



SAPEC GROUP – ANNUAL COMMUNICATION 2008

Regulated Information

March 31, 2009

SAPEC GROUP ANNUAL COMMUNICATION – 2008 (k€= €000's)

Recurrent consolidated EBITDA has increased slightly (+3.2%) with respect to 2007, with the crop protection, crop nutrition, chemical industrial products, and energy sectors seeing their operating profit for the period increase over 2007; this has compensated for losses in the logistics sector. The agro commodities distribution sector has noted almost the same very good recurrent operating profits that were seen in 2007.

On the other hand, exceptional items have had a severe impact on our results. First of all, there were strikes in Argentina, and a provision for an important counterpart default in the agro commodities distribution sector. Secondly, exchange rate volatility in the last quarter forced several of our sectors to register real and accounting losses on exchange rates and exchange rate instruments; this had a negative impact on the pre-tax consolidated result. In 2007, that result benefitted from a significant capital gain of 16,000 k€ due to asset sales, whereas in 2008 we did not record any gains on sales of fixed assets, and we only recorded a gain of 5,368 k€ equivalent to a further tranche of the sale of our wind energy projects in Spain.

Where crop protection is concerned, campaigns were generally carried out normally in the Iberian Peninsula, and the agricultural context has remained favourable. We were able to increase our market share, and this sector has experienced a rise in its EBITDA and EBIT.

For crop nutrition, increases in sales were strong at international level, underlining the performance in Europe, in the Middle East, and in Brazil, where sales rose by more than 40%. Operating profits are rising; the critical mass reached reinforces the specific weight of this sector within the group.

For industrial chemical products, the return of supplies of sulphuric acid had a significant impact on the very favourable evolution in results in this sector in 2008.

In the environment sector, treatment and processing of industrial non hazardous waste, we have experienced a normal year. The hazardous industrial waste treatment centre (SISAV), in which SAPEC has a 34% stake, has been operational since September 2008.

For the agro commodities distribution sector, the suspension of payments by Armada Singapore declared in January 2009 (with provision amounting to 8,802 k€) and first-semester strikes in Argentina (non-recurring costs of 3,171 k€) had a strong negative impact on the results of this sector. Without these exceptional items, the sector would have repeated the excellent performance of 2007.

For the logistics sector, the lack of critical mass following on from the economic downturn led to an operating loss (EBIT) for the land sector as well as for the port sector. Discharge levels at Setúbal harbour fell by more than 50%.

In the renewable-energy sector, our subsidiary company Naturener currently has in operation a production capacity amounting to 55 MW of hydraulic energy in Spain, 30 MW of solar energy in Spain, and 107 MW of wind energy in the USA. In 2008, a total amount of 355,596 k€ was invested. Our teams were equally successful in developing a portfolio of secured projects for solar energy in Spain and wind energy in North America.

We estimate that this level of production capacity and this portfolio of secure projects have become attractive to an operator or an investor who has the financial means to ensure the development.

With the help of an investment bank, the Board of Directors has begun the process for selecting such an operator / investor.

Faced with this prospect, and as is required by accounting standards (IFRS 5), in our balance sheet and in our income statement our renewable energy sector was register under assets held for sale.

(in k €)	31-12-2008	31/12/2007 ⁽¹⁾	Δ%
Revenue	679.551	561.823	21%
Earnings before interests and taxes	14.796	37.412	-60%
<i>of which: recurring items</i>	20.949	21.227	-1%
Gain (loss) on derivative financial instruments	-868	205	-523%
Net financial result	-14.852	-10.272	45%
Share in the net income (loss) of the companies consolidated by the equity method	-173	-109	59%
Profit (loss) before income tax	-1.098	27.236	-104%
Income tax	1.020	-6.165	-117%
Profit (loss) for the year from continuing operations	-78	21.071	-100%
Profit (loss) for the year from discontinued operations ⁽²⁾	-6.560	1.304	-603%
Profit (loss) for the year	-6.639	22.375	-130%
Net profit (loss) attributable to equity holders of the company	-5.175	20.712	-125%
EBITDA	24.925	46.293	-46%
<i>of which: recurring items</i>	31.078	30.108	3%
EARNINGS PER SHARE (in €)			
Number of shares	1.355.000	1.355.000	
Basic earnings per share	-5	15	-132%
EBITDA by share	18	34	-46%

(1) adjusted after application of IFRS 5 standards

(2) official IFRS 5 wording – in this case, renewable energy activity held with a view to sale. English = discontinued operations.

