rate of the reporting period, except where the average exchange rate is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case the income and costs are converted at the exchange rate prevailing at the transaction dates.

1.6 Intangible assets

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

1.6.1 CO2 emission rights

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

As emissions occur, the Group recognises them as an operating cost with a corresponding liability generated in the period. Simultaneously, the deferred income for grants is recognised proportionally as operating income.

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

At the date of the consolidated statement of financial position, CO2 emission rights' portfolio is valued at the lower between the deemed acquisition cost and its market value. On the other hand, liabilities due for occurred emissions are valued at market value at the same date.

1.6.2 Brands

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

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

1.7 Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries and associates at the acquisition date.

Goodwill is not amortised and is tested annually for impairment at least once a year. Impairment losses on Goodwill cannot be reversed. Gains or losses arising on the disposal of an entity include the carrying amount of Goodwill relating to that entity.

1.8 Property, plant and equipment

Property, plant and equipment that were acquired prior to 1 January 2004 (date of transition to IFRS) are recorded at their acquisition cost, or acquisition cost including revaluations in accordance with the accounting principles generally accepted in Portugal up to that date, less depreciation and accumulated impairment losses.

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

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

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the Group and the respective cost can be reliably measured. Other repairs and maintenance costs are charged to the income statement in the financial period in which they are incurred.

Depreciation is calculated with regard to the acquisition cost, using the straight-line method from the date the assets are ready to enter into service, at the depreciation rates that best reflect their estimated useful life, as follows:

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

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary at the date of the statement of financial position. If the carrying amount of the asset is higher than the asset's realisable value, then it is written down to the estimated recoverable amount by recognising an impairment loss (Note 1.10).

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

1.9 Investment properties

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

1.10 Impairment of non-current assets

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

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

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

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

The reversal of impairment losses is recognised in the income statement as Other operating income, unless the asset has been revalue in which case the reversal will represent a portion or the total of the revaluation reserve. However, an impairment loss is reversed only up to the limit of the amount that would be recognised (net of amortisation or depreciation) if it had not been recognised in prior years.

1.11 Biological assets

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

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house regularly tested by independent external assessments, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price net of costs related with harvest and transportation, the rents of the woodlands and also plantation costs, maintenance costs and a discount rate.

The discount rate corresponds to a market rate without inflation and was determined on the basis of the Group's expected rate of return on its forests and its risks.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as operating income/ costs in the caption Changes in fair value of biological assets. At the time of harvest, wood is recognised at fair value less estimated costs at point of sale..

1.12 Financial investments

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

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

Financial investments are initially recorded at the acquisition cost, when their fair value equals the price paid, including transaction expenses. The subsequent measurement depends on the category the investment falls under, as follows:

Loans granted and receivables

Loans granted and accounts receivable are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They originate when the Group advances money, goods or services directly to a debtor without any intention of negotiating the debt. These investments are included in current assets, except when their maturity exceeds 12 months after the date of the statement of financial position, in which case they are classified as non-current assets. Loans granted and receivables are included under the caption Receivables and other current assets in the consolidated statement of financial position (Note 24).

Financial assets at fair value through profit and loss

A financial asset is classified under this category if it is acquired primarily for the purpose of selling in the short-term or if it is designated like so by management. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the date of the statement of financial position. These investments are measured at fair value through the income statement (Note 20).

Investments held to maturity

Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Investments in this category are recorded at amortized cost using the effective interest rate method.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not meet the conditions to be classified in any of the remaining categories. These assets are classified as non-current assets unless management expects to sell them over the 12 months following the date of the statement of financial position (Note 21). These financial investments are recognised at market value, as quoted at the date of the statement of financial position.

If there is no active market for a financial asset, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same as the one in question, discounted cash-flows analysis and option pricing models refined to reflect the issuer's specific circumstances.

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

If there is no market value or if it is not possible to determine one, these investments are recognised at their acquisition cost. An impairment loss is recognised whenever a decrease of value is identified and it is justifiable.

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

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

1.13 Derivative financial instruments and hedging accounting

Derivative financial instruments

The Group uses derivative financial instruments aimed at managing the financial risks to which it is exposed.

Although the derivatives contracted by the Group represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy the rules and requirements of IAS 39. Instruments that do not qualify as hedging instruments in accounting terms are stated on the statement of financial position at fair value and any changes in that value are recognised in financial results (Note 10).

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions. The fair value of the derivative financial instruments is included in Receivables and other current assets and Payables and other current liabilities.

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

Derivative financial instruments may be recognised as hedging instruments if they meet the following characteristics:

i) At acquisition date, there is formal designation and documentation of the hedging relationship, namely regarding the hedged item, the hedging instrument and the company's evaluation of the hedging effectiveness;

ii) There is an expectation that the hedge will be highly effective, at the inception of the hedging relation and along its duration;

iii) The effectiveness of the hedge may be measured at the beginning of the operation and while it is running;

iv) For cash flow hedges, the realization of the cash flows must be highly probable.

Whenever expectations of changes in interest or exchange rates so justify, the Group hedges these risks through derivative financial instruments, such as interest rate swaps (IRS), exchange and interest rate collars, exchange forwards etc.

In the selection of the derivative financial instruments, it is their economic aspects that are the main focus of assessment. Management also evaluates the impact of each additional derivative financial instrument to its portfolio, namely in the volatility of earnings.

Cash flow hedging (interest rate risk and exchange rate risk)

In order to manage its exposure to interest rate risk and exchange rate risk, the Group enters into cash flow hedges.

Those transactions are recorded in the consolidated statement of financial position at their fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

If the hedging instrument is ineffective, that inefficiency is immediately recognised in the income statement. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within net financial results.

When a hedging instrument expires or is sold, or when an hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement when the forecast transaction is ultimately recognised in the income statement.

Net investment hedging (exchange rate risk)

In order to manage the exposure of its investments in foreign subsidiaries to fluctuations in the exchange rate (net investment), the group enters into exchange rate forwards.

Those exchange rate forwards are recorded at their fair value in the consolidated statement of financial position. As long as they meet the conditions to be considered effective, changes in fair value are recorded under the caption Translation reserve. Gains and losses accumulated in those reserves are recycled to profit and loss when Group sells the foreign subsidiary.

1.14 Corporate income tax

Corporate income tax includes current and deferred tax. Current income tax is calculated based on net income, adjusted in conformity with tax legislation in place at the date of the statement of financial position.

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

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

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

1.15 Inventories

Inventories are valued in accordance with the following criteria:

i) Goods and raw materials

Goods and raw, subsidiary and consumable materials are valued at the lower of their purchase cost or their net realizable value. The purchase cost includes ancillary costs and it is determined using the weighted average cost as the valuation method.

ii) Finished products and work in progress

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

The net realizable value corresponds to the estimated selling price after deducting estimated completion and selling costs. The difference between production cost and net realizable value, if lower, are recorded under the caption Cost of inventories sold and consumed.

1.16 Receivables and other current assets

Debtors' balances and other current assets are initially recorded at fair value and are subsequently recognised at their amortized cost, net of impairment losses (Note 24).

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

1.17 Cash and cash equivalents

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

1.18 Share capital and treasury shares

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

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

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

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

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

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

1.19 Interest bearing liabilities

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

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

1.20 Borrowing costs

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

Financial costs on loans directly related to acquisition of the fixed assets, construction or production, are capitalised as part of the asset's cost.

The capitalisation of these charges begins once preparations for the construction or development of the asset start and is suspended after its utilisation begins or when the respective project is suspended.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

1.21 Provisions

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

Provisions for future operating losses are not recognised. Provisions are reviewed on the date of the statement of financial position and are adjusted to reflect the best estimate at that date (Note 30).

The Group incurs in expenditures and assumes liabilities of an environmental nature. Expenditure on equipment and operating techniques that ensure compliance with the applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimizing energy consumption, atmospheric emissions, the production of residues and noise), are capitalized when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to extend the useful lives, increase capacity or improve the safety or efficiency of other assets owned by the Group (Note 30 and 37).

In addition, quarries have to be subject to environmental remediation and improvements. It is the Group's practice to continuously and progressively reconstitute the land freed up by the quarries, recognising in the income statement of the period the expenditure incurred.

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

1.22 Pensions and other post-employment benefits

1.22.1 Pensions obligations – defined benefit plans

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

As referred in Note 29, the Group set up autonomous Pension Funds as a mean of funding most of the commitments for such payments. According to IAS 19, companies with pension plans recognise the costs with the granting of these benefits as and when the services are rendered by the beneficiary employees. As such, the total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialised and independent entity in accordance with the projected unit credit method.

Past service costs resulting from the implementation of a new plan, or increases in the benefits awarded are recognised immediately in situations where the benefits are to be paid or are past due. The liability thus determined is stated in the statement of financial position, less the market value of the funds set up, as a non-current liability, under the caption Post-employment benefit, when underfunded.

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

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

1.22.2 Defined contribution plan

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

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

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

1.22.3 Holiday pay, allowances and bonuses

Under the terms of the prevailing legislation, employees are entitled annually, if hired until 2003, to 25 working days leave (22 days if hired after that), as well as to a month's holiday allowance, the entitlement to which is acquired in the year preceding its payment.

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

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

1.23 Payables and other current liabilities

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

1.24 Non-current assets held for sale and discontinued operations

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

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

From the moment the tangible assets are classified as "held for sale", depreciation ceases to be calculated, and the assets are classified as non-current assets held for sale.

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

1.25 Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and the group will comply with all required conditions, namely, the group makes the eligible investments. Government grants related to operating costs are deferred and recognised in the income statement over the period that matches the costs with the compensating grants.

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

Government grants received to compensate capital expenditure are reported under the caption Payables and other current liabilities and are recognised in the income statement during the useful life of the asset being financed, by deducting the value of its amortisation.

1.26 Leases

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

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

Leases included in contracts according to IFRIC 4

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

1.27 Dividends distribution

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

1.28 Revenue recognition and accrual basis

Income from sales is recognised in the consolidated income statement when the risks and benefits inherent in the ownership of the respective assets are transferred to the purchaser and the income can be reasonably quantified.

Sales are recognised net of taxes, discounts and other costs inherent to their completion, at the fair value of the amount received or receivable.

Income from services rendered is recognised in the consolidated income statement by reference to the stage of completion of the service contracts at the date of the statement of financial position.

Interest receivable is recognised according to the accrual basis of accounting, considering the amount owed and the effective interest rate during the period to maturity.

Group companies record their costs and income according to the accrual basis of accounting, so that costs and income are recognised as they are generated, irrespective of the time at which they are paid or received. The differences between the amounts received and paid and the respective costs and income are recognised under the caption Receivables and other current assets and Payables and other current liabilities (Notes 24 and 32, respectively).

1.29 Contingent assets and liabilities

Contingent liabilities in which the probability of an outflow of funds affecting future economic benefits is not likely, are not recognised in the consolidated financial statements, and are disclosed in the notes, unless the probability of the outflow of funds affecting future economic benefits is remote, in which case they are not disclosed.

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

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

1.30 Subsequent events

Events after the date of the statement of financial position which provide additional information about the conditions prevailing at the date of the statement of financial position are reflected in the consolidated financial statements. Subsequent events which provide information about conditions which occur after the date of the statement of financial position are disclosed in the notes to the consolidated financial statements, if material (Note 44).

1.31 New standards, changes and interpretations of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the IASB for the financial years beginning as at 1 January 2013:

New standards, mandatory in 30 June 2013	Effective date *
IAS 1 - Presentation of financial statements	1 January 2013
IAS 12 – Income taxes	1 January 2013
IAS 19 – Employee benefits - Defined benefit	1 January 2013
IFRS 1 – Financial statements presentation and disclosures	1 January 2013
IFRS 10 – Consolidated financial statements	in or after 1 January 2014
IFRS 11 – Joint Arrangements	in or after 1 January 2014
IFRS 12 - Disclosure of Interests in other entities	in or after 1 January 2014
IAS 27 – Disclosures of company interest in other entities	in or after 1 January 2014
IAS 28 – Investments in Associates and Joint Ventures	in or after 1 January 2014
IFRS 13 – Fair value - New standard	1 January 2013
IFRS 7 – Financial instruments: disclosures	1 January 2013
IFRS 1 – First-time adoption of international financial standards - hyperinflationary economies and dates	1 January 2013
improvements to standards from 2009 to 2011	1 January 2013
Improvements to IFRS 10, 11 e 12	in or after 1 January 2014

** Periods beggining in or after*

The introduction of the revision to this standard did not have any significant impact on the consolidated financial statements of the Group.

New standards and interpretations not mandatory as at 30 June 2013:

There are new standards, interpretations and amendments of existing standards that, despite having already been published, are only mandatory for the periods starting after 1 January 2013 and which the Group decided not to early-adopt in the current period, as follows:

Interpretations effective in 30 June 2013	Effective date *
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine - New interpretation	1 January 2013

** Periods beggining in or after*

Standards already aproved by EU, effective only for periods started after 1 July 2013	Effective date *
IAS 32 – Financial instruments: disclosures	1 January 2014

** Periods beggining in or after*

Standards effective after 1 July 2013, not yet aproved by EU	Effective date *
Improvements to IFRS 10, 12 and IAS 27	1 January 2014
IAS 36 – Asset impairment	1 January 2014
IAS 39 – Financial instruments: recognition and mesurement	1 January 2014
IFRS 9 – Financial instruments: mesurement	1 January 2015

** Periods beggining in or after*

2. Risk management

2.1 Financial risk factors

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

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

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

2.1.1 Exchange rate risk

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

Regarding the segment of the Pulp and Paper, on one hand, a significant portion of the Group's sales is priced in currencies other than the Euro, namely in US dollar, GBP and CHF and other currencies with less relevance. The change of the Euro vis-à-vis these currencies can also have an impact on the Company's future sales, with special relevance to USD. Sales quoted in GBP, PLN, and CHF also are significant. Sales quoted in remaining currencies are not relevant.

Furthermore, purchases of certain raw materials are also made in USD, namely some of the wood pulp and softwood imports. Therefore, changes in EUR vis–à-vis the USD may have an impact on acquisition values.

Additionally, once a sale or purchase is made in a currency other than the Euro, the Group becomes exposed to exchange rate risk up to the moment it receives or pays the proceeds of that sale or purchase, if no hedging instruments are in place. Therefore, the statement of financial position generally includes a significant amount of receivables and, albeit with a lesser significance, payables, exposed to currency risk.

The Group holds an affiliated company in the USA, Portucel Soporcel North America, whose share capital amounts to around USD 25 million and is exposed to foreign exchange risk. Besides this operation, this segment does not hold materially relevant investments in foreign operations, the net assets of which are exposed to foreign exchange risk.

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

The currency risk inherent to the segment of Cement and derivatives is mainly caused by the purchases of fuel and freight ships, both paid in USD. This segment continued its policy of maximizing the potential of covering their foreign exchange exposure, through compensating the exchange flows internally. Secil has assets located in Tunisia, Angola, Lebanon and Brazil, therefore any change in these countries' exchange rates could have an impact on Semapa's statement of financial position.

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

The Group's exposure to foreign exchange rate risk as of 30 June 2013, based on the financial assets and liabilities that amounted to Euro 278,691 (liability figure) converted at the exchange rates as of that date (31 December 2012: Euro 48,331,861 – asset figure) is as follows:

Amounts in Foreign Currency	United States Dollar	British Pound	Polish Zloty	Swedish Krona	Swiss Franc	Danish Krone	Brazilian Real	Australian Dollar	Norwegian krone	Mozambican Metical	Moroccan Diram	000 Lebanese Pounds	Tunisian Dinar
As of 30 June 2013													
Assets													
Cash and cash equivalents	55,515,756	72,684	581,426	534	48,892	701	3,213,227	-	532	19,771,878	142,770	9,869,233	3,239,276
Receivables	81,707,682	14,749,902	9,508,694	1,244,873	2,835,725	1,053,861	5,961,597	93,585	1,200,570	-	-	24,773,164	21,770,856
Other assets	920,150	-	-	-	-	-	3,674,030	-	-	-	-	-	5,158,627
Total Financial Assets	**138,143,588**	**14,822,586**	**10,090,120**	**1,245,407**	**2,884,617**	**1,054,562**	**12,848,854**	**93,585**	**1,201,102**	**19,771,878**	**142,770**	**34,642,397**	**30,168,759**
Liabilities													
Bearing liabilities	(16,646,132)	-	-	-	-	-	(240,071,823)	-	-	-	-	(7,663,504)	(63,286,855)
Payables	(7,029,563)	(82,007)	(7,448)	-	-	-	(29,535,177)	-	(9,781)	(1,474,260)	-	(33,975,741)	(30,965,717)
Total Financial Liabilities	**(23,675,695)**	**(82,007)**	**(7,448)**	**-**	**-**	**-**	**(269,606,999)**	**-**	**(9,781)**	**(1,474,260)**	**-**	**(41,639,245)**	**(94,252,572)**
Derivative financial instruments	**(115,524,000)**	**(12,100,000)**	**-**	**-**	**-**	**-**	**64,025,000**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**(1,056,106)**	**2,640,579**	**10,082,673**	**1,245,407**	**2,884,617**	**1,054,562**	**(192,733,146)**	**93,585**	**1,191,321**	**18,297,618**	**142,770**	**(6,996,848)**	**(64,083,813)**
As of 31 December 2012													
Total Financial Assets	140,907,284	12,339,535	11,387,394	486,507	3,702,974	884,586	23,663,154	(12,176)	1,581,304	5,888,551	103,545	19,795,501	29,037,565
Total Financial Liabilities	(25,238,640)	(112,164)	-	-	(155,358)	(5)	(105,206,032)	-	-	(708,784)	-	(21,600,041)	(91,274,622)
Derivative financial instruments	**(163,182,000)**	**(18,020,000)**	**-**	**-**	**-**	**-**	**(64,025,000)**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**(47,513,355)**	**(5,792,629)**	**11,387,394**	**486,507**	**3,547,616**	**884,581**	**(145,567,877)**	**(12,176)**	**1,581,304**	**5,179,767**	**103,545**	**(1,804,540)**	**(62,237,057)**

The Group has entered into foreign exchange derivatives in order to hedge its exposure to exchange rate risk in regards to future transactions in foreign currency.

As at 30 June 2013, a (positive or negative) variation of 10% of all currency exchange rates relative to Euro would have an impact in the net profit for the period of Euro 4,816,146 / (4,407,928) respectively (31 December 2012: Euro 1,288,209 / (1,574,476)), and in shareholders' equity of Euro 227,650 / (1,383,608) (31 December 2012: Euro 1,776,290 / (1,453,328)), considering the effect of the exchange rate hedging contracts in place.

2.1.2 Interest rate risk

The cost of the Group's financial debt is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Company's earnings. Where the Board considers appropriate, the Group resorts to derivative financial instruments, including interest rate swaps and collars to manage the interest rate risk, with the purpose of fixing the interest rate on the Group's borrowings within certain limits.