KEY FIGURES BY SECTOR OF ACTIVITY

(in k €)	31-12-2008	31-12-2007	Δ%
Crop protection			
Revenue	75.423	66.620	13%
EBITDA	8.726	7.057	24%
- of which: recurring items	7.933	7.320	8%
EBIT	6.332	4.688	35%
- of which: recurring items	5.539	4.951	12%
Crop nutrition			
Revenue	36.090	27.449	31%
EBITDA	4.177	2.908	44%
- of which: recurring items	4.118	3.396	21%
EBIT	3.028	1.910	59%
- of which: recurring items	2.969	2.397	24%
Industrial chemicals and environment			
Revenue	46.103	36.758	25%
EBITDA	5.541	3.482	59%
- of which: recurring items	5.541	3.482	59%
EBIT	3.580	1.775	102%
- of which: recurring items	3.580	1.775	102%
Agro commodities distribution			
Revenue	509.148	417.680	22%
EBITDA	6.266	19.405	-68%
- of which: recurring items	18.364	19.411	-5%
EBIT	4.480	17.967	-75%
- of which: recurring items	16.578	17.972	-8%
Logistics			
Revenue	12.374	15.536	-20%
EBITDA	397	17.598	-98%
- of which: recurring items	397	3.646	-89%
EBIT	-2.109	15.545	n.d.
- of which: recurring items	-2.109	1.593	n.d.
Energy			
Revenue	14.349	8.881	62%
EBITDA	11.027	4.802	130%
- of which: recurring items	5.996	5.805	3%
EBIT	5.597	2.999	87%
- of which: recurring items	566	4.002	-86%

CROP PROTECTION

In the Iberian Peninsula, the crop protection market has experienced a $\pm 12\%$ increase at distribution level over 2007.

The climate remained favourable for the agricultural sector until the end of the third quarter. As at the end of September, market growth was still over 20%, the increase being spread over volume and price rises. The turbulences of the last quarter, the drop in price of cereals and of certain production factors, mainly fertiliser, and the credit access squeeze forced distribution channels to adopt a policy of destocking and shortening their supply decisions. As a result the market fell by about 16% in the last quarter of 2008, as compared with the last quarter of 2007.

In Portugal, the last quarter of the year is above all a spring pre-stocking campaign, where SAPEC subsidiaries consciously never take up strong positions, so their performance was only slightly affected by the uncertainties of the final quarter.

In Spain, the last quarter of the year is a consuming and spring pre-stocking campaign. In spite of difficulties, the consuming campaign passed off as normal, and as it was the case in Portugal, the pre-stocking campaign was almost non-existent.

Our Spanish subsidiaries also gave priority to consuming campaigns, and they were only slightly affected by the difficulties of the final quarter.

In Portugal, SAPEC Agro and Selectis achieved a turnover of 34,950 k€ in 2008, as against 32,269 k€ in 2007, thus increasing our market share.

Following on from the measures taken in 2007, outstanding client receivables underwent a favourable change. The average term of payment improved by more than thirty days in 2008.

The SAPEC Group, through its two subsidiaries, remains the principal player in Portugal in the crop protection product market, with a market share of 34%.

In Spain, our two subsidiaries, SAPEC Agro (E) and TRADECORP, saw their sales rise by 16% and 18%, respectively, as compared with 2007.

Our turnover reached 40,568 k€ in 2008 against 34,667 k€ in 2007, enabling the SAPEC Group to register a further rise in market share in 2008.

In the Iberian Peninsula as a whole, the market rose by 12%, and our sales increased from 66,620 k€ in 2007 to 75,562 k€ in 2008, a rise of 13.5%. This enabled the Group to consolidate its position as third-placed player in the sector in this region.

The average gross margin has remained stable with respect to 2007, and the impact of structural costs on sales has decreased.

EBITDA rose by 24% (8,726 k€ in 2008, as against 7,057 k€ in 2007), and EBIT rose from 4,688 k€ in 2007 to 6,332 k€ in 2008, which is an increase of 35%.

On the other hand, finance charges rose sharply: the increase was from 2,703 k€ in 2007 to 4,758 k€ in 2008, a deterioration of 2,055 k€, of which 990 k€ are linked to debt costs and 1,066 k€ to losses on foreign exchange dealings following the sudden rise of the dollar against the euro in the final quarter. Of the 990 k€, about 400 k€ are linked to the increase in inventory investment that the sector was obliged to make in order to reconstitute the stocks destroyed by the fire of April 2008, whilst awaiting for the insurance refund.