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

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

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

As of 30 June 2013 and 31 December 2012, the financial assets and liabilities with interest rate exposure, considering the maturity or the next repricing date were as follows:

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2013						
Assets						
Current						
Cash and cash equivalents	590,043,061	7,858,050	-	-	-	**597,901,111**
Total Financial Assets	**590,043,061**	**7,858,050**	**-**	**-**	**-**	**597,901,111**
Liabilities						
Non current						
Bearing liabilities	305,558,307	200,409,585	790,049,131	346,365,400	351,357,357	**1,993,739,780**
Current						
Bearing liabilities	76,761,750	19,390,147	83,997,030	1,976,040	336,602	**182,461,569**
Total Financial Liabilities	**382,320,057**	**219,799,733**	**874,046,161**	**348,341,440**	**351,693,959**	**2,176,201,349**
Difference	**207,723,004**	**(211,941,683)**	**(874,046,161)**	**(348,341,440)**	**(351,693,959)**	**(1,578,300,238)**

Amounts in Euro	Until 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2012						
Assets						
Current						
Cash and cash equivalents	413,676,080	-	-	-	-	**413,676,080**
Total Financial Assets	**413,676,080**	**-**	**-**	**-**	**-**	**413,676,080**
Liabilities						
Non current						
Bearing liabilities	293,050,000	114,400,000	598,259,873	659,334,508	16,632,698	**1,681,677,079**
Current						
Bearing liabilities	26,515,966	18,799,695	287,788,898	-	-	**333,104,559**
Total Financial Liabilities	**319,565,966**	**133,199,695**	**886,048,771**	**659,334,508**	**16,632,698**	**2,014,781,638**
Difference	**94,110,115**	**(133,199,695)**	**(886,048,771)**	**(659,334,508)**	**(16,632,698)**	**(1,601,105,557)**

Semapa carries out sensitivity analysis in order to assess the impact in the consolidated income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is an illustrative analysis only, since changes in market rates rarely occur in isolation from changes in other market factors.

The sensitivity analysis exercise carried out is based on the following assumptions:

- Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;
- Changes in market interest rates only lead to interest income and expenses regarding fixed rate financial instruments if those are measured at their fair value;
- Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;
- Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured using the discounted cash flows method, with market interest rates at year-end;

Under these assumptions, an increase of 0.5% on the interest rates for all currencies where the Group has loans as of 30 June 2013 would have a negative impact in the profit before tax of approximately Euro 6,675,630 (2012: Euro 5,279,018) and would have a positive impact in equity before tax of approximately Euro 1,929,285 (2012: Euro 4,102,355).

2.1.3 Credit risk

The worsening of global economic conditions or adversities affecting the economy at a local scale can lead to a decline in the ability of the Group's customers to pay their obligations stemming from the sales of products.

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

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

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

As of 30 June 2013 and 31 December 2012, accounts receivable from costumers showed the following ageing structure, considering the due dates for the open balances:

				Total	
Amounts in Euro	Paper	Cement	Environment	30-06-2013	31-12-2012
Not overdue	183,819,849	40,333,247	2,142,790	226,295,886	189,229,417
1 to 90 days	7,483,343	15,975,582	2,593,586	26,052,510	43,140,656
91 to 180 days	221,233	6,486,425	2,850,207	9,557,865	9,903,732
181 to 360 days	1,905,557	5,623,256	41,846	7,570,659	3,508,245
361 to 540 days	75,906	1,549,958	145,308	1,771,171	2,608,153
541 to 720 days	24,338	1,670,312	234,607	1,929,257	1,749,542
more than 721 days	408,432	5,493,492	493,702	6,395,625	10,522,663
	193,938,657	**77,132,270**	**8,502,046**	**279,572,973**	**260,662,408**
Litigation - doubtful debts	1,678,459	8,881,511	-	10,559,970	10,457,503
Impairments (note 22)	(808,593)	(22,068,946)	(549,729)	(23,427,268)	(23,492,162)
Net clients balance (note 24)	**194,808,523**	**63,944,835**	**7,952,317**	**266,705,675**	**247,627,749**

The amounts shown above correspond to the open items according to the contracted due dates. Despite some delays in the liquidation of those amounts, that does not result, in accordance with the available information, in the identification of impairment losses other than the ones considered through the respective losses.

These are identified using the information periodically collected about the financial behaviour of the Group's customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the share not attributable to the insurance company, to define the amount of losses to be recognised in the period. The guarantees in place for a significant part of the open and old balances, justify the fact that no impairment loss has been recorded for those balances.

The table below represents the quality of the Group's credit risk, as at 30 June 2013 and 31 December 2012, for financial assets (cash and cash equivalents and derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	30-06-2013	31-12-2012
AA-	-	80,116
A+	725,475	1,268,856
A	209,781,986	2,383,080
A-	232,835	59,177
BBB+	-	19,893
BBB	1,070,936	434,383
BBB-	50,359,262	527,905
BB+	9,740,918	92,668
BB	50,434,918	238,043,720
BB-	190,609,888	98,596,017
B+	23,339,564	15,475,625
Others	61,605,329	57,434,872
	597,901,110	**414,416,312**

The amount under the caption Others is mainly due to treasury instruments with Angola's financial institutions, relatively to which it was not possible to obtain the ratings with reference to the presented dates.

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

Amounts in Euro	30/06/2013		31/12/2012	
	Gross amount	Fair Value of Credit Insurance	Gross amount	Fair Value of Credit Insurance
Accounts receivable overdue but not impaired				
Overdue - less than 3 months	24,658,962	13,788,686	43,068,504	19,728,163
Overdue - more than 3 months	18,397,600	1,258,997	14,635,081	1,002,266
	43,056,562	**15,047,683**	**57,703,585**	**20,730,429**
Accounts receivavle overdue and impaired				
Overdue - less than 3 months	24,751	-	152,443	-
Overdue - more than 3 months	23,402,517	-	23,149,989	482,600
	23,427,268	**-**	**23,302,432**	**482,600**

In accordance with the policies described above, the Group contracted credit insurance for most of the accounts receivable from its customers and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings. As such, the Group's exposure to credit risk is considered to have been mitigated down to acceptable levels.

The maximum exposure to credit risk in the Statement of Financial Position as at 30 June 2013 and 31 December 2012 is detailed in the following schedule:

Amounts in Euro	30/06/2013	31/12/2012
Current		
Receivables and other current assets (Note 24)	309,874,347	276,048,188
Derivative financial instruments (Note 24)	159,760	1,096,619
Cash and cash equivalents	597,901,111	413,319,694
	907,935,218	**690,464,501**
Credit risk exposures relating to off balance sheets itens		
Warranties (Note 40)	54,422,017	54,995,347
	54,422,017	**54,995,347**

2.1.4 Liquidity risk

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

The interest and principal payments of financial liabilities will result in the following undiscounted cash flows, including interest at current prevailing interest rates, based on the residual maturity as at the date of the statement of financial position:

Amounts in Euros	Less than 1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2013						
Liabilities						
Interest bearing liabilities						
Bond loans	533,620	11,577,000	75,989,255	973,225,719	388,199,826	**1,449,525,420**
Commercial paper	90,159	552,976	5,382,745	308,978,078	-	**315,003,957**
Bank loans	13,330,282	14,911,556	69,343,111	378,858,104	72,565,017	**549,008,069**
Financial leases payables	205,805	3,324,029	37,369,298	11,458,266	583,946	**52,941,344**
Other Loans	45,883	62,594	1,904,483	7,129,770	183,377	**9,326,106**
Derivative financial instruments	-	(313,326)	5,737,052	20,406,767	-	**25,830,492**
Accounts payable and other liabilities	100,025,797	76,514,549	148,386,572	10,099,455	-	**335,026,373**
Total Liabilities	**114,231,546**	**106,629,379**	**344,112,516**	**1,710,156,157**	**461,532,166**	**2,736,661,763**
As of 31 December 2012						
Liabilities						
Interest bearing liabilities						
Bond loans	539,220	11,722,467	218,469,782	872,187,714	-	**1,102,919,183**
Commercial paper	294,593	546,693	128,812,856	261,531,748	-	**391,185,890**
Bank loans	9,622,433	14,179,062	131,205,425	357,003,886	88,916,681	**600,927,487**
Financial leases payables	85,189	171,097	1,059,191	4,028,987	150,712	**5,495,176**
Other Loans	-	-	14,217,439	8,741,551	-	**22,958,990**
Derivative financial instruments	-	-	753,210	24,200,950	-	**24,954,160**
Accounts payable and other liabilities	134,948,218	13,018,943	139,986,072	13,863,060	-	**301,816,293**
Total Liabilities	**145,489,653**	**39,638,262**	**634,503,974**	**1,541,557,895**	**89,067,393**	**2,450,257,178**

As of 30 June 2013 and 31 December 2012, bank loans granted and not withdrawn amount to Euro 368,336,830 and Euro 318,903,646 respectively.

2.1.5 Price risk

The Group, as a result of its investment in Banco Espirito Santo and EDP – Energias de Portugal, has been exposed to fluctuations in the price of these shares.

2.2 Operational risk factors

2.2.1 Risks relating to the "Pulp and Paper" segments

Risk from the forestry sector

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

The main risk factor threatening the eucalyptus forests lies in the low productivity of Portuguese forests and in the worldwide demand for certified products, considering that only a small proportion of the forests is certified. It is expected that this competitive pressure will remain in the future. As an example, the forestry area managed by the Group represents nearly 4% of Portugal's total forested area, 55% of all certified Portuguese forests according with PECF standards and 43% of all certified Portuguese forests according with FSC standards.

The main risks associated with the sector are the risks related to the productive capacity of the plantations and the risk of wildfires. In order to maximise the productive capacity of the areas it manages, the Group has developed and uses Forestry Management models which contribute to the maintenance and on going improvement of the economic, ecological and social functions of the forestry areas, not only regarding the population but also from the forestry landscape perspective, namely:

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

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

i. To improve the productivity of the eucalyptus forests
ii. To enhance the quality of the fibre produced from that wood
iii. To implement a sustained forestry management program from an economic, environmental and social perspectives
iv. To lower the cost of wood production

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

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

Most of the Group's forestry resources are certified by the FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification Schemes), certification programmes which guarantee that the Company's forests are managed in a responsible manner from an environmental, economic and social standpoint, complying with stringent and internationally-recognised criteria.

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

Moreover, the Group has a share in the Afocelca grouping – an economic interest grouping between the Portucel Group and the Altri Group, whose mission is to provide assistance in the fight against forest fires at the grouped companies' properties and areas under management, in close coordination and collaboration with the National Civil Protection Authority (Autoridade Nacional de Protecção Civil – ANPC). This grouping manages an annual budget of around 2.2 million euro, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimizing the losses by forest fires for the members of the grouping, which own and manage more than 228 thousand hectares of forests in Portugal.

Risks relating to the production and trading of BEKP (Bleached Eucalyptus Kraft Pulp) and UWF paper (Uncoated fine papers for printing and writing)

Supply of raw materials

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

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

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

The power plants of Portucel Group seek to maximize the added value of its products, particularly through increased integration of certified wood in these products.

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

Furthermore, and considering the unparalleled contribution of the eucalyptus industry to the National Value Added of the Portuguese Economy, both direct and indirect, , as well as the significance of such industries in exports and employment, and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group has made the Government and the public opinion aware of the need to guarantee that, until the internal production of this type of wood does not increase significantly on an economically viable basis, the use of bio fuels for energy production should not be put ahead of the use of eucalyptus wood in the production of tradable goods.

In the six month period ended 30 June 2013, an increase of Euro 5 on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had an impact in Portucel Group earnings of some Euro 10,600,000 (31 December 2012: 20,000,000).

The production process depends on the constant supply of steam and electric energy. For this purpose, the Group owns several cogeneration units that ensure this constant supply. A contingency plan, with redundancies between the different power generation units, is in place in order to reduce the risk of failure of the power supply to the pulp and paper mills.

Market Price for BEKP and UWF paper

The increase of competition, caused by imbalance of supply or demand in BEKP or UWF markets may have a significant impact on prices and, as a consequence, in the Group's performance. The market prices of BEKP and UWF paper are defined in the world global market in perfect competition and have a significant impact on the Group's revenues and on its profitability. Cyclical fluctuations in BEKP and in UWF Paper prices mainly arise from changes either in the world supply and demand or in the financial situation of each of the international market players (producers, traders, distributors, clients, etc.), creating successive changes in equilibrium prices and raising the global market's volatility.

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

In the six month period ended 30 June 2013, a 10% drop in the price per ton of BEKP and of 5% in the price per ton of UWF paper sold by the Group in the period, would have represented an impact on its earnings of about Euro 6,900,000 and Euro 28,400,000, respectively (31 December 2012: Euro 12,000,000 and Euro 60,000,000, respectively).

Demand for the Group's products

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

The demand for printing and writing paper has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the global economy and the increase of unemployment can cause a slowdown or decline in demand for printing and writing paper, thus affecting the performance of the Group. Consumer preferences may have an impact on global paper demand or in certain particular types of paper, such as the demand for recycled products or products with certified virgin fibre.

Regarding this matter, and in the case of the UWF, the Group believes that the marketing strategy and branding that has been followed, combined with the significant investments made to improve productivity and produce high quality products, allow it to deliver its products in market segments that are less sensitive to variations in demand, resulting in a lower exposure to this risk.

Competition

Increased competition in the paper and pulp markets may have a significant impact in price and, as a consequence, in the Group's profitability. As paper and pulp markets are highly competitive, new capacities may have a relevant impact in prices worldwide.

BEKP producers from the southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs, have been gaining weight in the market, undermining the competitive position of European pulp producers. These factors have forced the Group to make significant investments in order to keep production costs competitive and produce high quality products as it is likely that this competitive pressure will remain strong in the future.

The Portucel Group sells more than 70% of its paper production in Europe, holding significant market shares in Southern European countries and relevant market shares in the other major European markets, as well as an important presence in the USA.

The increase in the Group's paper production capacity in 2009 of almost 500 thousand tons per year, as a result of the new paper mill in the Setubal industrial site, as well as potential investments the Group might start in this area, may influence the distribution capacity as well as selling prices, which are inherent factors in entering new markets.

Concentration of the customer portfolio

At 30 June 2013, the Group's 10 main BEKP customer groups accounted for 13% of the period's production of BEKP and 68% of external sales of BEKP. This asymmetry is a result of the strategy pursued by the Group, consisting of a growing integration of the BEKP produced into the UWF paper produced and commercialized. As such, the Group considers that there is little exposure to the risks of customer concentration regarding the sale of BEKP.

At 30 June 2013, the Group's 10 main customer groups for UWF paper represented 54% of this product's sales during the period, considering that main 10 clients individually considered not exceed 23% of UWF paper sales. Also regarding UWF paper, the Group follows a strategy of mitigating the risk of customer concentration. The Group sells UWF paper to more than 110 countries and 900 clients individually considered, thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or customers.

Risks associated with the production of energy

Energy is considered an activity of growing importance in the Group, allowing the use of the biomass generated in the BEKP production, but also ensuring the supply - under the co-generation regime - of thermal and electric power at the BEKP and UWF paper industrial units.

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

In this sector, the main risk is linked to the supply of raw material, namely, biomass. The group has played a pioneering role and has been developing a market for the sale of biomass for supplying the power plants it owns.

The fostering of this market in a phase prior to the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network which it may utilize in the future. As previously mentioned, the Group has been making the Government and public opinion aware of the need to guarantee that biomass is viewed in a sustainable manner, avoiding the use of eucalyptus wood for biomass, as an alternative of its use in the production of tradable goods. The incentives in place in Portugal only consider the use of residual forest biomass, rather than the use of wood to produce electrical power.

In addition, and despite the legal provisions (Decree-Law 23/2010 and Act 140/2012), and , for biomass power plants (CTB), Decree-Law 33-A/2005 modified by Decree-Law225/2007, that increases from 15 to 25 years, the fixed sales price period, that allow the Group to predict the stability of tariffs in the near future, there is a risk that the change in tariffs for sale of energy produced from renewable resources will penalize those products. The constant search for the optimization of production costs and efficiency of the generating units is the way the Group seeks to mitigate this risk.

Other risks associated with the segment of pulp and paper

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

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

The Group exports over 95% of its production. As a consequence, transportation and logistics costs are materially relevant. A continuous rise in transport costs may have a significant impact in the Group's earnings.

2.2.2 Risks relating to the segment of Cement and derivatives

Supply of raw materials

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

Sale Price

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

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

Demand for Group's products

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

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

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

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

Competition

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

2.2.3 Risks relating to the Environment segment

Supply of raw materials

The supply of raw material for the segment of Environment, developed by the subgroup ETSA, is conditioned by the availability of animal carcasses and waste from the food industry, particularly in slaughterhouses. This market is relatively vulnerable to the deterioration of the economic situation, as well as changes in consumption habits and ease of substitution between food products, which could limit the activity of this subgroup.

Sale Price

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

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

Demand for Group's products

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

Competition

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

2.2.4 Risks relating to the Group in general

Environmental legislation

In recent years, community and national environmental legislation has been more demanding with regards to waste control. Semapa Group complies with the legislation currently in force, having for this reason made very substantial investments in the past few years. Although no significant changes to current legislation are envisaged in the near future, the possibility exist that the Group may need to realise additional investments in this area, in such manner as to comply with any new limits that may eventually be approved.

Currently, any known changes in law are related to the predictable end of the CO2 emission rights' free attribution regime, after the conclusion of the current stage of the National Plan for the Allocation of CO2 Emission Licenses, PNALE II.

This change will increase the costs for the transformation industry in general and in particular for the paper and pulp and cement industries, without any compensation for the CO2 that, annually, is absorbed by the forests.

In order to reduce the impact of this change, the Group has been following a strategy of carrying out a series of environmental related investments that, among other advantages, have resulted in a continued reduction of the CO2 emissions, whilst the production volume has continuously increased within the last years.

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

Human Resources

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

Other risks

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

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

2.2.5 Context risks

The lack of efficiency in the Portuguese economy continues to be accompanied by management, as it may have a negative effect on the Group's ability to be competitive. This is more so, but not exclusively, in the following areas:

i. Ports and railroads;
ii. Roads, particularly those providing access to the Group's production units;
iii. Rules regarding territory management and forest fires;
iv. Low productivity of the country's forests;
v. The lack of certification of the vast majority of the Portuguese forest.

3. Important accounting estimates and judgments

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

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

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

3.1 Impairment of Goodwill

The Group tests the goodwill carried in its statement of financial position for impairment losses annually, in accordance with the accounting policy described in Note 1.10. The recoverable amounts of the cash generating units are ascertained based on the calculation of their value-in-use. These calculations require the use of estimates (Note 15).

3.2 Income tax

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

In Portugal, the annual tax returns are subject to review and potential adjustment by tax authorities for a period of up to 4 years. However, if tax losses are utilised, these may be subject to review by the tax authorities for a period of up to 6 years. In other countries where the Group operates, these periods are different and, in most cases, higher.

The Board of Directors believes that any reviews/ inspections by tax authorities will not have a material impact on the consolidated financial statements as of 30 June 2013. The Group corporate income tax returns up to 2010 have already been reviewed, and the review for 2011 of Semapa, Portucel and Secil is currently underway.

3.3 Actuarial assumptions

Liabilities relating to defined-benefit plans are calculated based on actuarial assumptions (Note 29). Changes to those assumptions can have a material impact on the aforesaid liabilities.

On 30 June 2013, a potential decrease of 0.50% in the discount rate used in the actuarial assumptions would mean an overall increase of liabilities amounting to approximately Euro 10,700,000 in their assessed value.

3.4 Fair value of biological assets

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

As of 30 June 2013, an increase of 0.5% in the discount rate (7.0%) used to value those assets, would decrease their value by approximately Euro 3,900,000.

3.5 Recognition of provisions and adjustments

The Group is involved in several lawsuits, for which, based on the opinion of its lawyers, a judgment is made in order to assess if the contingencies are remote, not probable or probable. Impairment losses in accounts receivable are booked essentially based on the analysis of the aging of accounts receivable, the customers' risk profile and their financial situation.