Following on from this worsening of financial results, sector EBT fell from 1,985 k€ in 2007 to 1,574 k€ in 2008.

In the frame of the European review, which requires all active ingredients used in agriculture to be registered and licensed, the investment programme is still being carried out. From 2009 onwards, a first series of active materials shall be approved for SAPEC at European level.

We remind you that this investment will be a mean to securing access to active ingredients, to diversifying supplier risk, to opening new opportunities upstream and downstream from the sector, to significantly increase our bargaining power, and will enable an average improvement of the gross margin.

The entry into force of the European review will have the advantage of making the markets more transparent, and of eliminating a series of small players who are still of some significance.

CROP NUTRITION

In the Iberian Peninsula, we sell these products through three commercial networks: SAPEC Agro in Portugal, and Tradecorp and SAPEC Agro (E) in Spain.

Our sales rose by 16% as compared with 2007, i.e. 10,597 k€ as against 9,105 k€ in 2007, which was slightly better than the estimated market growth of 14%.

The average gross margin has remained under pressure, since the rise in cost of certain raw materials could not always be fully transferred to the Spanish market, which is very competitive.

In spite of a policy of product differentiation, the average gross margin in the Iberian Peninsula fell slightly with respect to 2007.

On the international scene, sales rose by 48% as compared with 2007. On the other hand, the average gross margin fell by two points, following on from the difficulties experienced by certain markets in absorbing price rises. The strong, sudden devaluation of the Mexican peso and the Brazilian real in November and December 2008 (in the middle of a sales campaign) also penalised our competitiveness.

- In Europe, sales rose by 40%. This is due to very good sales campaigns in Italy and France, as well as a good performance overall by other markets. The average gross margin suffered slightly, by reason of the difficulty experienced by the French market in absorbing our price rises.
- In the Middle East, sales rose by 58%. This was due to good campaigns in Egypt and in the Maghreb countries. The average gross margin remained stable with respect to 2007, in spite of the weak dollar during the first three quarters.
- In Mexico, sales rose by 33%. The average gross margin remains excellent, but suffered by reason of the weak peso; the margin lost a few points with respect to 2007.
- In Brazil, sales rose by 45%. The average gross margin remained stable with respect to 2007, and is at an excellent level, in spite of the weak real in the final quarter.
- Sales made from Madrid, mainly in Latin America (except Mexico and Brazil) and some countries in Asia, rose by 7%. The weak dollar and the difficulty experienced by some markets in absorbing price rises led to a slight fall in the average gross margin.

Total sales in this sector rose from 27,449 k€ in 2007 to 36,090 k€ in 2008, i.e. an increase of 31%.

EBITDA for this sector rose from 2,908 k€ in 2007 to 4,117 k€ in 2008, an increase of 44%.

EBIT for the sector rose from 1,910 k€ in 2007 to 3,028 k€ in 2008, a rise of 59%.

The sudden and significant devaluations of the Mexican peso and the Brazilian real in December 2008 forced the sector to register accounting losses on foreign exchange transactions amounting to 1,444 k€ in total.

As a result, sector EBT fell from 522 k€ in 2007 to 56 k€ in 2008.

INDUSTRIAL CHEMICALS AND ENVIRONMENT

The sector of the industrial chemical products in Portugal saw a strong rise in its turnover and results with respect to 2007. This is explained by a return of supplies of sulphuric acid and the overall improvement in operating margins.

This activity has registered sales that, in volume and in value, were significantly above 2007 values: 105,829 tonnes (+20%) sold in 2008 as against 87,816 tonnes in 2007, and 36,115 k€ (+16%) of turnover in 2008 as against 31,125 k€ in 2007.

The average gross margin rose by three points with respect to 2007.

As a result, EBT in this sector of activity reached one of its best levels in 2008 with 2,557 k€, in 2007, this figure was nearly zero, after the exceptional provision of 1,161 k€ made for doubtful clients.

The takeover of the goodwill of Sarcos has been effective since June, and the integration of commercial teams is complete.

The environment (CITRI activity) registered a normal year. Non hazardous industrial waste received at discharge fell slightly: 98,840 tonnes in 2008, as against 103,358 tonnes in 2007. Prices remained at the same level as the year before, with the turnover figure decreasing from 5,475 k€ in 2007 to 5,259 k€ in 2008.

Production on an industrial scale of a residual derived fuel from the received waste is going on, with nearly 8,500 tonnes of this type of fuel having been sold to the local cement manufactory.

Operating and structural costs are in line with objectives.