4. Segmental reporting

Segment information is presented for identified business segments, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. Revenues, assets and liabilities of each segment correspond to those directly allocated to them, as well as to those that can be reasonably attributed to those segments.

Segmental report

Financial data by operational segment for the six month period ended 30 June 2013 is shown as follows:

Amounts in Euro	Pulp and Paper	Cement and Derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	756,077,961	220,450,769	13,252,019	-	989,780,749
Operational results	117,105,938	3,206,097	2,075,577	(3,056,369)	119,331,243
Net financial results	(7,779,891)	(10,178,951)	(608,918)	(22,983,872)	(41,551,632)
Group share of (loss) / gains of associated companies	-	28,487	-	-	28,487
Income tax	(16,877,931)	(1,183,002)	(204,011)	(21,744)	(18,286,688)
Ordinary activities results	**92,448,116**	**(8,127,369)**	**1,262,648**	**(26,061,985)**	**59,521,410**
Non-controlling interest	(17,683,928)	(2,515,786)	(50,506)	-	(20,250,220)
Net profit for the year	**74,764,188**	**(10,643,155)**	**1,212,142**	**(26,061,985)**	**39,271,190**
OTHER INFORMATIONS					
Segment assets	2,823,332,412	1,316,053,949	91,980,085	174,835,262	4,406,201,708
Investments in associates	-	3,509,932	-	-	3,509,932
Total segmental liabilities	1,514,714,432	742,791,578	35,063,886	983,223,559	3,275,793,455
Depreciation, amortization and impairment losses	58,155,819	23,583,040	1,401,050	141,987	83,281,896
Provisions	204,130	(150,487)	265,314	-	318,957
Capital expenditures	7,213,874	38,493,266	3,683,415	92,340	49,482,895

Financial data by operational segment for the six month period ended 30 June 2012 is shown as follows:

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

Geographical segment

1st Semester 2013	Pulp and Paper	Cement and Derivatives	Environment	Total
Sales and services rendered:				
Portugal	110,689,017	70,805,868	10,171,790	191,666,675
Rest of Europe	489,716,833	999,262	2,920,757	493,636,852
America	61,525,914	13,053,415	-	74,579,329
Africa	-	49,539,261	159,473	49,698,734
Asia	-	44,749,993	-	44,749,993
Overseas	94,146,196	41,302,970	-	135,449,166
	756,077,960	**220,450,769**	**13,252,020**	**989,780,749**

1st Semester 2012	Pulp and Paper	Cement and Derivatives	Environment	Total
Sales and services rendered:				
Portugal	91,550,981	92,875,415	12,033,752	196,460,148
Rest of Europe	504,357,187	673,704	4,381,880	509,412,771
America	64,702,641	4,853,144	-	69,555,785
Africa	-	36,361,107	132,509	36,493,616
Asia	-	28,937,296	-	28,937,296
Overseas	82,136,603	24,395,208	-	106,531,811
	742,747,412	**188,095,874**	**16,548,141**	**947,391,427**

It should be noted that in the first half of 2012, Cement and Derivatives segment was consolidated using the proportional method (51%) within the period from January to March and full consolidated in the period from April to June (first half 2013: Consolidated by the full consolidated method) (Note 1.2).

Additionally, revenues from holdings were entirely made in Portugal.

5. Other income

Other operating income is detailed as follows for the six months periods ended 30 June 2013 and 2012:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Grants - CO2 Emission allowances	3,964,311	13,004,682
Impairment reversal (Note 22)	648,026	918,367
Supplementary income	635,438	4,703,016
Gains on disposals of non -current assets	450,225	23,268,055
Gains in inventories	155,691	445,386
Gains on current assets	27,978	149,536
Operating government grants	203,250	98,543
Own work capitalised	136,267	17,197
Revenues from waste management	387,516	361,201
Other operating income	11,538,941	12,249,664
	18,147,642	**55,215,646**

The amount presented under the caption Grants – CO2 emissions allowances regards to the recognition of the grant, due to the allocation of free allowances (Note 1.6.1).

The caption Gains on disposals of non-current assets in the six months period ended 30 June 2012 comprises: i) Euro 16,759,370 related to the measurement at fair value in accordance with IFRS 3 revised, of the interest held by Semapa in Secil equity (51%) at fair value on the date in which the control was obtained; and ii) Euro 6,000,000 regarding positive adjustments to the sale price of 49% of the interest held Semapa on Secil, to Beton Catalan (CRH Group), held in 2004, only now paid by this entity to Semapa.

The caption Supplementary Income in the six months period ended 30 June 2012 comprises Euro 3,565,578 regarding the payment made by CRH to Semapa, in compliance with the arbitration award, which condemned the first to the reimbursement of certain expenses incurred by the second with arbitral proceedings.

In 30 June 2013, Other operating income comprises Euro 3,328,093 resulting from negative Goodwill recognised upon the initial consolidation of Soporgen, S.A. (Note 19) and Euro 1,500,000 from an insurance compensation, covering damages.

6. Costs, expenses and losses

Costs, expenses and losses are detailed as follows for the six month periods ended 30 June 2013 and 2012:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Cost of sales and service rendered		
Cost of inventories sold and consumed	(413,949,628)	(371,689,645)
Cost of materials and services consumed	(284,228,469)	(267,070,679)
Variation in production	5,205,050	(1,654,804)
Payroll costs		
Statutory bodies (Note 7)	(9,898,496)	(9,524,910)
Other remunerations	(68,576,097)	(68,249,251)
Pension costs (Note 29)	(2,189,159)	(6,223,217)
Other payroll costs	(24,979,420)	(25,632,345)
	(105,643,172)	**(109,629,723)**
Other costs and losses		
Membership fees	(264,688)	(467,788)
Donations	(428,349)	(259,100)
Cost with emission allowances	(1,760,321)	(12,796,296)
Inventories and other receivables impairment	(1,308,459)	(2,073,096)
Losses on inventories	(276,182)	(171,006)
Indirect taxes	(3,909,243)	(3,367,017)
Losses on disposal of non-current assets	(9,723)	(1,604,182)
Other operating costs	(2,213,734)	(2,788,880)
	(10,170,699)	**(23,527,365)**
Provisions	318,957	5,163,162
Total of Costs, Expenses and Losses	**(808,467,961)**	**(768,409,054)**

7. Remuneration of statutory bodies

In the six months period ended 30 June 2013 and 2012, the caption Board of directors comprised:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Board of directors		
Members of Semapa Board of Directors	5,560,917	5,445,252
Corporate bodies from other group companies	4,337,579	4,079,658
	9,898,496	**9,524,910**

8. Depreciation, amortisation and impairment losses

In the first semesters of 2013 and 2012, Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Depreciation of property, plant and equipment		
Land	(2,108,125)	(1,174,894)
Buildings	(10,404,875)	(9,265,805)
Other tangible assets	(68,543,170)	(70,128,942)
	(81,056,169)	(80,569,641)
Amortization of intangible assets		
Industrial property and other rights	(2,855,714)	1,410,019
	(2,855,714)	1,410,019
Impairment losses in tangible assets		
Buildings	133,523	(6,902)
Basic Equipment	536,667	-
	670,190	(6,902)
Impairment losses in assets held for sale	(30,808)	-
Impairment losses in investment properties		
Land	(9,395)	-
	(9,395)	-
	(83,281,896)	**(79,166,524)**

9. Group share of (loss) /gains of associated companies

For the six month periods ended 30 June 2013 and 2012, the Group recorded its share of the net income/ (loss) of associated companies as follows:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Sub-group Portucel		
Soporgen, S.A.	-	393,816
Sub-group Secil		
Chryso - Aditivos de Portugal, S.A.	-	6,423
J.M. Henriques, Lda.	(1,124)	(1,270)
Ave, S.A.	29,611	106,571
	28,487	**505,540**

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

10. Net financial results

Net financial results are detailed as follows for the six month periods ended 30 June 2013 and 2012:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Interest paid on loans from shareholders	(97,009)	-
Interest paid on borrowings	(41,971,799)	(34,352,491)
Interest paid on loans from associates companies	21,400	75,287
Other interest earned	3,588,187	7,918,382
Compensatory interest	156,369	-
Fair value in available-for-sale financial assets	(31,563)	(91,687)
Gains / (losses) on fair value financial assets valuation	725,432	(2,050,710)
Gains / (losses) on financial instruments - hedging	(3,743,938)	(2,666,695)
Gains / (losses) on financial instruments - trading	(617,402)	2,677,646
Foreign exchange gains / (losses)	5,194,613	7,953,231
Other financial expenses	(4,779,771)	(3,210,398)
Other financial income	3,849	749,428
	(41,551,632)	**(22,998,007)**

The caption Financial assets at fair value through profit and loss regards gains and losses resulting from changes in fair value recorded in listed securities held by the Group as described in note 20.

Gains / (losses) on trading and hedging financial instruments comprise the results from the instruments detailed in note 34.

11. Income tax

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

Companies included within the consolidation scope of the group of companies subject to this regime calculate and recognize income tax (IRC) as though they were taxed on an individual basis. Where there are gains on the use of this regime, these are recorded as a deduction for the parent company's tax.

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

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

Income tax is detailed as follows for the six month period ended 30 June 2013 and 2012:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Current tax	36,538,229	35,163,630
Provision for current tax	7,415,498	(2,183,186)
Deferred tax	(25,667,039)	(6,166,633)
	18,286,688	**26,813,812**

For the six month periods ended 30 June 2013 and 2012, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro	1st Semester 2013	1st Semester 2012
Profit before tax	77,808,098	132,384,731
Expected income tax	20,619,146	35,081,954
State Surcharge	3,865,711	6,059,628
Differences (a)	(4,466,581)	(7,329,307)
Prior year tax adjustments	(183,792)	490,293
Recoverable tax losses carried forward	(281,610)	36,868
Non recoverable tax losses	8,570,877	3,743,648
Impact of the change in the income tax rate	(260,472)	(412,246)
Provision for current tax	7,415,498	(2,449,592)
Tax benefits	(17,476,067)	(8,900,046)
Other	483,978	492,612
	18,286,688	**26,813,812**
Effective tax rate	23.50%	20.25%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(28,487)	(111,723)
Capital gains / (losses) for tax purposes	282,721	(143,462)
Capital (gains) / losses for accounting purposes	(252,433)	(22,961,873)
Provisions not allowed for tax purposes	2,331,431	4,661,502
Tax benefits	(678,026)	(440,286)
Dividends received from non EU companies	-	1,472,280
Decrease in taxed provisions	(905,000)	(7,610,096)
Effect of pension funds	(1,302,547)	2,417,144
Others	(16,302,681)	(4,941,248)
	(16,855,022)	(27,657,763)
Tax effect (26,50%)	**(4,466,581)**	**(7,329,307)**

12. Earnings per share

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

Amounts in Euro	1st Semester 2013	1st Semester 2012
Profit attributable to Semapa's shareholders	39,271,190	82,306,371
Weighted average number of ordinary shares in issu	112,884,470	112,884,470
Basic earnings per share	0.348	0.729
Diluted earnings per share	0.348	0.729

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

13. Non-controlling interests

For the six month periods ended 30 June 2013 and 2012, non-controlling interests shown in the Income statement comprise:

Amounts in Euro	Income	
	June 2013	June 2012
Portucel, SA	17,678,398	21,547,279
Raiz - Instituto de Investigação da Floresta e Papel	5,530	(13,631)
Secil Betões e Inertes Group	(7,811)	4,668
Société des Ciments de Gabés	(4,797)	(9,442)
IP - Indústria de Rebocos de Portugal, S.A.	28,115	(15,947)
Secil - Companhia de Cimento do Lobito, S.A.	(634,108)	284,098
Ciments de Sibline, S.A.L.	3,449,436	1,367,479
Cimentos Madeira Group	(112,883)	(88,917)
Others	(202,166)	79,278
ETSA - Investimentos, SGPS, SA	50,506	109,683
	20,250,220	**23,264,548**

As at 30 June 2013 and 31 December 2012, non-controlling interests in the Consolidated Statement of Financial Position comprise:

Amounts in Euro	Equity	
	June 2013	December 2012
Portucel, SA	248,505,699	256,013,282
Raiz - Instituto de Investigação da Floresta e Papel	243,768	238,825
Secil Betões e Inertes Group	76,534	84,345
Société des Ciments de Gabés	1,351,472	1,419,066
IP - Indústria de Rebocos de Portugal, S.A.	440,270	462,155
Secil - Companhia de Cimento do Lobito, S.A.	7,540,975	8,106,185
Ciments de Sibline, S.A.L.	62,776,130	61,033,030
Cimentos Madeira Group	5,347,000	5,460,657
Others	(19,315)	184,426
ETSA - Investimentos, SGPS, SA	2,276,648	2,226,674
	328,539,181	**335,228,645**

The movements in non-controlling interests are detailed as follows for the six months period ended 30 June 2013 and 2012:

Amounts in Euro	Pul and Paper	Cement and Derivatives	Environment	Total
Balance as of 1 January 2012	**296,520,869**	**34,656,452**	**2,039,568**	**333,216,889**
Change in consolidation perimeter	-	41,884,098	-	41,884,098
Acquisitions / (Disposals)	(44,095,664)	-	-	(44,095,664)
Dividends	(36,074,319)	(4,125,064)	-	(40,199,383)
Currency translation reserve	255,820	(403,423)	-	(147,603)
Financial instruments	101,118	-	-	101,118
Actuarial gains and losses	440,370	20,899	-	461,269
Other movements in equity	2	(35,880)	-	(35,878)
Profit for the year	39,103,910	4,752,782	187,107	44,043,799
Balance as of 31 December 2012	**256,252,106**	**76,749,864**	**2,226,675**	**335,228,645**
Change in consolidation perimeter	(158,507)	-	-	(158,507)
Acquisitions / (Disposals)	(2,630,834)	-	-	(2,630,834)
Dividends	(22,074,168)	(2,343,610)	-	(24,417,778)
Currency translation reserve	(322,003)	592,447	-	270,444
Financial instruments	(136,576)	-	-	(136,576)
Actuarial gains and losses	137,554	62	-	137,616
Other movements in equity	(5,033)	1,517	(533)	(4,049)
Profit for the year	17,683,928	2,515,786	50,506	20,250,220
Balance as of 30 June 2013	**248,746,467**	**77,516,066**	**2,276,648**	**328,539,181**

In the six months period ended 30 June 2012, the reduction of Euro 44,095,664 in non-controlling interests in the Pulp and Paper segment, was driven by the acquisition of 25,280,113 own shares by subsidiary Portucel, SA. This amount regards the portion of company's equity attributable to these shares previously held by non-controlling interests. In the six months period ended 30 June 2013, the subsidiary Portucel acquired 1,466,638 own shares for Euro 2,630,834.

Changes in perimeter in the Cement and Derivatives segment during the first semester of 2012, was due to the full consolidation of Secil as of 22 March 2012, also comprising the allocation, to the 49% non-controlling interests in Secil, of the fair value of identified assets and liabilities.

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

14. Appropriation of previous years' profit

	Application of year's prior net profit	
Amounts in Euros	2012	2011
Dividends distribution	-	28,785,540
Other reserves	-	95,376,260
Retained Earnings	126,516,088	-
Net profit for the year	**126,516,088**	**124,161,800**

Legal reserves are recorded at maximum amount, to which is added the share premiums reserve.

15. Goodwill

The following movements were registered in the caption Goodwill during the first semesters of 2013 and 2012:

Amounts in Euro	June 2013	December 2012
Net amount at the beginning of the year	**335,700,924**	**332,849,940**
Disposals	-	(160,861,947)
Control acquired	-	124,692,243
Acquisitions	-	39,351,024
Foreign Exchange differences	-	(330,336)
Ending Balance	**335,700,924**	**335,700,924**

Note: net of impairment losses (Note 22)

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

At 30 June 2013 and 31 December 2012, Goodwill is made up as follows:

Entity	Acquisition Date	June 2013	December 2012
Secil - Companhia Geral de Cal e Cimento, S.A.	2012	124,692,243	124,692,243
Portucel - Empresa Produtora de Pasta e Papel, S.A.	2004	135,565,059	135,565,059
ETSA - Investimentos SGPS, S.A.	2008	36,422,934	36,422,934
Supremo Cimentos, S.A.	2012	39,020,688	39,020,688
		335,700,924	**335,700,924**

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

Amounts in Euro	June 2013	December 2012
Cement and Derivatives	163,712,931	163,712,931
Pulp and Paper	135,565,059	135,565,059
Environment	36,422,934	36,422,934
	335,700,924	**335,700,924**

16. Other intangible assets

During the six months period ended 30 June 2013 and the twelve months period ended 31 December 2012, changes under the caption Other intangible assets were as follows:

Amounts in Euro	Brands	Expenditures on research and development	Industrial Property and Other rights	CO2 emission licenses	Assets under construction	Total
Acquisition cost						
Amount as of 1 January 2012	**151,488,000**	**-**	**2,000,782**	**15,088,633**	**13,236**	**168,590,651**
Change in consolidation perimeter	126,400,000	5,751	119,461	16,635,720	41,548	143,202,480
Acquisition	-	-	-	18,129,071	23,518	18,152,589
Disposals	-	-	(2,451)	(9,454,153)	-	(9,456,604)
Adjustments, transfers and write -off's	-	-	(1,843,780)	(18,385,118)	(38,837)	(20,267,735)
Exchange rate adjustment	-	-	72,376	-	-	72,376
Amount as of 31 December 2012	**277,888,000**	**5,751**	**346,388**	**22,014,153**	**39,465**	**300,293,757**
Acquisition	-	-	-	12,552,946	17,942	12,570,888
Adjustments, transfers and write -off's	-	5,986	(19,083)	(19,861,188)	(47,565)	(19,921,850)
Exchange rate adjustment	-	-	-	(252,639)	-	(252,639)
Amount as of 30 June 2013	**277,888,000**	**11,737**	**327,305**	**14,453,272**	**9,842**	**292,690,156**
Accumulated amortisation and impairment losses						
Amount as of 1 January 2012	**-**	**-**	**(1,970,490)**	**(4,461,170)**	**-**	**(6,431,660)**
Change in consolidation perimeter	-	(3,693)	(52,790)	-	(28,831)	(85,313)
Amortisation and impairment losses	-	(1,729)	(28,113)	(339,558)	-	(369,400)
Adjustments, transfers and write-off's	-	-	1,847,370	-	-	1,847,370
Exchange rate adjustment	-	-	1,186	-	-	1,186
Amount as of 31 December 2012	**-**	**(5,422)**	**(202,837)**	**(4,800,728)**	**(28,831)**	**(5,037,817)**
Amortisation and impairment losses	-	(1,000)	(24,999)	(2,829,715)	-	(2,855,714)
Adjustments, transfers and write-off's	-	(3,589)	37,483	7,141,712	28,831	7,204,437
Amount as of 30 June 2013	**-**	**(10,011)**	**(190,353)**	**(488,731)**	**-**	**(689,095)**
Net book value as of 1 January de 2012	**151,488,000**	**-**	**30,292**	**10,627,463**	**13,236**	**162,158,991**
Net book value as of 31 December de 2012	**277,888,000**	**329**	**143,552**	**17,213,425**	**10,634**	**295,255,939**
Net book value as of 30 June 2013	**277,888,000**	**1,726**	**136,953**	**13,964,541**	**9,842**	**292,001,061**

The amount shown under Brands includes:

- Euro 151,488,000, regarding the initial valuation of Soporset and Navigator brands, determined by an evaluation conducted by a specialized and independent entity, using the updated cash flow projections with an appropriate discount rate, following the allocation of fair value to the assets and liabilities of Portucel Group.

- Euro 106,100,000, regarding the initial valuation of the brands Secil Portugal, Sibline (Lebanon) and Gabés (Tunisia), determined by an evaluation conducted by a specialized and independent entity, using the cash flow projections with an appropriate discount rate, following the allocation of fair value to assets and liabilities as the control of this subsidiary was obtained in 2012.

- Euro 20,300,000, corresponding to the initial valuation of Supremo brand (Brazil), determined by an evaluation conducted by a specialized and independent entity, using its cash flow projections with an appropriate discount rate, following the allocation of fair values to assets and liabilities through the acquisition of 50% of the Supreme Cement, S.A. in 2012.

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

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

Brand	Discount Rate*	Tax Rate
Paper - Navigator	8,69%	31,5%
Paper - Soporset	8,69%	31,5%
Cement - Secil Portugal	9,15%	31,5%
Cement - Ciments de Sibline (Libano)	10,14%	15,0%
Cement - Société des Ciments de Gabés (Tunisia)	8,95%	30,0%
Cement - Supremo Cimentos (Brasil)	10,56%	34,0%

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

As a result of the evaluation performed in the first semester of 2013, no impairment loss was booked to the Group brands.

17. Property, plant and equipment

Over the six month period ended 30 June 2013 and year ended 31 December 2012, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition Cost					
Amount as of 1 January 2012	**206,569,601**	**783,553,323**	**4,185,040,983**	**48,099,238**	**5,223,263,145**
Change of consolidation perimeter	189,217,573	193,864,753	631,079,995	25,412,856	1,039,575,177
Acquisition	1,053,534	6,446,435	9,748,240	77,689,296	94,937,505
Disposals	(35,308)	(77,509)	(9,485,597)	(60,126)	(9,658,540)
Adjustments, transfers and write-off's	18,208,552	7,985,124	(14,799,613)	(83,542,754)	(72,148,692)
Exchange rate adjustment	(9,590,214)	(2,406,931)	(8,854,735)	(2,185,472)	(23,037,352)
Amount as of 31 December 2012	**405,423,738**	**989,365,196**	**4,792,729,273**	**65,413,037**	**6,252,931,243**
Change of consolidation perimeter	-	-	927,798	-	927,798
Acquisition	3,930	105,081	2,470,949	46,902,935	49,482,895
Disposals	-	(3,500)	(2,673,971)	-	(2,677,471)
Adjustments, transfers and write-off's	(21,017)	2,187,539	13,015,804	(18,828,518)	(3,646,192)
Exchange rate adjustment	(4,898,936)	(1,328,943)	(6,789,395)	(2,618,528)	(15,635,801)
Amount as of 30 June 2013	**400,507,715**	**990,325,373**	**4,799,680,458**	**90,868,926**	**6,281,382,472**
Accumulated depreciations and impairment losses					
Amount as of 1 January 2012	**(19,663,016)**	**(439,741,448)**	**(2,718,011,115)**	**(102,292)**	**(3,177,517,871)**
Change of perimeter	(18,299,215)	(143,286,863)	(478,181,894)	-	(639,767,972)
Depreciations and impairment losses	(9,699,266)	(25,956,044)	(147,060,450)	-	(182,715,760)
Disposals	10,340	80,401	9,512,631	-	9,603,372
Adjustments, transfers and write-off's	24,919	(4,483,203)	32,195,571	-	27,737,287
Exchange rate adjustment	561,574	749,040	3,679,545	-	4,990,159
Assets held for sale	2,277,432	1,960,372	1,665,465	-	5,903,269
Amount as of 31 December 2012	**(44,787,232)**	**(610,677,745)**	**(3,296,200,247)**	**(102,292)**	**(3,951,767,516)**
Depreciations and impairment losses	(2,108,125)	(10,268,385)	(71,086,457)	-	(83,462,967)
Disposals	-	2,465	904,256	-	906,721
Adjustments, transfers and write-off's	-	(392,638)	3,348,658	-	2,956,020
Exchange rate adjustment	681,267	501,018	3,040,997	-	4,223,281
Amount as of 30 June 2013	**(46,214,090)**	**(620,835,285)**	**(3,359,992,794)**	**(102,292)**	**(4,027,144,461)**
Net book value as of 1 January 2012	**186,906,585**	**343,811,875**	**1,467,029,868**	**47,996,946**	**2,045,745,274**
Net book value as of 31 December 2012	**360,636,506**	**378,687,451**	**1,496,529,026**	**65,310,745**	**2,301,163,727**
Net book value as of 30 June 2013	**354,293,625**	**369,490,088**	**1,439,687,665**	**90,766,634**	**2,254,238,011**

In the first semester of 2013, the Portucel Group acquired the remaining shares of Soporgen, S.A., representing 82% of its share capital. Before the acquisition, the Group accounted for the assets of that co-generation unit under "IFRIC 4 – Determining whether an arrangement contains a lease", given the conditions for the acquisition of thermal energy in place until that date.

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

Following the above-mentioned agreement, the Group applies "IFRIC 4 – Determining whether an arrangement contains a lease".

By following this interpretation, until 31 December 2012, Property, plant and equipment – equipment and other tangibles were increased by Euro 58,003,950, from which the respective accumulated depreciation of Euro 43,055,676 was deducted. As of 30 June 2013, the net book value of these equipment's was Euro 8,324,324 (31 December 2012: Euro 14,948,274).

As of 30 June 2013, assets under construction included Euro 15,960,457 (31 December 2012: Euro 13,347,075), related to advance payments and supplies of Property Plant and Equipment, related to investment projects being developed by the Group. These amounts are fully guaranteed by first demand bank guarantees, handed by the respective suppliers that are promoting the investments of the Group companies, in accordance with the implemented policies for the mitigation of credit risk.

As of 30 June 2013, Land included Euro 78,820,123 of forest land where the Group has installed part of its forestry assets, the remainder being installed on leased land.

18. Biological assets

Over the six month period ended 30 June 2013 and year ended 31 December 2012, changes in biological assets were as follows:

Amounts in Euro	June 2013	December 2012
Amount as of 1 January	**109,055,925**	**110,769,306**
Changes		
Logging in the period	(8,695,809)	(8,844,085)
Growth	1,424,979	7,172,023
New plantations	2,133,827	5,122,059
Other changes in fair value	8,289,712	(5,163,378)
Total changes	**3,152,709**	**(1,713,381)**
	112,208,634	**109,055,925**

The amounts shown as other changes in fair value mainly relates to the management costs for the forestry assets and to changes in the estimates of the forestry valuation model.

As of 30 June 2013 and 31 December 2012, biological assets were detailed as follows, per species:

Amounts in Euro	June 2013	December 2012
Eucalyptus	104,405,102	101,252,393
Pine	5,899,662	5,899,662
Cork	1,661,760	1,661,760
Other species	242,110	242,110
	112,208,634	**109,055,925**

19. Investments in associates

In the six month period ended 30 June 2013 and the year ended 31 December 2012, the movements in Investments in associates were as follows:

Amounts in Euro	June 2013	December 2012
Opening balance	**5,498,397**	**3,924,419**
Change in consolidation perimeter	(1,790,832)	2,014,122
Group share of (loss) / gains of associated companies	28,487	1,002,692
Dividends received	(226,006)	(826,575)
Exchange rate adjustments	(114)	(69)
Other movements	-	(616,192)
Closing balance	**3,509,932**	**5,498,397**

As of 30 June 2013 and 31 December 2012, the caption Investments in associates, including goodwill, comprises:

Associated Companies	% held	Book value June 2013	Book value December 2012
Setefrete, SGPS, S.A.	25.00%	3,063,979	3,063,979
MC - Materiaux de Construction	49.36%	2,327	2,443
J.M.J. - Henriques, Lda.	50.00%	383,958	385,082
Ave, S.A.	35.00%	59,668	256,061
Soporgen, S.A.	-	-	1,790,832
		3,509,932	**5,498,397**

The caption Investment in associates includes goodwill amounting to Euro 2,227,750 of Setefrete, SGPS, S.A..

As of 31 December 2012, this caption included the 18% share in Soporgen – Sociedade Portuguesa de Geração de Electricidade e Calor, S.A.. This company holds a gas power plant at the Figueira da Foz site that the Group, considered to be a finance lease, recognizing in accordance the related asset in its consolidated financial statements.

As previously mentioned (note 2), the Group acquired on 22 January 2013, through its subsidiary Soporcel, S.A. the remaining shares of Soporgen's share capital, triggering the call option held over EDP, S.A..

This transaction resulted in the recognition of the following net assets:

Amounts in Euro		82% Fair Value Soporgen
Assets		
Other intangible assets		627,657
Deferred tax assets		237,285
		864,942
Inventories		902,000
Receivable and other current assets		5,534,185
Cash and cash equivalents		5,478,404
		11,914,589
Total Assets		**12,779,531**
Liabilities		
Deferred tax liabilities		363,073
Provisions		730,917
		1,093,990
Payables and other current liabilities		2,981,329
State and other public entities		1,363,974
		4,345,303
Total Liabilities		**5,439,293**
Net assets adquired	**A**	**7,340,238**
Book Value	**B**	**5,060,493**
Gains for accounting purposes	**A-B**	**2,279,745**

As previously described, considering the former agreement for the acquisition of thermal energy, the Group's interest over Soporgen, S.A. was accounted for under "IFRIC 4 – Determining whether an arrangement contains a lease", and thus recognised as an asset against a liability.

Upon the acquisition of the remaining shares of Soporgen's share capital, the net liability resulting from the time difference between the economic depreciation of the asset and the financial amortization of the liability was released. This, together with the management's best estimate for maintenance inventory existing at the acquisition date, resulted in a net accounting gain of Euro 2,279,745, recognised in the period as follows:

Amounts in Euro	Gains
Other operating income	3,328,093
Income tax	(1,048,348)
	2,279,745

As of 30 June 2013, as the technical evaluation of the assets acquired under this operation was yet to be concluded, the amounts included in these financial statements, are still liable to be revised.

At 30 June 2013, the financial information relating to associated companies was as follows:

Amounts in Euro		June 2013 Total Assets	Total Liabilities	Equity	Net Income	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	b)	3,354,311	3,183,820	170,491	84,602	5,008,436
Inertogrande Central de Betão, Lda.	c)	1,913,830	1,984,855	(71,025)	(3,279)	-
J.M.J. - Henriques, Lda.	c)	1,074,543	306,628	767,915	(2,249)	-
MC- Materiaux de Construction	c)	657,624	538,838	118,786	26,496	4,902,413
Setefrete, SGPS, S.A.	a)	6,027,305	2,682,391	3,344,914	683,582	99,336

a) Amounts as of 31-12-2011, ajusted from dividend distribution at the year end as of 31-12-2012.
b) Amounts as of 31-05-2012
c) Amounts as of 30-06-2013

20. Financial assets at fair value through profit and loss

The following movements were registered in this caption during the first semester of 2013 and the year ended 2012:

Amounts in Euro	June 2013	December 2012
Fair value at the beginning of the year	**9,026,930**	**9,657,695**
Acquisitions	-	18,293
Disposals	-	(266,670)
Changes in fair value	725,432	(382,388)
Fair value at the end of the period	**9,752,362**	**9,026,930**

As of 30 June 2013 and 31 December 2012, the caption Financial assets at fair value through profit or loss comprised:

Amounts in Euro	Fair Value June 2013	Fair Value December 2012
EDP - Energias de Portugal, S.A. shares	9,705,104	8,979,672
Others	47,258	47,258
	9,752,362	**9,026,930**

21. Available-for-sale financial assets

The following movements were registered in this caption in the first semester of 2013 and the year ended 2012:

Amounts in Euro	June 2013	December 2012
Fair value at the beginning of the year	**226,921**	**553,764**
Disposals	-	(410)
Changes in fair value	(31,563)	(326,433)
	195,358	**226,921**

As of 30 June 2013 and 31 December 2012, the fair value of available-for-sale financial assets comprises:

Amounts in Euro	Fair value June 2013	Fair value December 2012
Banco Espírito Santo, S.A.	69,326	100,889
Liaision Technologie	126,032	126,032
	195,358	**226,921**

22. Impairment in non-current and current assets

During de first semester of 2013 and year ended 31 December 2012, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Goodwill*	Other non current assets	Tangible Assets	Investments Assoc Companies	Total
As of 1 January 2012	**9,687,708**	**1,048,839**	**85,332**	**1,058**	**10,822,937**
Change in consolidation perimeter	9,308,714	909,428	-	1,018	10,219,160
Exchange rate differences	(217,259)	-	-	-	(217,259)
Increases	-	-	-	-	-
Reversals	-	-	-	-	-
Direct utilisations	-	-	(85,332)	-	(85,332)
As of 31 December 2012	**18,779,163**	**1,958,267**	**-**	**2,076**	**20,739,506**
Exchange rate differences	-	-	-	-	-
Increases	-	-	-	-	-
Reversals	-	-	-	-	-
Direct utilisations	-	-	-	-	-
As of 30 June 2013	**18,779,163**	**1,958,267**	**-**	**2,076**	**20,739,506**

** Goodwill impairment due to affiliates and associated companies*

During the first semester of 2013 and the year ended of 2012, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts Receivable	Receivables Assoc Comp	Other Receivables	Total
As of 1 January 2012	**5,065,455**	**14,766,477**	**2,092,887**	**3,972,534**	**25,897,353**
Change in consolidation perimeter	3,070,971	12,027,509	2,031,969	3,235,001	20,365,450
Exchange rate differences	(159,921)	(70,557)	-	(1,454)	(231,932)
Increases (Note 6)	562,170	2,702,789	(21,155)	42,687	3,286,491
Reversals (Note 5)	(105,319)	(5,070,073)	-	(561,667)	(5,737,059)
Direct utilisations	(1,535,522)	(948,527)	(4,103,702)	(359,727)	(6,947,478)
Transfers	-	84,545	-	-	84,545
As of 31 December 2012	**6,897,834**	**23,492,163**	**(1)**	**6,327,374**	**36,717,370**
Exchange rate differences	(144,326)	(60,302)	-	(3,855)	(208,483)
Increases (Note 6)	676,723	586,736	-	45,000	1,308,459
Reversals (Note 5)	(73,916)	(574,110)	-	-	(648,026)
Direct utilisations	-	1,045	-	-	1,045
Transfers	(1)	(18,264)	1	-	(18,264)
As of 30 June 2013	**7,356,315**	**23,427,269**	**-**	**6,368,519**	**37,152,102**

23. Inventories

As of 30 June 2013 and 31 December 2012, the caption Inventories comprised the following:

Amounts in Euro	June 2013	December 2012
Raw Materials	204,358,920	203,851,631
Work in progress	74,312,671	10,103,543
Byproduct and waste	1,174,964	1,487,801
Finished and intermediate products	33,420,195	95,505,583
Goods for resale	2,614,342	4,843,015
Advance to inventories suppliers	1,729,092	1,538,059
	317,610,184	**317,329,632**

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

24. Receivables and other current assets

As of 30 June 2013 and 31 December 2012, the caption “Receivables and other current assets” comprised:

Amounts in Euro	June 2013	December 2012
Accounts receivable	260,451,828	247,596,655
Accounts receivable - related parties	6,253,847	31,094
Derivative financial instruments	159,760	1,096,619
Other receivables	37,399,117	28,420,439
Accrued income	5,769,555	2,527,891
Deferred costs	15,986,225	11,253,204
	326,020,332	**290,925,902**

Note: Values are presented net of impairment losses

At 30 June 2013 and 31 December 2012, the caption Other receivables comprised:

Amounts in Euro	June 2013	December 2012
Other debtors		
Advance payments to suppliers	13,470,084	2,783,945
AICEP - Incentivos financeiros a receber	371,995	620,062
Others	23,557,038	25,016,432
	37,399,117	**28,420,439**

The amount shown as “Advance payments to suppliers” includes Euro 8,883,718 related to advances made to wood suppliers.

As a way to ensure the sustainability of the value chain from the forest to the industry, the Group advances payments to its suppliers for the wood to be bought through the year, against the presentation of guarantees. These advanced payments are then settled as wood supplies are performed.

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

As of 30 June 2013 and 31 December 2012, captions Accrued income and Deferred costs comprised:

Amounts in Euro	June 2013	December 2012
Accrued Income		
Interest receivable	1,287,546	712,667
Other	4,482,009	1,815,224
	5,769,555	**2,527,891**
Deferred costs		
Conservation and repair	424,567	-
Insurance	4,496,229	246,408
Rents and leases	657,188	330,553
Other	10,408,241	10,676,243
	15,986,225	**11,253,204**
	21,755,780	**13,781,095**

25. State and other public entities

As of 30 June 2013 and 31 December 2012, there were no overdue debts to the State and other public entities.

The open balances with these entities were as follows:

Current assets

Amounts in Euro	June 2013	December 2012
State and other public entities		
Corporate Income Tax - IRC	9,449,364	10,350,933
Individual Income Tax - IRS	96,663	116,753
Value added tax	13,480,631	22,211,480
Value added tax - refunds requested	64,855,881	47,079,100
Other	699,729	753,663
	88,582,268	**80,511,929**

Current liabilities

Amounts in Euro	June 2013	December 2012
State and other public entities		
Corporate Income Tax - IRC	15,575,559	3,610,306
Individual Income Tax - IRS	2,977,698	22,494,138
Value added tax	30,831,813	46,731,291
Social Security	4,850,025	3,381,730
Aditional tax payment	68,278,681	73,598,135
Other	783,811	746,822
	123,297,587	**150,562,422**

As at 31 December 2012, the amount of Euro 12,239,735 recorded under the caption Individual Income Tax - IRS is due to the withholding made on the amounts paid to Board members regarding the revocation and discharge of the pension plan (Note 29).

As of 30 June 2013 and 31 December 2012, the caption Corporate Income tax - IRC comprised:

Amounts in Euro	June 2013	December 2012
Year income tax	45,893,632	63,199,183
Exchange rate differences	2,679	(56,960)
Payments on account	(1,063,513)	(47,296,108)
Witholding tax	(4,448,357)	(9,437,865)
Prior years income tax	(24,808,882)	(2,797,944)
	15,575,559	**3,610,306**

26. Share capital and treasury share

At 30 June 2013, Semapa's share capital was fully subscribed and paid up, being represented by 118,332,445 shares with a unit nominal value of 1 Euro.

At 30 June 2013 and 31 December 2012, the following entities had substantial holdings in the company's capital:

Name	Number of shares	%	
		June 2013	31-12-2012
Longapar, SGPS, S.A.	21,505,400	18.17	18.17
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	13.69	13.69
Sodim, SGPS, S.A.	15,657,505	13.23	13.23
Banco BPI, SA	12,009,004	10.15	10.15
Bestinver Gestión, SGIIC, S.A.	11,865,210	10.03	10.03
Norges Bank (the Central Bank of Norway)	5,649,215	4.77	4.77
Cimigest, SGPS, SA	3,185,019	2.69	2.69
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53	0.53
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45	0.45
Treasury shares	5,447,975	4.60	4.60
Other shareholders with less than 2% participation	25,653,887	21.68	21.68
	118,332,445	**100.00**	**100.00**

As at 30 June 2013 Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. has 5,447,975 own shares.