EBITDA in 2008 are at 2,372 k€ versus 3,029 k€ in 2007, with EBIT at 1,272 k€ in 2008 as against 1,807 k€ in 2007. The production of the residual derived fuel represents about 500 k€ of reduction in EBITDA, the production costs are registered and amortisation reduced as a result of a lower volume of waste being land filled, on the other hand, the life time of the activity is being increased.

The following should be noted in the environment sector:

- Construction of the third waste land fill cell on the CITRI site is almost complete; this cell has a capacity that is almost equal to the first two.
- The treatment and recycling centre for hazardous industrial waste in Portugal, the SISAV project (a consortium in which SAPEC has a stake of 34.1%), began operating as expected, at the end of June 2008. The first months are in line with the business plan.
- Several projects are currently being studied in the environmental sector, particularly in the waste treatment and recycling sector.

For the sector as a whole, EBITDA in 2008 is at 5,541 k€ against 3,482 k€ in 2007. EBT stands at 2,557 k€ in 2008, against 1,180 k€ in 2007.

AGRO COMMODITIES DISTRIBUTION

In several aspects 2008 was an exceptional year for this sector.

First, the strike in Argentina, due to the rise in export taxes, literally paralysed transport, ports, and soya-refining installations between March and June (with a break in April). This strike affected four of our vessels, with daily costs of between USD 22,000 and USD 60,000. This costed us about 3,171 k€ in demurrages and repositioning costs to enable us to make product deliveries to clients.

Secondly, the significant fall in the price of agro commodities products, in particular cereals, throughout the second half of the year. This was due to a fall in demand, but also to a massive outflow of speculative funds from agricultural raw materials.

Finally, the collapse of shipping freight between the summer and the end of the year led to serious difficulties affecting freight companies, as well as the suspension of payments by several of those firms. This included Armada Singapore, with which we had a Forward Freight Agreement (FFA). This contract was taken out in August at USD 60,500 / day, and on 31 December it was valued by the market at USD 12,000/day. As a result, Interpec Ibérica made a provision in its 2008 accounts for a loss of 8,702 k€ which corresponds to 70% of the receivable owed by Armada. The counterparty risk in contracts for maritime freight cover should not arise any more in the future, since a market with automatic liquidation (IMAREX) has been created in London, similar to the one that we usually use for agricultural products in Chicago (CBOT).

In 2008, Interpec Ibérica sold 2.1 million tonnes (the same amount as in 2007) for a turnover of 486 582 000 € (+23% over 2007). The pre-tax result is negative 3,085 k€ (against positive 10,443 k€ in 2007), following losses of 11,873 k€ due to Armada and to Argentina.

For Spanish port subsidiaries, Seporta (in Tarragona) registered a turnover of 7,541 k€ a fall of 11% against 2007, with a pre-tax result of 904 k€ (against 1,608 k€ in 2007). The new warehouse built in 2008 had an effect on costs, and was only slightly used at the end of the year.

For Seporsur, in Cadiz, the real estate crisis in Spain led to a significant loss in imports of clinker (189,206 tonnes in 2008, against 1,056,801 tonnes in 2007). This fall explains most of the fall in turnover: 8,746 k€ in 2007, versus 6,022 k€ in 2008. On the other hand, the liquid products terminal began operations as planned in May 2008. Due to a lack of imports of soya oil for manufacturing bio-Diesel, the terminal was mainly used for agri-food oils (olive oil, corn oil, sunflower oil). It is probable that in 2009, with anti-dumping measures in place against subsidised bio-Diesel from the USA, soya oil imports may increase. In 2008, Seporsur registered a pre-tax result of 700 k€, as against 1,550 k€ in 2007.

In 2008, Seteia (the agro commodities distribution subsidiary in Portugal) registered sales figures 10% lower by volume and 15% higher by value with respect to 2007 (price effect). With a turnover of 19,863 k€ the firm generated a pre-tax result of 476 k€, 20% above the value for 2007.

During the first half of 2008, SAPEC and its partners turned away from the project to manufacture bio-ethanol from corn at Setúbal, since the legislative framework put in place by the government was not sufficiently attractive, with no guarantee of a return on investment.

LOGISTICS

This division of SAPEC brings together two distinct areas of activity which benefit from synergies at management level and at back office level: the land-based multi-modal terminals on one hand and the bulk terminal of Setúbal together with the 50% stake in the Setúbal port subsidiary, Navipor on the other hand.

In 2008, as was announced at mid-year, these two activities were greatly affected by the economic downturn.