27. Reserves and retained earnings

At 30 June 2013 and 31 December 2012, the captions Fair value reserves, Translation reserves and Other reserves comprised:

Amounts in Euro	30/06/2013	31/12/2012
Fair value of avaliable-for-sale financial assets	(14,998,017)	(18,931,308)
Other fair value reserves	(1,281,742)	(1,281,742)
Total of fair value reserves	**(16,279,759)**	**(20,213,050)**
Translation reserve	**(33,160,931)**	**(25,322,950)**
Legal Reserves	23,666,489	23,666,489
Other Reserves	901,147,950	929,933,490
Total of other reserves	**924,814,439**	**953,599,979**
Total reserves	**875,373,749**	**908,063,979**

Fair value of financial instruments

The negative amount of Euro 14.998.017, net of deferred tax, shown under the caption Fair value of available-for-sale financial assets, relates to the appropriation of financial instruments classified as hedging, described in Note 34, and accounted in accordance with the policy described in Note 1.13.

Currency translation reserve

The negative figure refers to the exchange differences appropriated by the Group, resulting from the financial statements translation of the companies operating outside the Euro zone, essentially Tunisia, Lebanon, Angola, USA (including net investment hedging), United Kingdom, and Brazil.

Legal reserve

Under Portuguese Commercial Law, at least 5% of annual net profit must be transferred to the legal reserve until it reaches at least 20% of the Company's share capital, which is verified as of 31 December 2012. This reserve cannot be distributed unless Semapa is liquidated but can be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.

Other reserves

This caption corresponds to free reserves for distribution to shareholders, constituted through the appropriation of prior years' earnings. Following the purchase of 5,447,975 treasury shares in prior years, a reserve with the same amount has been made unavailable, in accordance with the applicable trade law. This reserve should be kept until the disposal of the shares.

In June 2013, Semapa has distributed reserves to its shareholders amounting to Euro 28,785,540, following the resolution of the General Assembly of 31 May 2013.

Retained earnings

Additional stake acquisition on controlled entities

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

As of 30 June 2013, the accumulated negative amount of these differences, regarding additional stake acquisition in subsidiary Portucel, S.A., amounts to Euro 71.558.452.

In 2012, the Group recorded under this caption a negative amount of Euro 335,355,970, determined as the difference between 49% of Secil share capital acquired on 15 May, on the fair value of identifiable assets acquired and assumed liabilities and its acquisition value.

Actuarial gains or losses

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption (as well as changes made to those assumptions and the difference between the expected return on the assets of the funds and their actual yield) as described in Note 1.22.1. During the first semester, the group recorded actuarial gains, net of deferred taxes, amounting to Euro 113,231.

28. Deferred taxes

In the six month period ended 30 June 2013, the changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	As of 1 January 2013	Exchange Adjustment	Income Statement		Retained Earnings	Transfers	As of 30 June 2013
			Increases	Decreases			
Temporary differences originating deferred tax assets							
Tax losses carried forward	30,311,858	(31,198)	364,897	-	-	-	30,645,557
Taxed provisions	35,035,471	(190,939)	1,221,732	(2,892,571)	704,228	-	33,877,921
Fixed assets adjustments	78,961,709	-	12,199	(14,047,391)	141,506	-	65,068,023
Underfunding of pension funds liabilities	3,296,740	(4,101)	-	(18,046)	2,050	-	3,276,643
Derivative Financial Instruments	3,356,237	-	-	-	(217,043)	-	3,139,194
Deferred accounting gains on inter-group transactions	16,906,398	-	12,052,631	-	-	-	28,959,029
Valuation of biological assets	(4,804,893)	-	-	(6,141,036)	-	-	(10,945,929)
Depreciation of assets recognised under IFRIC 4	139,499	-	-	-	-	-	139,499
Liabilities with retirement benefits	484,567	(763)	40,443	-	(1,772)	-	522,475
Liabilities with long service award	551,205	-	-	(34,237)	-	-	516,968
Retirement benefits not coverded by an autonomus fund	6,739,721	-	-	(271,483)	(11,254)	-	6,456,984
Derecognition of goverment grants	4,129,090	-	550,174	-	-	-	4,679,264
Liabilities for healthcare benefits	803,892	-	-	(218,098)	44,270	-	630,064
Other temporary differences	12,864,691	1,271	306,290	(41,414)	-	-	13,130,838
	203,919,686	**(225,730)**	**14,548,366**	**(24,393,667)**	**661,985**	**-**	**194,510,640**
Temporary differences originating deferred tax liabilities							
Revaluation of fixed assets	(43,331,149)	2,417,446	-	1,340,662	-	-	(39,573,041)
Underfunding of pension funds liabilities	(1,511,448)	-	(83,994)	27,092	(33,454)	-	(1,601,804)
Derivative Financial Instruments	(106,308)	-	-	(25,271)	(186,831)	-	(318,410)
Fair Value of fixed assets	(392,105,347)	-	-	7,635,775	-	-	(384,469,572)
Tax Benefits	(101,219,133)	-	-	40,031,553	-	-	(61,187,580)
Extension of the useful life of the tangible fixed assets	(72,623,692)	190,225	(4,044,535)	5,628,790	(517,913)	-	(71,367,125)
Deferred accounting losses on inter-group transactions	(220,857,945)	(90,650)	(6,592,231)	46,181,124	-	-	(181,359,702)
Deferred tax gains	(904,480)	-	-	67,529	-	-	(836,951)
Harmonisation of depreciation criteria	(166,929,669)	959,992	(2,151,689)	-	-	-	(168,121,366)
Fair Value of intangible assets	(151,488,000)	-	-	-	-	-	(151,488,000)
Subsidiaries fair value	(125,066,365)	3,073,923	-	2,898,769	-	-	(119,093,673)
Other temporary differences	(3,326,044)	-	-	55,410	-	15,509	(3,255,125)
	(1,279,469,579)	**6,550,936**	**(12,872,449)**	**103,841,433**	**(738,198)**	**15,509**	**(1,182,672,348)**
Deferred tax assets	**60,858,404**	**(72,769)**	**4,464,550**	**(7,471,792)**	**257,776**	**-**	**58,036,169**
Deferred tax liabilities	**(455,206,346)**	**2,134,703**	**(2,989,272)**	**31,663,553**	**(18,456)**	**4,107**	**(424,411,711)**

In the six month period ended 30 June 2012, the changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	As of 1 January 2012	Exchange Adjustment	Income Statement Increases	Income Statement Decreases	Retained Earnings	Transfers	Assets held for sale	Chanfe in perimeter	As of 30 June 2012
Temporary differences originating deferred tax assets									
Tax losses carried forward	25,672,642	4,606	10,154,964	-	-	-	(184,258)	4,371,522	40,019,476
Taxed provisions	22,047,015	(311)	1,023,475	(7,926)	-	-	-	9,734,540	32,796,793
Fixed assets adjustments	103,087,110	-	763,860	(11,326,337)	-	-	-	-	92,524,633
Retirement benefits	3,290,146	(1,038)	388	(48,531)	(7,433)	-	-	36,836	3,270,368
Derivative Financial Instruments	2,869,071	-	(35,835)	-	17,662	-	-	-	2,850,898
Deferred accounting gains on inter-group transactions	19,740,576	-	1,660,877	(1,398,876)	-	-	-	801,464	20,804,041
Valuation of biological assets	(6,757,352)	-	3,179,439	-	-	-	-	-	(3,577,913)
Depreciation of assets recognised under IFRIC 4	139,499	-	724,350	(724,350)	-	-	-	-	139,499
Government grants - Investment incentives	16,602,389	-	-	(729,408)	-	-	-	-	15,872,981
Liabilities with retirement benefits	238,738	12,302	32,499	-	(241)	-	-	224,245	507,543
Liabilities with long service award	472,538	-	(591)	(243,081)	-	-	-	454,598	683,464
Retirement benefits not coverded by an autonomus fund	4,093,269	-	-	(215,653)	(16,039)	(95,037)	-	3,872,659	7,639,199
Derecognition of goverment grants	2,484,317	-	-	(215,214)	-	-	-	2,144,001	4,413,104
Liabilities for healthcare benefits	6,222,648	-	62,832	-	(44,382)	-	-	6,159,335	12,400,433
Other temporary differences	4,344,490	63,292	117,360	(148,825)	-	-	-	4,078,898	8,455,215
	204,547,096	**78,851**	**17,683,618**	**(15,058,201)**	**(50,433)**	**(95,037)**	**(184,258)**	**31,878,098**	**238,799,734**
Temporary differences originating deferred tax liabilities									
Revaluation of fixed assets	(8,556,186)	4,905,829	-	1,364,462	-	-	-	(2,834,802)	(5,120,697)
Retirement benefits	(905,515)	-	(10,137)	14,051	(82,397)	-	-	-	(983,998)
Derivative Financial Instruments	(802,996)	-	-	-	76,370	-	-	(775,316)	(1,501,942)
Fair Value of fixed assets - Soporcel	(407,376,897)	-	-	7,635,775	-	-	-	-	(399,741,122)
Tax Benefits	(97,102,975)	-	-	21,378,612	-	-	-	-	(75,724,363)
Extension of the useful life of the tangible fixed assets	(46,650,817)	59,034	(10,499,741)	-	-	-	-	(1,867,841)	(58,959,365)
Deferred accounting losses on inter-group transactions	(221,190,211)	(456,257)	(3,179,438)	-	-	-	-	(5,034,647)	(229,860,553)
Deferred tax gains	(502,626)	-	-	34,234	-	-	-	(471,809)	(940,201)
Harmonisation of depreciation criteria	(89,374,110)	270,751	(3,814,426)	-	-	-	-	(72,865,767)	(165,783,552)
Fair Value of intangible assets	(151,488,000)	-	-	-	-	-	-	-	(151,488,000)
Subsidiaries fair value	(74,538,809)	6,205	-	1,247,563	-	-	(770,371)	(59,231,473)	(133,286,885)
Other temporary differences	(22,581,438)	-	-	3,483,642	-	(20,330)	-	(241,846)	(19,359,972)
	(1,121,070,579)	**4,785,562**	**(17,503,742)**	**35,158,339**	**(6,027)**	**(20,330)**	**(770,371)**	**(143,323,501)**	**(1,242,750,649)**
Deferred tax assets	**61,643,040**	**(7,143)**	**4,916,637**	**(4,353,285)**	**(44,537)**	**(18,785)**	**(46,066)**	**8,764,819**	**70,854,680**
Deferred tax liabilities	**(339,427,148)**	**1,741,954**	**(5,006,485)**	**10,609,766**	**(121,186)**	**13,448**	**(203,377)**	**(111,698,988)**	**(444,092,016)**

In the measurement of the deferred taxes as at 30 June 2013, the corporate income tax rate used was 31.50%. This rate includes the impact of the state tax surcharge introduced as part of the temporary austerity measures under the Stability and Growth Plan (Plano de Estabilidade e Crescimento - PEC), and passed in Law 12-A/2010, notwithstanding the fact that it is the company's understanding that the reversal of the majority of the existing deferred taxes will take place in a period subsequent to that covered by the PEC, that is, after 2013.

Deferred tax assets on tax losses carried forward

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

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

Amounts in Euro	June 2013	December 2012	Expiry date
Interholding Investment BV	24,332,428	24,332,428	2013
Secil - Companhia Geral de Cal e Cimento, S.A.	5,112,968	5,112,968	2017
Cimentos Madeira, Lda.	199,448	228,917	2017
Margem - Companhia de Mineração	892,270	442,428	Undefined
ABAPOR	71,383	161,488	2015
AISIB	37,060	33,629	2027
	30,645,557	**30,311,858**	

Tax losses carried forward without a deferred income tax asset

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

Amounts in Euro	June 2013	December 2012	Expiry date
Semapa e Holdings			
Semapa SGPS S.A.	221,675,380	130,865,409	2017
Seinpart SGPS S.A.	4,179,377	4,178,603	2015
Cements and Derivatives			
Betomadeira, S.A.	1,660,069	1,660,069	2015
Britobetão - Central de Betão, Lda.	7,869	-	2016
Florimar, SGPS, Lda	121,995	98,497	2018
Hewbol, SGPS, Lda.	20,097	-	2018
I3 Participações e Serviços, Lda.	84,354	81,706	Undefined
LUSOINERTES, Unipessoal, Lda.	3,201,251	3,201,251	2018
Madebritas, Lda.	45,962	45,339	2018
Parcim, B.V.	205,479	178,126	Undefined
Pedra Regional. S.A.	789,740	768,489	2018
Reficomb- Refinação e Comercialização de Combustíveis, S.A.	3,096	4,431	2015
Secil - Comp.ª Geral de Cal e Cimento, S.A.	11,713,143	11,947,981	2018
Secil Cabo Verde Comércio e Serviços, Lda.	24,761	106,901	2015
Secil Prébetão, S.A.	5,862,151	4,953,172	2018
Secil Unicon - S.G.P.S., Lda.	45,989	42,945	2017
Sciment Investments, B.V.	23,369	-	Undefined
Silonor, S.A.	11,558,393	11,100,206	2013
Soime, S.A.L.	537,352	532,705	2015
Solenreco-Produção e Comercialização de Combustíveis, Lda.	150,336	351,823	2015
Uniconcreto - Betão Pronto, S.A.	4,617,583	4,617,583	2016
Zarzis Béton	94,800	99,507	Undefined
	266,622,546	**174,834,743**	

29. Pensions and other post-employment benefits

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

The following is a breakdown of the obligations assumed and reflected in the Statement of Financial at 30 June 2013 and 2012:

June 2013	Pulp and Paper	Cement and Derivatives	Holdings	Total
Group liability for past services	120,461,048	28,314,375	1,346,443	150,121,866
Market value of the pension funds	(119,784,208)	(26,302,003)	-	(146,086,211)
Insurance Policies	-	76,050	-	76,050
Reserve account (overfunding due to the change to a defined contribution plan)	-	(950,028)	-	(950,028)
Under/(overfunding) of pension funds liabilities	**676,840**	**1,138,394**	**1,346,443**	**3,161,677**
Other unfunded liabilities				
Healthcare assistance	-	810,108	-	810,108
Retirement and death liabilities	3,196,228	522,476	-	3,718,704
Long-service award liabilities	-	516,969	-	516,969
Total unfunded liabilties	**3,873,068**	**2,987,947**	**1,346,443**	**8,207,458**

December 2012	Pulp and Paper	Cement and Derivatives	Holdings	Total
Group liability for past services	119,168,773	29,203,237	1,374,716	149,746,726
Market value of the pension funds	(117,050,324)	(27,491,958)	-	(144,542,282)
Insurance policies	-	94,868	-	94,868
Reserve account (overfunding due to the change to a defined contribution plan)	-	(1,012,191)	-	(1,012,191)
Under / (overfunding) of pension funds liabilities	**2,118,449**	**793,956**	**1,374,716**	**4,287,121**
Other unfunded liabilities				
Healthcare assistance	-	983,936	-	983,936
Retirement and death liabilities	3,196,228	484,567	-	3,680,795
Long-service award liabilities	-	551,207	-	551,207
Total unfunded liabilities	**5,314,677**	**2,813,666**	**1,374,716**	**9,503,059**

Semapa

As at 30 June 2013, the amount of liabilities presented in the statement of financial position under the caption Pension and other post-employment benefits, regarding the segment Holdings, amounts to Euro 1,346,443, and corresponds to the liability of Semapa to one beneficiary who choose not join the deliberation of the Extraordinary General Meeting held in 27 December 2012.

Subgroup Portucel

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

Under the prevailing Social Benefits Regulation, permanent employees of Portucel and its main subsidiaries with more than five years' service that opted not to switch to the defined contribution plan, as well as the retired employees as of that date (1 January 2009) are entitled to a monthly retirement pension or disability supplement after retirement or disability. This is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Soporcel and Raiz), including a survivor pension to the spouse and direct descendants.

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

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

On 30 June 2013, the liability related with post-employment benefit plans for Portucel Board was Euro 2,470,754 (31 December 2012: Euro 2,439,412).

Subgroup Secil

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

Defined contribution plan

Defined contribution plans existing in the Group are detailed as follows:

Subgroup Portucel

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

Subgroup Secil

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

The Pension Fund Group Secil comprises Secil and the subsidiaries:

(i) CMP – Cimentos Maceira e Pataias, S.A. and Unibetão – Industrias de Betão Preparado, S.A. whose funds were incorporated (and simultaneously extinguished) into Secil Pension Fund;
(ii) Cimentos Madeira, Lda, which integrated (and extinguished simultaneously) their insurance policy in the Secil pension fund;
(iii) Britobetão – Central de Betão, Lda., Secil Britas, S.A., Quimipedra – Secil Britas, Calcários e Derivados, Lda., Beto Madeira, S.A., Brimade, S.A. e Eurobetão – Betão Pronto, S.A.,

The subsidiaries Cimentos Madeira and Brimade, joined the Pension Fund Group Secil during the current period.

Cimentos Madeira amended with effect to 1 January 2012 the post-employment benefits, namely the supplement to retirement, early retirement and survivor pensions, to a defined benefit contributions plan.

The defined contribution pension plan includes all employees who in 1 January 2012, had a permanent contract (and who are covered by the defined benefit pension scheme in force at the company) and all new permanent employees since that date. This is also applicable to members of the board of directors.

In the constitution for the defined-contribution plan of Cimentos Madeira an allocation was made for the respective fund net assets for those entities with funds in place. A surplus was computed after the allocation of obligations for past services as at 31 December 2011 covered by the defined benefit pension schemes and defined contribution schemes and transferred to a reserve account allocated to the pension fund. The reserve account may be used to fund contributions, to cover pension plan management charges or to improve benefits.

Regarding Brimade, all permanent employees as at 1 July 2012 and all future hired employees will be entitled to the plan.

Defined-benefit plans

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

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

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

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

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

(ii) Defined-benefit plans managed by the Group

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

The responsibilities of Secil's retirees in 31 December 1987 (date of incorporation of Pension Fund) are guaranteed directly by Secil. However, since 26 June 2012 the responsibilities of Cimentos Madeira, Lda. and Betomadeira - Betões and Britas da Madeira, S.A. related to all retirees and pensioners that were receiving a pension in 1 July 2012, were transferred to Cimentos Madeira defined benefit pension plan incorporated in Secil's Pension fund.

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

LIABILITIES FOR HEALTHCARE

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

LIABILITES FOR RETIREMENT AND DEATH BENEFITS

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

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

In the current period, Cimentos Madeira, Lda, extinguished the benefit granted to their employees on retirement date, which comprises a retirement allowance equal to three pensionable salaries.

Secil and the subsidiary CMP – Cimentos Maceira e Pataias, S.A. have assumed the commitment to pay a death subsidy for the death of an active employee, amounting to 1 month of the last salary.

LIABILITIES FOR LONG-SERVICE AWARDS

Secil and its subsidiaries CMP – Cimentos Maceira e Pataias, S.A. have assumed the commitment to pay their employees bonuses to those who attain 25 years of service, which are paid in the year that employee reaches the number of years of service within the company.

ASSUMPTIONS USED IN THE VALUATION OF LIABILITIES

The actuarial studies carried out by an independent entity for the purpose of determining the accumulated liabilities as at 30 June 2013 and 31 December 2012 were based on the following assumptions:

	30/06/2013	31/12/2012
Social Benefits formula	Decree-Law no 187/2007 of May 10 th	Decree-Law no 187/2007 of May 10 th
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate Group Secil	1.50%	1.50%
Wage growth rate other companies	2.00%	2.00%
Technical interest rate	5.00%	5.00%
Pensions growth rate Group Secil	0.90%	0.90%
Pensions growth rate other companies	1.75%	1.75%
Semapa pensions reversability rate	50.00%	50.00%
Number of of Semapa complement annual payments	12	12
Healthcare costs growth rate	4.60%	4.60%
Cost to the health insurance	300.00	300.00

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

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

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

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

For the six month period ended 30 June 2013 and years ended 31 December 2012, 2011, 2010 and 2009, this information is as follows:

Amounts in Euro	2009	2010	2011	2012	1st Semester 2013
Present value of liabilities	272,313,818	246,197,433	247,545,062	155,057,532	155,243,697
Fair value of plan assets	151,828,873	119,815,373	120,542,657	145,554,473	147,036,239
Surplus / (deficit)	**(120,484,945)**	**(126,382,060)**	**(127,002,405)**	**(9,503,059)**	**(8,207,458)**
Net actuarial gains / (losses)	**10,244,403**	**(4,990,550)**	**1,060,676**	**11,654,475**	**(100,470)**

FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During the first semester of 2013 and the year ended 2012, fund's assets/insurance policies registered the following movements:

	30/06/2013		31/12/2012	
Amounts in Euro	Autonomous fund	Covered Capital	Autonomous fund	Covered Capital
Opening balance	**144,542,282**	**176,799**	**119,097,467**	**1,179,025**
Change in consolidation perimeter	-	-	13,816,620	1,132,788
Curtailment and/or Settlement	-	-	(3,943,060)	-
Exchange rate	-	(8,359)	90,669	(10,421)
Endowments made in the year	496,979	23,275	10,868,537	50,011
Real vs Expected Income	2,794,758	6,899	4,987,311	-
Expected Income	1,207,907	-	4,325,557	-
Pensions paid	(2,955,716)	-	(6,796,103)	-
Retirement charged	-	(21,104)	-	(79,320)
Transfer of liabilities to fund	-	-	2,095,284	(2,095,284)
Closing Balance	**146,086,210**	**177,510**	**144,542,282**	**176,799**

The contributions made in the period considered the guidelines received from the actuaries with whom the Group works, taking in account the funding needs of its several plans. A recovery plan of the funding levels to the mandatory minimum defined by the applicable regulations is carried out, when applicable.

The detail of the fund's assets as at 30 June 2013 and 31 December 2012 was as follows:

Amounts in Euro	30-06-2013	%	31-12-2012	%
Shares	32,862,513	22.5%	28,264,660	19.6%
Bonds	72,925,483	49.9%	69,639,065	48.2%
Public debt	4,734,361	3.2%	7,422,829	5.1%
Property	458,474	0.3%	217,020	0.2%
Liquidity	34,755,467	23.8%	38,498,894	26.6%
Other aplications	349,912	0.2%	499,814	0.3%
	146,086,210	**100.0%**	**144,542,282**	**100.0%**

Obligations for pension plans and other post-employment benefits

As of 30 June 2013, Company's net liabilities with pensions recognised on the consolidated statement of financial position were as follows:

Amounts in Euro	Opening balance	Increase/ (Decrease) liabilities	(Increase)/ Decrease funds assets	Closing balance
Post-employment benefits				
Assumed by the group	8,114,434	(311,010)	-	7,803,424
Autonomous fund	(3,922,181)	748,312	(1,543,928)	(4,717,797)
Insurance policy	94,868	(18,107)	(711)	76,050
Retirement and death	3,680,795	37,909	-	3,718,704
Healthcare assistance	983,936	(173,828)	-	810,108
Long service award	551,207	(34,238)	-	516,969
	9,503,059	**249,038**	**(1,544,639)**	**8,207,458**

Costs incurred in pensions and other post-employment benefits

For costs incurred in pensions and other post-employment benefits, during the six month period ended 30 June 2013 and 2012 the detail was as follows:

	30-06-2013				
Amounts in Euro	Current services	Interest cost	Expected return on the plan assets	Curtailments and settlements	Impact in the profit for the year
Post-employment benefits					
Assumed by the Group	-	188,527	-	-	188,527
Autonomous Fund	1,188,726	3,608,268	(5,214,928)	1,344,356	926,422
Retirement and Death	16,416	24,565	-	(537)	40,444
Healthcare assistance	-	12,633	-	-	12,633
Long-service award	13,608	13,634	14,301	(9,630)	31,913
Contributions to defined contribution plans	989,220	-	-	-	989,220
	2,207,970	**3,847,627**	**(5,200,627)**	**1,334,189**	**2,189,159**

	30/06/2012			
Amounts in Euro	Current services	Interest cost	Expected return on the plan assets	Impact in the profit for the year
Post-employment benefits				
Assumed by the Group	433,812	2,573,904	-	3,007,716
Autonomous Fund	1,239,226	3,531,957	(2,729,483)	2,041,700
Retirement and Death	10,901	21,290	-	32,191
Healthcare assistance	67,798	205,601	-	273,399
Long-service award	6,323	7,015	-	13,338
Contributions to defined contribution plans	854,873	-	-	854,873
	2,612,933	**6,339,767**	**(2,729,483)**	**6,223,217**

30. Provisions

In the six month period ended 30 June 2013 and year ended 31 December 2012 the changes in provisions were as follows:

Amounts in Euro	Legal Claims	Fiscal Claims	Environmental Restauration	Others	Total
As of 1 January 2012	**1,354,226**	**5,433,036**	**3,438,901**	**25,679,117**	**35,905,280**
Changes in perimeter	-	-	3,324,421	7,765,245	11,089,666
Increases (Note 6)	18,533	-	15,327	13,261,509	13,295,369
Reversal (Note 5)	(109,635)	(5,433,036)	(103,220)	(17,158,027)	(22,803,918)
Direct utilisations	-	-	(13,087)	(3,180,473)	(3,193,560)
Exchange differeces	-	-	(289)	(51,053)	(51,342)
Financial discounts	-	-	295,234	(18,488)	276,746
As of 31 December 2012	**1,263,124**	**-**	**6,957,287**	**26,297,830**	**34,518,241**
Change in consolidation perimeter	-	-	-	891,362	891,362
Increases (Note 6)	131,396	-	-	390,565	521,961
Reversals (Note 6)	(86,511)	-	(59,991)	(694,416)	(840,918)
Direct utilisations	-	-	(631)	(354,244)	(354,875)
Exchange differences	-	-	(239)	(27,137)	(27,376)
Financial discounts	-	-	178,046	-	178,046
Transfers and adjustments	-	23,075,992	-	-	23,075,992
As of 30 June 2013	**1,308,009**	**23,075,992**	**7,074,472**	**26,503,960**	**57,962,433**

The amount shown as Others relates to provisions for multiple risks, which may originate cash outflows in the future.

The amount stated as Tax claims arises from an assessment made by the Group, regarding potential disagreements with tax authorities, considering the recent developments in these claims.

31. Interest-bearing liabilities

As of 30 June 2013 and 31 December 2012, Group's net debt was as follows:

Amounts in Euro	June 2013	December 2012
Interest bearing liabilities		
Non current	2,000,357,480	1,681,677,079
Current	184,064,801	333,104,559
	2,184,422,281	**2,014,781,638**
Cash and cash equivalents		
Cash	713,383	356,386
Short term bank deposits	124,060,706	30,389,153
Other	473,840,405	382,930,541
	598,614,494	**413,676,080**
Market value	165,024,080	148,106,042
Interest-bearing net debt	**1,420,783,707**	**1,452,999,516**

Non-current interest-bearing liabilities

As of 30 June 2013 and 31 December 2012, non-current interest-bearing liabilities were as follows:

Amounts in Euro	June 2013	December 2012
Non current		
Bond loans	1,259,326,793	873,695,261
Commercial paper	174,950,000	199,450,000
Bank Loans	571,190,950	606,622,825
Expenses with bond loans issuing	(14,988,901)	(10,651,043)
Interest-bearing bank debt	**1,990,478,842**	**1,669,117,043**
Financial leases	3,260,939	3,818,485
Other loans - QREN	6,617,699	8,741,551
Other interest-bearing debts	**9,878,638**	**12,560,036**
Non-current interest bearing liabilities	**2,000,357,480**	**1,681,677,079**

Bond loans

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

Amount in Euros	June 2013	December 2012	Maturity	Reference Rate
Bond loans				
Portucel 2005 / 2013	-	200,000,000	May 2013	Euribor 6m
Portucel 2010 / 2015	100,000,000	100,000,000	January 2015	Euribor 6m
Portucel 2010 / 2015 - 2ª emissão	100,000,000	100,000,000	February 2015	Euribor 6m
Portucel Senior Notes 2020	350,000,000	-	May 2020	Fixed rate
Semapa 2006 / 2016	175,000,000	175,000,000	April 2016	Euribor 6m
Semapa 2006 / 2016	50,000,000	50,000,000	May 2016	Euribor 6m
SBI 2007 / 2017	40,000,000	40,000,000	December 2017	Euribor 6m
Semapa 2012 / 2015	300,000,000	300,000,000	March 2015	Fixed rate
Secil 2012 / 2017	60,000,000	60,000,000	December 2017	Euribor 6m
Secil 2013 / 2016	40,000,000	-	May 2016	Euribor 6m
Secil 2013 / 2018	40,000,000	-	May 2018	Euribor 6m
NSOSPE	44,326,793	48,695,261	March 2017	CDI
	1,299,326,793	**1,073,695,261**		

In May 2013, Portucel performed an international bond issue amounting to Euro 350,000,000, which matures in 7 years, with an interest rate of 5.375%. This issue is designated Euro 350,000,000 5.375% Senior Notes due 2020.

In May 2013, Secil performed two bond loans amounting to Euro 40,000,000, designated by "Secil - 2013 /2016" and "Secil - 2013 /2018", with the first one maturing in a single reimbursement in 2016 and the other with 3 reimbursements starting in 2016.

In 2012, Semapa issued a bond loan amounting to Euro 300,000,000 with a maturity of three years (2015) and a fixed interest rate of 6.875%, listed on Euronext Lisbon under the heading "Obrigações Semapa 2012/2015", whose unit value, on 30 June 2013, is Euro 103.67.

Also, during the current financial year the subsidiary NSOSPE (Brazil) issued debenture loans amounting to Brazilian Real 128,100,000 with a maturity of 5 years (2017).

Semapa SGPS, S.A. has two bond loans amounting Euro 50,000,000 and Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation "Obrigações Semapa 2006/2016", whose unit value, on 30 June 2013, is Euro 88.58 (31 December 2012: Euro 88.25).

In February 2010, Portucel contracted an additional bond loan designated "Obrigações Portucel - 2010 /2015 – 2ª Emissão" with an amount of Euro 100,000,000 indexed to the 6-month Euribor with a single reimbursement upon maturity, February 2015.

Commercial paper

In 2006, Semapa SGPS, S.A. contracted a commercial paper amounting Euro 175,000,000 with 10 years maturity which amounts Euro 174,450,000 as at 30 June 2013.

During the year ended 31 December 2008, Semapa and ETSA – Investimentos SGPS S.A. contracted a commercial paper program amounting Euro 70,000,000, for a period of 5 years. As at 30 June 2013, no issues were in place.

In December 2012, Portucel contracted a new commercial paper program, amounting to Euro 50,000,000 maturing in three and a half years from the date of the contract. As at 30 June 2013, no issues were in place.

Also in December 2012, Portucel contracted another commercial paper program amounting to Euro 125,000,000 maturing in three years, which as at 30 June 2013 was being used in full.

Maturity of bond loans and other loans

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

Amounts in Euro	June 2013	December 2012
1 to 2 years	620,214,194	184,464,261
2 to 3 years	686,526,341	719,786,602
3 to 4 years	133,840,939	494,181,811
4 to 5 years	149,975,828	175,709,873
More than 5 years	421,528,140	114,367,090
	2,012,085,442	**1,688,509,637**

Current interest-bearing liabilities

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

Amounts in Euro	June 2013	December 2012
Current		
Bond loans	40,000,000	200,000,000
Bank Loans	120,378,774	110,881,672
Interest-bearing bank debt	**160,378,774**	**310,881,672**
Shareholders short term loans	7,963,115	5,074,358
Financial leases	1,045,392	1,063,241
Other loans - QREN	1,603,227	1,143,146
Other	13,074,293	14,942,142
Other interest-bearing debts	**23,686,027**	**22,222,887**
Current interest-bearing liabilities	**184,064,801**	**333,104,559**

As of 30 June 2013 and 31 December 2012, current and non-current bank loans were as follows:

Amounts in Euro	June 2013	December 2012	Reference rate
Non current			
Holdings			
Caixa Galícia	6,000,000	8,000,000	Euribor 3m
Caixa Geral de Depósitos	100,000,000	100,000,000	Euribor 6m
Banco BIC	17,142,857	-	Euribor 3m
Cement and derivatives			
Amen Bank	4,975,236	5,525,117	TMM
Banco Espírito Santo	1,071,430	31,428,572	Euribor
Banco Santander Totta	48,750,000	65,133,739	Euribor 3M
Banco Caixa de Crédito Agrícola	-	25,000,000	Several
Caixa Económica Montepio Geral	60,000,000	-	Euribor 6m
Banque Mediterranee	9,539,379	4,907,924	Several
UBCI Credit	5,526,206	6,561,462	TMM
Banco BRDE	1,234,343	196,774	-
Banco Volkswagen	603,862	81,626	-
Other	30,474,594	77,212,282	Several
Paper and pulp			
BEI	139,494,048	149,345,238	Euribor 6m
Banco Santander Totta	125,000,000	125,000,000	Euribor 6m
Banco do Brasil	15,000,000	-	Euribor 6m
Environment			
Banco BPI	2,250,000	3,250,000	Euribor 3m
Banco Espírito Santo	1,400,000	1,800,000	Euribor 3m
Banco Santander Totta	250,000	750,000	Euribor 3m
Caixa Económica Montepio Geral	250,000	375,000	Euribor 6m
Other	2,228,995	2,055,091	Euribor 6m
	571,190,950	**606,622,825**	
Current			
Holdings			
Banco BPI	670,000	600,000	Euribor 1m
NCG Banco	4,000,000	4,000,000	Euribor 12m
Caixa Geral de Depósitos	12,062	333,469	Euribor 3m
Caixa Económica Montepio Geral	-	5,000,000	Euribor 3m
Fortis Bank	-	15,000,000	Euribor 3m
Banco BIC	2,857,143	-	Euribor 3m
Cement and derivatives			
Banco Espírito Santo	714,286	714,286	Euribor 3m
Banco Santander Totta	25,941,890	516,194	Euribor 1s
Banco Itaú	9,616,124	2,353,158	-
Banco Bradesco	211,994	11,301,453	-
Banco Safra	1,130,872	2,282,967	-
Other	43,318,644	33,351,221	Several
Paper and pulp			
Caja Duero	19,702,381	19,744,522	Euribor 6m
Environment			
Banco BBVA	-	147,315	Euribor 3m
Banco BPI	8,750,000	3,750,000	Euribor 3m
Banco Espírito Santo	600,000	6,450,000	Euribor 3m
Banco Santander Totta	1,000,000	2,000,000	Euribor 3m
Caixa Geral de Depósitos	1,563,711	1,547,420	Euribor 3m
Caixa Económica Montepio Geral	250,000	750,000	Euribor 3m
Other	39,668	1,039,667	Euribor 3m
	120,378,774	**110,881,672**	
	691,569,724	**717,504,497**	

Market values of shares held by the Group

As of 30 June 2013 and 31 December 2012, the market value of shares held by the Group used in the above calculation of interest bearing net debt, was detailed as follows:

Amounts in Euro	June 2013	December 2012
Fair Value of Treasury shares held by Semapa	35,575,277	30,998,978
Fair Value of Treasury shares held by Portucel	119,674,373	108,026,503
Fair Value of BES shares	69,326	100,889
Fair Value of EDP shares	9,705,104	8,979,672
	165,024,080	**148,106,042**

Liabilities related to financial leasing

As of 30 June 2013 and 31 December 2012, the Group's debt-repayment terms relating to finance leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), are shown as follows:

Amounts in Euro	June 2013	December 2012
Less than 1 year	1,182,453	1,241,136
1 to 2 years	864,771	1,081,794
2 to 3 years	824,780	838,169
3 to 4 years	710,095	776,877
4 to 5 years	713,816	702,887
More than 5 years	487,389	834,659
	4,783,304	**5,475,522**
Future interests	(476,973)	(593,795)
Liabilities' present value	**4,306,331**	**4,881,727**

As at 30 June 2013 the Group uses the following assets acquired by financial leasing:

	June 2013		
Amounts in Euro	Acquisition Value	Accumulated Depreciation	Net Book Value
Machinery and equipment	4,379,114	(1,416,202)	2,962,912
Machinery and equipment - IFRIC 4 (Note 17)	14,000,000	(5,675,676)	8,324,324
Transport equipment	1,603,423	(1,107,696)	495,727
	19,982,537	**(8,199,574)**	**11,782,963**

In 2010, with the launch of the new paper mill in Setubal, the Group recognised as a finance lease contract (IFRIC 4) the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setubal for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About the Future, S.A., upon its termination.

Bank credit facilities granted and not drawn

At 30 June 2013 and 31 December 2012, bank credit facilities granted and not drawn amounted to Euro 368,336,830 and Euro 318,903,646 respectively.

Financial *Covenants*

For certain types of financing operations, there are commitments to maintain certain financial ratios within previously negotiated limits. The existing covenants are clauses of Cross default, Pari Passu, Negative pledge, Ownership-clause, clauses related to group's activities maintenance, financial ratios and fulfilment of regular financial contracts' obligations.

32. Payables and other current liabilities

As at 30 June 2013 and 31 December 2012, the caption Payables and other current liabilities were detailed as follows:

Amounts in Euro	June 2013	December 2012
Accounts payable to suppliers	212,684,622	180,026,986
Accounts payable to suppliers of fixed assets	9,260,545	11,801,711
Accounts payable to suppliers of fixed assets - Soporgen	1,468,551	3,827,166
Instituto do Ambiente - CO2 Emission allowances	4,738,248	14,957,880
Derivative financial instruments (Note 34)	24,480,782	27,027,199
Other creditors	68,285,386	64,654,985
Related parties (Note 35)	2,826,367	2,642,398
Accrued costs	86,084,772	59,057,141
Deferred income	15,689,631	51,402,254
	425,518,904	**415,397,720**

At 30 June 2013 and 31 December 2012, the captions “Accrued costs” and “Deferred income” comprised:

Amounts in Euro	June 2013	December 2012
Accrued costs		
Insurance costs	140,641	105,299
Payroll expenses	41,050,990	32,645,933
Interests payable	25,789,117	10,933,003
Accrued energy costs	6,302,209	6,231,426
Transport services	1,780,769	1,259,434
Bank services	1,132,928	1,115,049
Audit fees	123,838	225,023
IT Services	94,000	140,057
Other	9,670,280	6,401,917
	86,084,772	**59,057,141**
Deferred Income		
Government grants	6,000,961	49,338,748
Grants CO2 emission allowances	9,284,820	1,531,321
Others	403,850	532,185
	15,689,631	**51,402,254**

33. Assets and liabilities held for sale

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

34. Financial assets and liabilities

As its activities are exposed to a variety of financial and operational risk factors, the Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the risk arising from the price of pulp, foreign exchange rates risk and interest rate risk.