For the **land terminals**, the high levels of investment over the last five years are complete, but the level of activity forecast by the business plan has not been reached; the difference worsened during 2008. The turnover of this activity increased by 5% over 2007, but it is 30% under target. Important (mainly railway) contracts under negotiation since 2007 have not been finalized, or have even been suspended because of the crisis. Since the first quarter, the rent paid to CP for the Lisbon terminal has had a negative effect on the results. We are negotiating with CP to try to obtain better renting conditions.

Set against 2007, the loss of this activity deteriorated about 1,000 k€ which is explained mainly by the increase in rentals (we sold the Póvoa installation at the end of 2007, generating a significant capital gain, and from now on we are renting the needed warehouses) and depreciations linked to the Lisbon Terminal. For 2009, we expect a rise in turnover of 3,000 k€, with a reduction in losses of about 700 k€. Commercial activity has been intensified, but prices have fallen, and the economic downturn is not helping.

For the Setúbal **bulk terminal**, tonnages fell significantly in 2008. The comparison with 2007 is difficult to do since the terminal registered a record level of activities in that year.

Tonnage handled in 2008 was 507,633 tonnes, against 1,101,524 tonnes in 2007, a fall of 54%. This loss was mainly registered for clinker (-450,000 MT), fertiliser (-90,000 MT), and sugar (-80,000 MT).

This activity has a high level of fixed costs (specialist personnel, amortisations, concession costs), so the fall in turnover of 3,700 k€ directly affected the pre-tax result, which went from a profit of 1,259 k€ in 2007 to a loss of 1,149 k€ in 2008. For 2009, we expect to break even, thanks to an increase in discharged volumes of 300,000 tonnes. If this increase were not to be confirmed in the course of the year, cost rationalisation measures would have to be taken. The main unknown factor is the future of the cement factory situated in our industrial zone.

The **Navipor** subsidiary at Setúbal has also been affected by the fall in bulk traffic, with other types of traffic being maintained at 2007 levels. Navipor ends 2008 with a turnover down by 10% with respect to 2007, and with a very slight profit.

ENERGY

2008 was the year in which we concretized the new and ambitious strategic plan defined in 2006, following the sale of our Spanish wind farms projects to Iberenova. After two years of hard efforts in strengthening teams and providing financial means, Naturener has built its first photovoltaic parks in Spain and its first wind farm in the USA.

The **photovoltaic parks** of Naturener were built in a record, and entered production in September 2008, before the cut-off date set up by the government, benefitting in consequence from a very attractive tariff. This covers Tinajeros park, 100% owned by Naturener (11.85 MWP), Almuradiel Park and Morales Park (8.93 MWP), which are 75%

owned, and Solargen (8.3 MWP), which is 85% owned. All these parks were built by Sunpower Energy, and are financed on a “project finance” basis by a banking consortium brought together at the end of 2007. Total estimated production for 2009 is 55 GWh. In 2008, they produced 9.87 GWh. Photovoltaic legislation in Spain has changed. Each quarter, the government publishes a series of authorised projects, and the guaranteed price also falls each quarter. Naturener should obtain a permit for an 11 MWP project in June 2009, and three projects (33 MWP) at the end of the second half of 2009. Equipment prices have also dropped considerably, so these projects should present attractive levels of Internal Rates of Return (IRR).

The first Naturener USA **wind farm**, Glacier 1, was completed in December 2008, and accounted for 2.4% of Naturener’s turnover in 2008. It has 71 Acciona turbines, each with a capacity of 1.5 MW, giving a total of 106.5 MW. The wind farm is 100% owned by Naturener, the investment represents USD 252,000,000. USD 76,000,000 of the financing of the wind farm is provided by Naturener; the remainder is made up by a “tax investor” and a bank loan. Production for 2009 is forecast to be 306 GWh. The Glacier 2 wind farm, which is partially built, should be completed in 2009. Glacier 2 is made up of 69 Acciona turbines with a capacity of 1.5 MW each. The financing frame is already in place, but still few elements need to be finalized to complete the dossier. The USA team is working actively on the rest of the USA / Canada pipeline (currently 800 MW), which should be completed between 2010 and 2012.

As far as **hydraulic power** in Spain is concerned, 2008 was a rather dry year; total production was only 88 GWh, against 118 GWh in 2007 (-25%). On the other hand, this fall in production was partly compensated by the price, and the turnover of hydraulic power came out at 9,086 k€(versus 9,655 k€in 2007).

At a **consolidated** level, Naturener registered a turnover of 14,349 k€(+62% over 2007), with a slightly higher recurrent EBITDA of 5,996 k€(against 5,805 k€in 2007). The net profit for the sector is negative by – 6,515 k€ An exchange loss (-5,020 k€) on cover instruments was registered following the renegotiation of the purchase programme of the turbines (for the part negotiated in €) from Acciona, in order to match the delivery programme with the construction plan. In addition, there were the forecasted operating losses for the start-up year of photovoltaic parks in Spain and the wind farm in the USA.

In 2008, Naturener registered a capital gain of 5,031 k€ which corresponds to a part of the success fee paid by Iberenova for the wind farm projects in Spain.

As at 31 December 2008, the total number of employees stands at 84, 45 in Spain, and 39 in North America.

REAL ESTATE

The depressed economic environment of 2008 was particularly severe in the various segments of the real estate sector.

No plots were sold in the industrial zone of Setubal, and the number of contacts fell with respect to preceding years.

The expressed interests by promoters for the Lousal tourist project were not carried forward during this year.

Improvements to road access to our industrial area were carried out during the year, and should be completed by mid-2009. This should give greater visibility to our plots, thus encouraging demand at a time when economic activity will show signs of recovery.

COMMENTS ON THE BALANCE SHEET AND THE INCOME STATEMENT

At the end of August 2008, the Board of Directors decided to put up for sale the renewable energy sector. As a result, and as required by IFRS standards, that sector is given special accounting treatment (IFRS 5).

Current and non-current assets and liabilities of the sector in question are reciprocally grouped in the asset portion of the consolidated balance sheet, under a heading entitled “Assets held for sale”, and in the liability portion of the consolidated balance sheet under a heading entitled “Liabilities included in groups to be transferred, held with a view to sale”. For the consolidated profit and loss statement, the profit of the sector is registered under a heading entitled “Profit after Tax of Discontinued Operations”. The previous year’s profit and loss statement is retreated, in order to enable a comparison.

Analysis of the profit account shows that turnover is up by 21%. This rise is mainly due to the agro commodities distribution sector as a result of the rise in prices of agricultural commodities, which reached ceilings in August 2008.

EBITDA fell sharply from 46,293 k€ in 2007 to 24,925 k€ in 2008. However, if we remove exceptional items (positive in 2007, due to sales of assets; and negative in 2008, due to the costs linked to the strike in Argentina and the provision made for the payments suspension from Armada), recurrent EBITDA registered a slight rise of 3.2% (31,078 k€ in 2008, against 30,108 k€ in 2007). The crop protection, crop nutrition, chemical industrial products, and energy sectors saw their recurrent EBITDA increase over 2007, this compensating for the difficulties experienced by the logistics sector. The agro commodities distribution sector repeated at that level the very good performance of 2007.

Financial results increased significantly. This was because debt remuneration increased due to the cost of money and the amount of the debt, as well as exchange-rate volatility in the final quarter leading to real and accounting losses on exchange rate transactions and derivatives in several sectors of activity. The Brazilian real and the Mexican peso underwent significant and sudden devaluations, and the USA dollar rose strongly against the euro.

The share in the net income of the companies consolidated by the equity method for an amount of – 173 k€ concerns SISAV (treatment of hazardous industrial waste), in which we have a 34% share. This company began operating in September 2008; the negative result of the first months of activity is in line with the business plan.

The net consolidated loss excepting “the discontinued operations” is - 78 k€

This same consolidated loss including “discontinued operations” is -6,639 k€, and the net loss attributable to shareholders equity is -5,175 k€

The important increase of the total assets of the balance sheet is linked to the investments in the renewable energy sector. For a total rise of 497,680 k€ the heading “Assets held for sale” alone represents 445,939 k€. The photovoltaic investment in Spain represents 157,336 k€, and the wind farm investment in the USA represents 208,517 k€

Outside the renewable energy sector, overall investments made in the various sectors of activity represent 34,108 k€, to which has to be added 6,685 k€ of interests, linked to the subscribed bank loan financing our capital increase in Naturener.

The total liability of the balance sheet increased by 497,880 k€, 468,844 k€ are linked to the renewable energy sector, i.e. 224,103 k€ included under the heading “Liabilities included in groups to be transferred, held for sale”; 85,945 k€ of rise in debts to finance our capital

increase in Naturener; and 158,796 k€ for minority interests representing the “tax equity investor” in our wind farms in the USA.

For the remaining activities of the Group, in consequence of several taken measures, and in spite of the increase in sales of 21%, the need for working capital fell by 11,950 k€ going from 159,273 k€ in 2007 to 147,323 k€ in 2008.