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

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

As at 30 June 2013 and 31 December 2012, the reconciliation of the consolidated statement of financial position with the various categories of financial assets and liabilities included therein is detailed as follows:

30 June 2013 Amounts in Euro	FI Trading Note 24	FI Hedging Note 24/32	Loans and other accounts receivable Note 24	FA at fair value through profit or loss Note 20	FA held for sale Note 21	Other interest bearing liabilities Note 32	Non financial assets and liabilities
Assets							
Financial assets at fair value through profit or loss	-	-	-	9,752,362	-	-	-
Financial assets helld-for-sale	-	-	-	-	195,358	-	-
Other non current assets	-	-	4,279,112	-	-	-	-
Current assets	44,833	114,927	309,874,347	-	-	-	15,986,225
Cash and cash equivalents	-	-	598,614,494	-	-	-	-
Total assets	**44,833**	**114,927**	**912,767,953**	**9,752,362**	**195,358**	**-**	**15,986,225**
Liabilities							
Non current interest bearing liabilities	-	-	-	-	-	2,000,357,480	-
Other liabilities	-	-	-	-	-	-	50,785,143
Current interest bearing liabilities	-	-	-	-	-	184,064,801	-
Current liabilities	-	24,480,782	-	-	-	379,141,692	21,896,430
Total Liabilities	**-**	**24,480,782**	**-**	**-**	**-**	**2,563,563,973**	**72,681,573**

FI - Financial Instruments
FA - Financial Assets

31 December 2012 Amounts in Euro	FI Trading Note 24	FI Hedging Note 24	Loans and other accounts receivable Note 24	FA at fair value through profit or loss Note 20	FA held for sale Note 21	Other interest bearing liabilities Note 32	Non financial assets and liabilities
Assets							
Financial assets at fair value through profit or loss	-	-	-	9,026,930	-	-	-
Financial assets helld-for-sale	-	-	-	-	226,921	-	-
Other non current assets	-	-	3,113,802	-	-	-	-
Current assets	662,236	434,383	276,760,855	-	-	-	13,068,428
Cash and cash equivalents	-	-	413,676,080	-	-	-	-
Total assets	**662,236**	**434,383**	**693,550,737**	**9,026,930**	**226,921**	**-**	**13,068,428**
Liabilities							
Non current interest bearing liabilities	-	-	-	-	-	1,681,677,079	-
Other liabilities	-	-	-	-	-	-	15,616,661
Current interest bearing liabilities	-	-	-	-	-	333,104,559	-
Current liabilities	-	27,027,199	-	-	-	285,431,989	102,938,532
Total Liabilities	**-**	**27,027,199**	**-**	**-**	**-**	**2,300,213,627**	**118,555,193**

As of 30 June 2013 and 31 December 2012 the fair value of these assets and liabilities is similar to its book value.

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2013 and 31 December 2012, according to the following fair value hierarchies:

- Level 1: Fair value of financial instruments is based on prices ruling on active, liquid markets at the date of the statement of financial position;
- Level 2: Fair value of financial instruments is not determined on the basis of active market prices, but rather resorting to valuation models. The main inputs of the models used are observable in the market, and
- Level 3: Fair value of financial instruments is not determined on the basis of active market prices, but rather resorting to valuation models, the main inputs of which are not observable in the market

Assets measured at fair value

Amounts in Euro	30/06/2013	Level 1	Level 2
Financial assets at fair value recognised in reserves			
Hedging (Note 24)	**114,927**	-	114,927
Financial assets at fair value through profit or loss			
Trading (Note 24)	**44,833**	-	44,833
Financial assets at fair value through profit or loss			
Shares (Note 20)	**9,752,362**	9,752,362	-
Financial assets held for sale			
Shares (Note 21)	**195,358**	195,358	-

Liabilities measured at fair value

Amounts in Euro	30/06/2013	Level 1	Level 2
Financial assets at fair value recognised in reserves			
Hedging (Note 32)	**(24,480,782)**	-	(24,480,782)
Financial assets at fair value through profit or loss			
Trading	-	-	-

Derivative financial instruments

As of 30 June 2013, details of changes in the fair value of derivative financial instruments were as follows:

Amounts in Euro	Changes in fair value (Trading)	Changes in fair value (Hedging)	Total
As of 1 January 2013	**662,236**	**(26,592,816)**	**(25,930,580)**
Maturity/settlement	-	2,199,784	2,199,784
Changes in fair value through profit and loss	(617,403)	(3,743,937)	(4,361,340)
Changes in fair value recognised in shareholders	-	3,771,114	3,771,114
As of 30 June 2013	**44,833**	**(24,365,855)**	**(24,321,022)**

Detail and maturity of the Derivative financial instruments

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

As at 30 June 2013 and 31 December 2012 the derivative financial instruments in the statement of financial position were as follows:

			June 2013			December 2012
Amounts in Euro	Amount	Maturity	Positive	Negative	Net	Net
Hedging						
Collar interest rate (SWAP's)	225,000,000	2015	-	(12,408,471)	(12,408,471)	(15,981,137)
Coverage of net investment	25,050,000	2013	114,927	-	114,927	434,383
Currency forwards (future sales) USD	33,200,000	2014	-	(7,971)	(7,971)	-
Hedging price of pulp	16,800,000	2014	-	(326,160)	(326,160)	(456,221)
Interest rate swaps (SWAP´S)	165,000,000	2017	-	(5,771,326)	(5,771,326)	(6,122,614)
Interest and exchange rate swaps BRL	64,025,000	2017	-	(5,966,854)	(5,966,854)	(4,467,227)
			114,927	**(24,480,782)**	**(24,365,855)**	**(26,592,816)**
Trading						
Currency forwards (EUR)	57,123,253	2013	44,833	-	44,833	662,236
			44,833	**-**	**44,833**	**662,236**
			159,760	**(24,480,782)**	**(24,321,022)**	**(25,930,580)**

Coverage of exchange rate

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

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

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to the foreign currencies at the time the invoices are issued, for the same maturity dates and the same amounts of these documents in such a way as to fix the exchange rate associated with the sales. These instruments were not considered as hedging.

The nature of the risk hedged is the change in the carrying amount of sales and purchases expressed in foreign currencies due to foreign currency fluctuations. At the end of each month, the customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

As of 30 June 2013 the Company has in place financial foreign exchange instruments classified as trading with a notional amount of Euro 57,123,253 (31 December 2012: Euro 52,650,933). The fair value of these instruments as of 30 June 2013 was Euro 44,833 (31 December 2012: 662,236).

Coverage of investment in foreign operations

The Group hedges the economic risk associated with the USD exchange rate exposure in its investment held on Portucel Soporcel North America. For that purpose, the Group entered into a forward foreign exchange contract maturing in November 2013, with an outstanding notional of USD 25,050,000.

This instrument is designated as an hedge of the net investment in the Group's US subsidiary, with fair value changes being recognised in other comprehensive income. As at 30 June 2013, the amount reflected in the Revaluation Reserve was negative by Euro 471,614.

Cash Flow Hedge – Interest Rate Risk

The Group hedges a portion of future interest payments on loans, commercial paper and bond loans, by engaging in an interest rate swap, in which pays a fixed rate and receives a variable rate and in interest rate collars limiting the net financial charges to a defined range. The instrument is designated as a cash flow hedge of the interest rate risk associated with the issued debt. Credit risk is not part of the hedging relationship.

These interest rate risk hedging is associated with interest payments at a variable rate due to interest-bearing liabilities recognised. The hedged risk is the variable rate index with which debt interest is associated. As at 30 June 2013, the total amount of loans with associated interest rate hedges (excluding the interest rate and exchange rate hedging described below) were Euro 390 million (2012: Euro 390 million).

This hedge is designated for the entire life of the hedging instruments.

Cash Flow Hedge – Pulp Price Risk

The Group hedges the price risk associated with future sales of pulp, through the use of collars on the price of pulp, which limits the sale price to a predetermined range. The instruments are designated as cash flow hedges of the price risk associated with future sales.

As at 30 June 2013, the total amount of future sales with a price risk hedge is Euro 12.8 million. This hedge is designated for the entire life of the hedging instruments.

Cash Flow Hedge – Currency Interest Rate Swaps

On 12 April 2012, Semapa Group, through its Brazilian subsidiary NSOSPE - Empreendimentos e Participações S.A., issued a non-convertible bond issue with a variable interest rate in the amount of Brazilian Real 128,1 million with maturity on 26 March 2017 (see note 31 – Interest Bearing liabilities).

In order to manage currency interest rate risk inherent to the bond issued, two currency interest rate swaps with a notional amount of 64 million dollars, where Semapa pays a fixed flow in Euros and receives a variable flow in Real. The instrument is designated as hedge accounting of cash flows of foreign exchange and interest rate risks associated with the non-convertible bond issued. The credit risk is not hedged.

Operations over CO2 licenses

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

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

The Group views this transaction as a swap of similar goods with similar value in use, not exposed to future volatility in market prices of the allowances and consequently not regarded as a transaction which generates revenue in the current period. Revenue arising from this transaction is recognised in the income statement on its maturity date.

Available-for-sale financial assets

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

Loans and receivables

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

Other financial liabilities

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

35. Balances and transactions with related parties

The following is a breakdown of the balances with related parties as at 30 June 2013 and 31 December 2012:

	June 2013			December 2012		
Amounts in Euro	Other receivables (Note 24)	Other payables (Note 32)	Interest bearing liabilities (Note 31)	Other receivables (Note 24)	Other payables (Note 32)	Interest bearing liabilities (Note 31)
Shareholders						
Cimo SGPS, S.A.	-	-	1,081,582	-	-	203,445
Longapar, SGPS, S.A.	-	-	6,881,533	-	-	4,870,913
Other related entities						
Ave-Gestão Ambiental, S.A.	188,275	447,853	-	7,160	471,104	-
Cotif Sicar	-	-	-	-	21,612	-
Inertogrande	202,482	-	-	-	-	-
J.M.J. Henriques, Lda.	112,487	-	-	-	-	-
Secil Prebetão, S.A.	648,648	20,369	-	23,934	13,482	-
Secil Unicon - S.G.P.S., Lda	207,540	185,707	-	-	-	-
Seribo, S.A.	-	-	-	-	229,275	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	42,009	-	-	12,638	-
Supremo Cimentos, S.A.	4,865,458	-	-	-	-	-
Other related entities	28,957	2,130,429	-	-	14,528	-
Shareholders (Dividends allocated to non	-	-	-	-	1,879,759	-
Total	**6,253,847**	**2,826,367**	**7,963,115**	**31,094**	**2,642,398**	**5,074,358**

In the six month period ended 30 June 2013 and 2012, transactions with related parties were as follows:

	1st Semester 2013		1st Semester 2012	
Amounts in Euro	Service purchase	Financial losses (Note 8)	Service purchase	Financial losses (Note 8)
Shareholders				
Cimigest SGPS, S.A.	26,935	-	53,870	-
Cimo SGPS, S.A.	-	1,937	-	59,725
Longapar, SGPS, S.A.	-	50,120	-	118,865
	26,935	**52,057**	**53,870**	**178,590**

Amounts in Euro	1st Semester 2013 Service purchase	Services rendered	Operating Income	Financial (losses)/gains
Other related entities				
Ave-Gestão Ambiental, S.A.	1,728,614	88,401	174,485	-
Secil Prebetão, S.A.	25,456	157,299	-	-
Secil Unicon - SGPS, Lda.	-	-	-	1,246
Setefrete, S.A.	496,039	-	29,574	-
Supremo Cimentos, S.A.	-	2,855,388	1,047	-
Others	-	-	-	398
	2,250,109	**3,101,088**	**205,106**	**1,644**

Amounts in Euro	1st Semester 2012 Service purchase	Services rendered	Operating Income	Financial (losses)/gains
Other related entities				
Ave - Gestão Ambiental, S.A.	1,470,668	9,000	80,005	-
Chryso Portugal, S.A.	399,903	-	-	-
Secil Prebetão, S.A.	28,744	310,134	2,831	-
Setefrete, S.A.	2,029,319	-	15,692	-
Viroc Portugal, S.A.	-	414,148	46,427	(78,069)
Others	-	-	88	(10,367)
	3,928,634	**733,282**	**145,043**	**(88,436)**

36. Joint Ventures

As referred the Group holds 50% of Supremo Cimentos (Brazil) acquired in 2012, included in the Consolidated Financial Statements under the proportional consolidation method.

Thus, the financial information of the joint-venture as at 30 June 2013 is presented in the following table:

Amounts in Euros	50%	100%
Assets		
Non current assets	85,607,958	171,215,916
Current assets	6,593,140	13,186,279
	92,201,098	**184,402,195**
Liabilities		
Non current liabilities	16,311,166	32,622,331
Current liabilities	30,259,885	60,519,769
	46,571,051	**93,142,100**
Net	**45,630,047**	**91,260,095**

Amounts in Euros	50%	100%
Revenue	13,314,483	26,106,829
Operational results	558,488	1,095,075
Profit before tax	(466,315)	(914,344)
Net profit for the period *	(376,359)	(737,959)

* Attributable to Supremo shareholders

37. Environmental related expenditures

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

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

The expenditure capitalized and expensed in the six month period ended 30 June 2013 and in 30 June 2012 were as follows:

	1st Semester 2013			1st Semester 2012		
Amounts in Euro	Expenses of the period	Capitalization in the period	Total	Expenses of the period	Capitalization in the period	Total
Atmospheric emissions	546,633	399,338	945,971	906,449	3,994,031	4,900,480
Management of residual waters	43,225	559	43,784	38,157	-	38,157
Residual managements	782,122	2,808,756	3,590,878	1,521,267	1,905,358	3,426,625
Protection of soils and underground waters	1,242,638	12,742	1,255,380	1,420,818	40,592	1,461,410
Protection of Nature	311,468	838	312,306	786,641	156,582	943,223
Generator of the oil boiler	-	-	-	-	11,106	11,106
Liquid effluent treatment	4,858,458	390,999	5,249,457	4,560,405	93,312	4,653,717
Materials recycling	869,190	-	869,190	3,240,014	-	3,240,014
Expenses with electrofilters	1,004,236	-	1,004,236	256,828	-	256,828
Sewerage	168,095	-	168,095	22,068	-	22,068
Solid waste landfill	318,042	-	318,042	192,158	-	192,158
Other environmental protection activities	286,919	550,467	837,386	548,070	304,176	852,246
	10,431,026	**4,163,699**	**14,594,725**	**13,492,875**	**6,505,157**	**19,998,032**

CO2 emission rights

As part of the Kyoto Protocol, the European Union has committed itself to reduce greenhouse gases' emissions. Within this context, a EU Directive was issued that foresees the trade of CO2 emission rights. This Directive has been transposed to the Portuguese legislation, with effect from 1 January 2005, and impacts, amongst other industries, the cement industry and the pulp and paper industry.

38. Audit fees

In the six month period ended 30 June 2013 and 2012, expenses with statutory audits, other audit services and tax advisory services, were as follows:

Amounts in Euros	1st Semester 2013	1st Semester 2012
Statutory audit services		
Statutory audit services	202,366	342,257
Audit services to foreign subsidiaries	155,110	77,950
Tax consultancy services and others	29,589	116,120
Other reliability assurance services	69,748	75,563
	456,813	**611,890**

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

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

39. Number of employees

At 30 June 2013 and 31 December 2012, the number of employees in service of the Group's various companies, was as follows:

Segment	June 2013	December 2012	Var. 13/12
Pulp and paper	2,282	2,275	7
Cement and derivatives	2,654	2,659	(5)
Environment	271	254	17
Holdings and others	21	20	1
	5,228	**5,208**	**20**

40. Commitments

As of 30 June 2013 and 31 December 2012, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	June 2013	December 2012
Warranties		
IAPMEI (in the perimeter of QREN)	2,405,306	4,274,321
VAT refunds request	3,506,689	3,389,609
Portuguese Tax Authorities (DGCI)	39,689,329	38,163,306
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,547,495	2,547,495
Direcção Geral de Alfândegas	831,742	800,000
APDL - Administração do Porto de Leixões	676,920	680,529
Simria	327,775	327,775
Instituto de Conservação da Natureza - Arrábida	396,961	280,639
Secretaria Regional do Ambiente e Recursos Naturais	199,055	199,055
IAPMEI (in the perimeter of PEDIP)	99,760	99,760
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,403
Comissão de Coordenação e Desenv. Regional Centro	806,173	845,173
Comissão de Coordenação e Desenv. Regional LVT	994,338	994,338
Comissão de Coordenação e Desenv. Regional Algarve	480,804	480,804
Others	1,223,267	1,676,140
	54,422,017	**54,995,347**
Other commitments		
Purchase commitments with suppliers	50,125,934	119,851,875
Forestry land rents	55,058,028	48,581,527
Mortgage loan guarantee	1,719,483	1,820,391
	106,903,445	**170,253,793**
	161,325,462	**225,249,140**

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

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

This credit line was used up, on 30 June 2013 by the amount of Euro 100,000,000, having been given as security 50,917,005 Portucel shares.

Liabilities assumed due to operating leases

As of 30 June 2013 and 31 December 2012, debt's reimbursement plans for operating leases are as follows:

Amounts in Euro	June 2013	December 2012
No more than one year	1,586,562	2,265,081
More than one year, less than five years	4,196,875	2,706,581
	5,783,437	**4,971,662**
Expenses of the period	**1,597,722**	**2,584,663**

41. Other commitments of the Group

Promissory liens

In 2010, Secil Martingança contracted an bank loan amounting to Euro 2,500,000 for the construction of the new plant located in Montijo having mortgaged, as of the same date, the plant land. As of 30 June 2013 the bank loan outstanding amounted to Euro 1,785,716.

The subsidiary Ciments de Sibline, S.A.L. contracted a line of credit with a Lebanese bank that amounted to USD 20,000,000, of which USD 1,108,583 (Euro 847,541)has been used and recognized on the Consolidated financial Statement. This line of credit has two mortgages over property, plant and equipment owned by it in favour of the bank in the amounts of USD 57,500,000 and USD 12,270,000.

Investment in a new plant in Angola

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

Secil Lobito's share capital of USD 21,274,285 was paid up through the transfer of the tangible and intangible assets of Secil Angola and Encime U.E.E. respectively by the SECIL Group and by the Angolan Government at the amount resulting from the valuation carried out in October 2003 by an independent international audit firm.

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

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

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

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

Pledge

In 2011, Secil contracted a loan for the acquisition of Uniconcreto, S.A., having company's shares been pledge as collateral to the contracted loan. In 2012, with the sale of Lusoinertes, S.A. and Eurobetão – Betão Pronto, S.A., by Uniconcreto, S.A. to Secil Britas and Unibetão, respectively, the shares of Lusoinertes, S.A. and Eurobetão – Betão Pronto, S.A. were pledge as collateral. In the six months period ended 30 June 2013, the outstanding amount was Euro 54,890,057.

Deposit Bail

The subsidiary Ciminpart sold, in 2012, his participation in VIROC to a Recovery Fund. In this process, Secil constituted a pledge over a bank deposit amounting to of Euro 1,250,000.

Issuance of Debentures (Brazil)

NSOSPE (Brazilian subsidiary owned by Semapa) issued a bond loan (in the form of debentures), amounting to Brazilian real 128,100,000, having Semapa assumed as commitments and guarantees related to that issue, as a pledge of shares representing the total share capital of NSOSPE, equity support agreement and a promissory note. Within the scope of this emission, NSOSPSE celebrated a derivative contract in order to hedge the currency risk and interest rate. Regarding this contract, Semapa committed to an Equity support agreement and a promissory note.

Fiduciary alienation

In 30 June 2013 Margem Companhia de Mineração, fully owned by Supremo Cimentos, S.A., contracted two loans denominated "Cédulas de Crédito Bancário" amounting to Brazilian Real 50 million each (Euro 17,301,637 each) to address the financial treasury needs, due to the construction of the new power plant in Adrianopolis. As guarantee, a fiduciary alienation of Supremo shares was performed by Ciminpart S.G.P.S., S.A. and NSOSPE - Empreendimentos e Participações S.A..

42. Contingent assets

Non-tax matters

Infrastructure enhancement and maintenance rate

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

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. Portucel disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November 2012, Portucel appealed.

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

Public Debt Settlement Fund

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

Tax matters

Public Debt Settlement Fund

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (in the case of Portucel, 25 November 2006) are the responsibility of the Public Debt Settlement Fund. Portucel submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date.

On 13 December 2010, Portucel presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003.

This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses. In this context, the aforementioned Fund is liable for Euro 33,505,206, detailed as follows:

Amounts in Euro	Period	Amonts requested	1st refund	Outstanding
Portucel				
Value added tax - Germany	1998-2004	5,850,000	(5,850,000)	-
Corporate Income Tax	2002	625,033	(625,033)	-
Value added tax	2002	2,697	(2,697)	-
Corporate Income Tax	2003	1,573,165	(1,573,165)	-
Corporate Income Tax	2003	182,230	(157,915)	24,315
Corporate Income Tax (RF)	2004	3,324	-	3,324
Corporate Income Tax	2004	766,395	-	766,395
Corporate Income Tax (RF)	2005	1,736	(1,736)	-
Corporate Income Tax	2005	11,754,680	-	11,754,680
Corporate Income Tax	2006	11,890,071	-	11,890,071
Expenses		314,957	-	314,957
		32,964,287	**(8,210,545)**	**24,753,742**
Soporcel				
Corporate Income Tax	2002	18,923	-	18,923
Corporate Income Tax (Replacement)	2003	5,725,771	-	5,725,771
Value added tax	2003	2,509,101	-	2,509,101
Stamp Tax	2004	497,669	-	497,669
		8,751,464	**-**	**8,751,464**
		41,715,751	**(8,210,545)**	**33,505,206**

These amounts may yet be reduced, due to judicial claims presented by the Group amounting to Euro 27,081,102, from which Portucel already had favourable decisions amounting to Euro 2,644,959, having the Portuguese tax authorities applied.

State surcharge 2010/2012 – Euro 4,986,650

In the 2010 corporate income tax form presented by Portucel, a state surcharge of Euro 1,783,417 was determined regarding About the Future – Empresa Produtora de Papel, S.A., which is not considered due by the Group as it should have been deducted to tax benefits granted by AICEP to the company. AICEP seconds the company's views on this matter.

Due to this, Portucel presented a tax claim in order to collect the refund of this excess income tax amount paid in 2010 and 2011. Following the rejection of that claim, Portucel presented the corresponding hierarchical appeal, on 11 November 2011 (regarding 2010) and 25 October 2012 (regarding 2011). As no response was received, Portucel appealed to the courts in 17 May 2012 (regarding 2010) and 9 November 2012 (regarding 2011) and will again follow this route regarding 2012, for Euro 2,085,556.

Investment contract – AICEP

Regarding the contracts signed with AICEP and up to 30 June 2013, a total amount of Euro 4,707,259 of tax incentives is yet to be recognised (31 December 2012: Euro 7,621,204).

43. Exchange rates

The assets and liabilities of the foreign subsidiaries and associated companies expressed in a functional currency other than Euro were translated to Euro at the exchange rate prevailing on 30 June 2013.

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

The rates used at 30 June 2013 and 31 December 2012, against the Euro, were as follows:

	30/06/2013	31/12/2012	Valuation/ (depreciation)		30/06/2013	31/12/2012	Valuation/ (depreciation)
TND (tunisian dinar)				DKK (danish krone)			
Average exchange rate for the period	2.0922	2.0065	(4.27%)	Average exchange rate for the period	7.4572	7.4442	(0.17%)
Exchange rate at the end of the period	2.1484	2.0468	(4.96%)	Exchange rate at the end of the period	7.4588	7.4610	0.03%
LBN (llibanese pound)				HUF (hungarian florim)			
Average exchange rate for the period	1,979.90	1,936.80	(2.23%)	Average exchange rate for the period	296.0431	289.2687	(2.34%)
Exchange rate at the end of the period	1,971.80	1,989.00	0.86%	Exchange rate at the end of the period	294.8500	292.3000	(0.87%)
USD (american dollar)				AUD (australian dollar)			
Average exchange rate for the period	1.3134	1.2848	(2.23%)	Average exchange rate for the period	1.2971	1.2408	(4.54%)
Exchange rate at the end of the period	1.3080	1.3194	0.86%	Exchange rate at the end of the period	1.4171	1.2712	(11.48%)
GBP (sterling pound)				MZM (Mozambique Metical)			
Average exchange rate for the period	0.8508	0.8108	(4.94%)	Average exchange rate for the period	39.4624	36.2033	(9.00%)
Exchange rate at the end of the period	0.8572	0.8161	(5.04%)	Exchange rate at the end of the period	39.0500	39.3700	0.81%
PLN (polish zloty)				BRL (Brazilian Real)			
Average exchange rate for the period	4.1786	4.1852	0.16%	Average exchange rate for the period	2.6683	2.5077	(6.40%)
Exchange rate at the end of the period	4.3376	4.0740	(6.47%)	Exchange rate at the end of the period	2.8899	2.7036	(6.89%)
SEK (swedish krona)				MAD (moroccan dirham)			
Average exchange rate for the period	8.5297	8.7056	2.02%	Average exchange rate for the period	11.1319	11.1015	(0.27%)
Exchange rate at the end of the period	8.7773	8.5820	(2.28%)	Exchange rate at the end of the period	11.1527	11.1113	(0.37%)
CZK (czech koruna)				NOK (norwegian krone)			
Average exchange rate for the period	25.7014	25.1460	(2.21%)	Average exchange rate for the period	7.5250	7.3821	(1.94%)
Exchange rate at the end of the period	25.9490	25.1510	(3.17%)	Exchange rate at the end of the period	7.8845	7.4350	(6.05%)
CHF (swiss franc)							
Average exchange rate for the period	1.2299	1.2053	(2.04%)				
Exchange rate at the end of the period	1.2338	1.2072	(2.20%)				

44. Subsequent events

Through a number of stock market operations between 1 and 15 July 2013, Portucel acquired several lots of treasury shares, totalling 775,814 titles, at an average unit price of Euro 2.45. Following these acquisitions, Portucel now holds 49,622,497 shares representing 6.47% of its share capital.

Additionally, and in several operations occurred between 1 and 14 August 2013, the subsidiary Celcimo has disposed the full amount of EDP, S.A. shares (3,921,254) held by the Group at an average unit price of Euro 2.68.

45. Companies included in the consolidation

Instrumental companies included in consolidation

Name	Head Office	Direct and indirect % of equity held by Semapa		
		Direct	Indirect	Total
Parent company:				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon			
Subsidiaries:				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
Cimentospar - Participações Sociais, SGPS, SA	Lisbon	45.56	54.44	100.00
Seinpart, SGPS, S.A.	Lisbon	49.00	51.00	100.00
Seinpar Investments, B.V.	Amsterdam	100.00	-	100.00
Interholding Investments B.V. (ex Semapa Investments B.V.)	Amsterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Celcimo SL	Madrid	-	100.00	100.00
Great Earth Projectos S.A.	Lisbon	100.00	-	100.00
NSOSPE - Empreendimentos e Participações, S.A.	Rio de Janeiro	100.00	-	100.00
Aboutbalance, SGPS, S.A.	Lisbon	100.00	-	100.00
Inspiredplace, S.A.	Lisbon	100.00	-	100.00

Subsidiary companies of sub-group ETSA – under full consolidation

Name	Head Office	Direct and indirect % of equity held by ETSA			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent company:					
ETSA - Investimentos, SGPS, SA	Stº Antão do Tojal	96.00	-	96.00	96.00
Subsidiaries:					
ETSA LOG,S.A.	Loures	100.00	-	100.00	96.00
ABAPOR – Comércio e Industria de Carnes, S.A	Coruche	100.00	-	100.00	96.00
SEBOL – Comércio e Industria de Sebo, S.A.	Stº Antão do Tojal	100.00	-	100.00	96.00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100.00	-	100.00	96.00
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Stº Antão do Tojal	95.00	5.00	100.00	96.00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100.00	-	100.00	96.00

Subsidiary companies of sub-group Portucel – under full consolidation

Name	Head Office	Direct and indirect % of equity held by Portucel			Equity % actually held by Semapa
		Direct	Indirect	Total	
Parent company:					
Portucel, S.A.	Setubal	47.39	33.62	81.01	81.01
Subsidiaries:					
Soporcel - Sociedade Portuguesa de Papel, SA	Figueira da Foz	100.00	-	100.00	81.01
PortucelSoporcel Floresta, SGPS, SA	Figueira da Foz	100.00	-	100.00	81.01
Portucel Finance, Zoo	Poland	25.00	75.00	100.00	81.01
CountryTarget SGPS S.A.	Setubal	100.00	-	100.00	81.01
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setubal	-	100.00	100.00	81.01
PortucelSoporcel Florestal - Sociedade para o Desenvolvimento Agro-Florestal, S.A.	Setubal	-	100.00	100.00	81.01
Afocelca - Agrupamento Complementar de Empresas para Proteção Contra Incêndios, ACE	Portugal	-	64.80	64.80	52.49
Enerforest - Empresa de Biomassa para Energia, S.A.	Setubal	-	100.00	100.00	81.01
Atlantic Forests, S.A.	Setubal	-	100.00	100.00	81.01
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100.00	100.00	81.01
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00	76.15
Bosques do Atlantico, SL	Spain	-	100.00	100.00	81.01
PortucelSoporcel Pulp SGPS, S.A.	Setubal	100.00	-	100.00	81.01
Soporcel Pulp - Sociedade Portuguesa de Celulose, S.A.	Figueira da Foz	-	100.00	100.00	81.01
CELSET - Celulose de Setúbal, S.A.	Setubal	-	100.00	100.00	81.01
CELCACIA - Celulose de Cacia, S.A.	Aveiro	-	100.00	100.00	81.01
Portucel International GmbH	Germany	-	100.00	100.00	81.01
PortucelSoporcel Papel, SGPS S.A.	Setubal	100.00	-	100.00	81.01
Portucel Soporcel North America Inc.	USA	-	100.00	100.00	81.01
About the Future - Empresa Produtora de Papel, S.A.	Setubal	-	100.00	100.00	81.01
Portucel Papel Setúbal, S.A.	Setubal	-	100.00	100.00	81.01
PortucelSoporcel Sales & Marketing NV	Belgium	25.00	75.00	100.00	81.01
PortucelSoporcel Fine Paper , S.A.	Setubal	-	100.00	100.00	81.01
PortucelSoporcel España, S.A.	Spain	-	100.00	100.00	81.01
PortucelSoporcel International, B.V.	The Netherlands	-	100.00	100.00	81.01
PortucelSoporcel France, EURL	France	-	100.00	100.00	81.01
PortucelSoporcel United Kingdom, Ltd	UK	-	100.00	100.00	81.01
PortucelSoporcel Italia, SRL	Italy	-	100.00	100.00	81.01
PortucelSoporcel Lusa, Lda	Figueira da Foz	-	100.00	100.00	81.01
PortucelSoporcel Deutschland, GmbH	Germany	-	100.00	100.00	81.01
PortucelSoporcel Handels, GmbH	Austria	-	100.00	100.00	81.01
PortucelSoporcel Afrique du Nord	Morocco	-	100.00	100.00	81.01
PortucelSoporcel Poland SP Z O	Poland	-	100.00	100.00	81.01
PortucelSoporcel Switzerland, Ltd	Switzerland	-	100.00	100.00	81.01
PortucelSoporcel International	Switzerland	-	100.00	100.00	81.01
PortucelSoporcel Energia, SGPS S.A.	Setubal	100.00	-	100.00	81.01
SPCG – Sociedade Portuguesa de Co-Geração Eléctrica, SA	Setubal	-	100.00	100.00	81.01
Enerpulp – Cogeração Energética de Pasta, S.A.	Setubal	-	100.00	100.00	81.01
PortucelSoporcel Cogeração de Energia, S.A.	Setubal	-	100.00	100.00	81.01
Soporgen - Soc. Portuguesa de Geração de Electricidade e Calor, S.A.	Figueira da Foz	-	100.00	100.00	81.01
PortucelSoporcel Participações, SGPS S.A.	Setubal	100.00	-	100.00	81.01
Arboser – Serviços Agro-Industriais, S.A.	Setubal	-	100.00	100.00	81.01
Empremédia - Corretores de Seguros, Lda	Lisboa	-	100.00	100.00	81.01
Socortel - Sociedade de Corte de Papel, S.A.	Figueira da Foz	-	100.00	100.00	81.01
Cutpaper - Transformação, Corte e Embalagem de Papel, ACE	Figueira da Foz	-	50.00	50.00	40.50
Headbox - Operação e Controlo Industrial, S.A.	Setubal	-	100.00	100.00	81.01
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setubal	-	100.00	100.00	81.01
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15	73.84
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setubal	-	92.56	92.56	74.98
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	74.10
EucaliptusLand, S.A.	Setubal	-	100.00	100.00	81.01
PortucelSoporcel Serviços Partilhados, S.A.	Figueira da Foz	-	100.00	100.00	81.01
PortucelSoporcel International Finance, BV	The Netherlands	25.00	75.00	100.00	81.01
Colombo Energy Inc.	USA	25.00	75.00	100.00	81.01
PortucelSoporcel Internacional SGPS S.A.	Setubal	100.00	-	100.00	81.01
Portucel Moçambique , Lda	Mozambique	25.00	75.00	100.00	81.01
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25.00	75.00	100.00	81.01
PortucelSoporcel Abastecimento de Madeira, ACE	Setubal	60.00	40.00	100.00	81.01

Subsidiary companies of sub-group Secil – under full consolidation

Name	Head Office	Direct and indirect % of equity held by Secil Direct	Indirect	Total	Equity % actually held by Semapa
Parent company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setubal	-	99.998	99.998	99.998
Subsidiaries:					
Parcim Investments, B.V.	Amsterdam	100.00	-	100.00	99.998
Secilpar, SL.	Madrid	100.00	-	100.00	99.998
Somera Trading Inc.	Panama	-	100.00	100.00	99.998
Hewbol, S.G.P.S., Lda.	Funchal	-	100.00	100.00	99.998
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	99.998
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	62.499
Florimar- Gestão e Participações, S.G.P.S., Lda.	Funchal	100.00	-	100.00	99.998
Seciment Investments, B.V.	Amsterdam	100.00	-	100.00	99.998
I3 Participações e Serviços, Ltda.	Rio de Janeiro	-	99.97	99.97	99.968
Serife - Soc. de Estudos e Realizações Industriais e de Fornecimento de Equip., Lda.	Lisbon	100.00	-	100.00	99.998
Silonor, S.A.	Dunkerque	100.00	-	100.00	99.998
Société des Ciments de Gabés	Tunis	98.72	-	98.72	98.716
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	98.716
Zarzis Béton	Tunis	-	98.52	98.52	98.519
Secil Angola, SARL	Luanda	100.00	-	100.00	99.998
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51.00	51.00	50.999
Secil, Betões e Inertes, S.G.P.S., S.A.	Setubal	100.00	-	100.00	99.998
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	-	100.00	100.00	99.998
Britobetão - Central de Betão, Lda.	Evora	-	91.00	91.00	90.998
Eurobetão - Betão Pronto, S.A.	Lisbon	-	100.00	100.00	99.998
Sicobetão - Fabricação de Betão, S.A.	Lisbon	-	100.00	100.00	99.998
Secil Britas, S.A.	Lisbon	-	100.00	100.00	99.998
Quimipedra - Secil Britas, Calcários e Derivados, Lda.	Lisbon	-	100.00	100.00	99.998
Colegra - Exploração de Pedreiras, S.A.	Lisbon	-	100.00	100.00	99.998
Lusoinertes, S.A.	Lisbon	-	100.00	100.00	99.998
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Leiria	51.19	48.81	100.00	99.998
IRP - Industria de Rebocos de Portugal, S.A.	Santarem	-	75.00	75.00	74.998
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Lisbon	100.00	-	100.00	99.998
ALLMA - Microalgas, Lda.	Leiria	-	70.00	70.00	69.999
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	90.87	90.87	90.868
Cimentos Costa Verde - Comércio de Cimentos, S.A.	Lisbon	-	100.00	100.00	99.998
Solenreco-Produção e Comercialização de Combustíveis, Lda.	Oporto	-	98.00	98.00	97.998
Valcem - Produtos Cimentícios, Lda.	Setubal	50.00	50.00	100.00	99.998
Prescor Produção de Escórias Moídas, Lda.	Lisbon	-	100.00	100.00	99.998
CMP - Cimentos Maceira e Pataias, S.A.	Leiria	100.00	-	100.00	99.998
Ciments de Sibline, S.A.L.	Beirut	28.64	22.41	51.05	51.049
Soime, S.A.L.	Beirut	-	51.05	51.05	51.049
Cimentos Madeira, Lda.	Funchal	57.14	-	57.14	57.142
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	57.14	57.14	57.142
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	57.14	57.14	57.142
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	57.14	57.14	57.142
Madebritas - Sociedade de Britas da Madeira, Lda. (a)	Funchal	-	29.14	29.14	29.142
Pedra Regional - Industria Transformadora de Rochas Ornamentais, S.A. (a)	Funchal	-	29.14	29.14	29.142
Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos, S.A	Setubal	100.00	-	100.00	99.998
Uniconcreto - Betão Pronto, S.A.	Lisbon	100.00	-	100.00	99.998

(a) Companies owned by 51% by Brimade, S.A. and therefore controlled by the Group

Companies included under proportional method

Name	Head Office	Direct and indirect % of equity held Direct	Indirect	Total	Equity % actually held by Semapa
Supremo Cimentos, S.A.	Santa Catarina	-	50.00	50.00	49.9990
Margem - Companhia de Mineração	Parana	-	50.00	50.00	49.9990
OP Beton Concreto e Engenharia, Ltda	Santa Catarina	-	50.00	50.00	49.9990
Secil Unicon - S.G.P.S., Lda.	Lisbon	-	50.00	50.00	49.9990
Secil Prébetão, S.A.	Montijo	-	39.80	39.80	39.7992

46. Note added for translation

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

BOARD OF DIRECTORS

Chairman:

____

Pedro Mendonça de Queiroz Pereira

Members:

____

Maude Mendonça de Queiroz Pereira Lagos

____

José Alfredo de Almeida Honório

____

Francisco José Melo e Castro Guedes

____

José Miguel Pereira Gens Paredes

____

Paulo Miguel Garcês Ventura

____

Rita Maria Lagos do Amaral Cabral

____

António da Nóbrega de Sousa da Câmara

____

Joaquim Martins Ferreira do Amaral

____

António Pedro de Carvalho Viana Baptista

____

Vitor Manuel Galvão Rocha Novais Gonçalves

Part 5

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

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

(Free translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2013 of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. included in the consolidated Directors' Report, consolidated statement of financial position (which shows total assets of Euro 4,406,201,708 and total shareholders' equity of Euro 1,130,408,253, including non-controlling interests of Euro 328,539,181 and a net profit of Euro 39,271,190), consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.

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

Scope

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

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3°, 1069-316 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.pt
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6 Our work also covered the verification that the consolidated financial information included in the consolidated Directors' Report is consistent with the remaining documents referred to above.

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

Conclusions

8 Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2013 contain material misstatements that affect its conformity with International Financial Reporting Standards as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

Report on other requirements

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

August 29, 2013

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

António Alberto Henriques Assis, R.O.C.

(This is a translation, not to be signed)