The net debt from Group activities (excluding renewable energy) went from 155,973 k€ in 2007 to 191,683 k€ in 2008, mainly to finance the investment programmes.

In spite of the general economic downturn since the final quarter of 2008, and in particular the deep crisis of the financial system with a credit crunch as consequence the Group was able to count on the support of its main banks, and even managed to increase the number of banks with which it works. The commercial paper programme in Brussels continues to perform well.

In accordance with legal obligations, the Group states that it maintains a share liquidity contract with a bank in charge with its discretionary management. As of 31/12/08, the Group held 2,481 own shares, acquired in respect of the decision taken by the General Assembly of shareholders on 17/06/08.

DEVELOPMENTS DURING THE FIRST QUARTER OF 2009

The lack of visibility and the instability that today characterise all markets do not allow us to make forecasts for the year in hand.

All our areas of activity, based on their individual characteristics, have taken a series of measures to face up to this instability. The measures are mainly of three types: cash-optimisation (pricing policy, investment freeze, optimisation of working capital, moderation in salary policy, etc.); measures that aim increases of industrial productivity and flexibility (cost-reduction, reduction of temporary manning, flexible work schedule systems); and measures aiming to reduce certain risks (as foreign-exchange risks and counter part risks).

For crop protection and crop nutrition, the first indications at the start of this year appear to indicate, without allowing us to do any year forecast, that the agricultural sector is more resistant to the downturn than many others sectors

For the agro commodities distribution sector, visibility on the pricing of certain agricultural commodities and on sea freights is still too weak for any forecast to be made. In this volatile context, the management has taken measures to shorten the positions on certain agro commodities products, and to reduce to a minimum the risks linked to possible counter-party default (clients and suppliers).

The slow-down in industrial activity in Portugal will have a negative impact on the performance of the industrial chemical products sector, an impact that we are not yet able to quantify. Without repeating the excellent results of 2008, this sector will nevertheless benefit in 2009 from the full goodwill of Sarcol, which was acquired in June 2008. The environment sector should be able to resist the crisis better, even though the fall in industrial activity in Portugal will lead to a fall in the production of waste.

The economic slow-down will continue to penalise the logistics sector. We are currently in talks and negotiations with another logistics operator to study the possibility of pooling our complementariness and synergies in order to attain critical mass, enabling us to better face up to the generalised economic down-turn.

For renewable energy, hydraulic power stations, photovoltaic power stations, and wind farms are at normal levels of production at the start of 2009. On the other hand, electricity prices have fallen in Spain and in the USA alike, because of the fall in industrial consumption and fuel prices.

PROFIT TO BE DISTRIBUTED

The net profit of SAPEC, S.A., stands at 1,003,850 €

The amount of profit to be shared stands at 20,750,500 €

In spite of a difficult economic context and a negative net consolidated profit in 2008, the Board of Directors, confident in the Company's ability to carry forward its development and reach its medium-term objectives, will propose a payment of a reduced gross dividend of 0.65 €per share and to maintain the directors emoluments at the same level of financial year 2007.

To reserves	63,970 €
To capital	880,750 €
Directors emoluments	108,900 €
Carry forward	19,696,880 €

We also propose to the Assembly, by separate vote, to discharge the members of the Board for their management, and the Auditor for his control assignment.

APPOINTMENTS

The terms of office of Mrs. Patricia Velge and Mr. Xavier Scheyven end at the Assembly of 16 June 2009.

These Directors may be re-elected, and we propose that you renew their terms for a period of three years in the case of Mrs. Patricia Velge (i.e. until the General Assembly of 2012), and for a period of one year in the case of Mr. Xavier Scheyven (i.e. until the General Assembly of 2010).

EXTERNAL OVERSIGHT

The work of the Auditor is not yet complete. There, the accounting information in this annual communiqué has not yet been verified by the Auditor.

RESPONSIBILITY

The Annual Communication was drafted under the responsibility of the Board of Directors.

Accounts at 31/12/08

1 – Account of consolidated results

Consolidated income statement as at 31.12.08 (in k€)

	39.813	39.447	(en k€) var
1. Revenue	679.551	561.823	117.729
2. Other operating income	7.814	2.506	5.308
3. Operating expenses	-677.956	-543.040	-134.916
4. Operating profit	9.409	21.288	-11.879
6. Gain (loss) on disposal of non-current assets	5.514	13.924	-8.410
7. Gain (loss) on investments	-127	2.199	-2.326
8. Gain (loss) on derivative financial instruments	-868	205	-1.074
9. Net financial result	-14.852	-10.272	-4.580
10. Share in the net income of the companies consolidated by the equity method	-173	-109	-64
13. Profit (loss) before income tax	-1.098	27.236	-28.334
14. Income tax expense	1.020	-6.165	7.184
15. Profit (loss) for the year from continuing operations	-78	21.071	-21.149
16. Profit (loss) for the year from discontinued operations	-6.560	1.304	-7.865
17. Profit (loss) for the year	-6.639	22.375	-29.014
Attributable to:			
18. Minority interest	1.464	-1.663	3.127
19. Equity holders of the company	-5.175	20.712	-25.887

Application of IFRS 5 – “Profit after Tax on Discontinued Operations”, being the official IFRS 5 heading, in this case for renewable energy held with a view to sale thereof. The standard requires the profit arising from these assets to be set shown on a separate line, with recalculation of the figures for the preceding financial year, thus enabling a comparison to be made.
In English: “Results from Discontinued Operations”.

2 – Consolidated balance sheet

Consolidated balance sheet as at 31 December 2008 and 2007

(in k€)

ASSETS	31-12-2008	31-12-2007	var.
I. NON-COURANT ASSETS	147.003	304.856	-157.853
1. Property , plant and equipment	120.879	235.931	-115.052
2. Investment property	1.343	1.344	-1
3. Intangible assets	17.224	49.014	-31.791
4. Investments in associates	744	744	0
5. Deferred tax assets	6.736	5.829	907
6. Other non-current investments	77	424	-347
9. Other non-current assets	0	11.570	-11.570
II . CURRENT ASSETS	921.271	265.738	655.533
10. Assets held for sale	646.484	0	646.484
11. Inventories	127.377	122.122	5.255
12. Other current financial assets	922	1.028	-107
13. Derivative financial instruments	29	216	-188
14. Tax receivables	2.385	400	1.986
15. Trade and other receivables	104.408	98.398	6.010
17. Cash and cash equivalents	29.989	38.707	-8.719
18. Other current assets	9.677	4.866	4.810
TOTAL ASSETS	1.068.274	570.594	497.680
LIABILITIES	31-12-2008	31-12-2007	var
I. EQUITY	306.069	167.546	138.522
A. Capital and reserves attributable to equity holders of the company	118.292	131.232	-12.941
1. Capital	43.727	43.727	-0
2. Consolidated reserves	78.659	87.596	-8.937
3. Own shares	-139	-90	-49
5. Cumulative income or (expense) recognised directly in equity holders related with assets held for sale	-3.955	0	-3.955
B. Minority interests in equity	187.777	36.314	151.463
II. LIABILITIES	762.205	403.048	359.158
A. Non-current liabilities	166.965	103.445	63.520
5. Long-term interest-bearing borrowings	156.943	88.576	68.366
6. Long-term non-interest-bearing borrowings	550	447	103
7. Deferred income	838	1.647	-809
8. Long-term provisions	2.204	3.552	-1.347
10. Deferred tax liabilities	3.387	6.968	-3.581
12. Other non-current liabilities	3.043	2.254	789
B. Current liabilities	595.240	299.603	295.637
13. Liabilities associated with assets held for sale	342.021	0	342.021
14. Short-term interest-bearing borrowings	176.464	220.095	-43.630
15. Short-term non-interest-bearing borrowings	190	70	120
16. Deferred income	334	531	-197
18. Derivative financial instruments	1.133	236	897
19. Income tax payable	4.549	9.294	-4.745
20. Trade and other payables	61.063	59.825	1.238
21. Other current liabilities	9.486	9.552	-66
TOTAL EQUITY AND LIABILITIES	1.068.274	570.594	497.680

Application of IFRS 5 – “Assets held with a view to sale / Liabilities associated with assets held with a view to sale”, the standard requires the values of assets and liabilities of the activity put up for sale to be grouped together under specific headings in the balance sheet for the year, without the balance sheet for the preceding tax year being similarly recalculated.

In order to make the two balance sheets comparable, and given the weight of assets and liabilities of the activity in question, we set out below a balance sheet as at 31/12/07, recalculated after standard IFRS 5 has been applied.

Consolidated balance sheet as at 31 December 2008 and 2007

ASSETS	31-12-2008	31/12/2007 ^(a)	var.
I. NON-CURRENT ASSETS	147.003	129.677	17.326
Fixed assets, intangible assets and investments in associates	140.267	113.399	26.892
Deferred tax assets	6.736	4.709	2.027
Other non-current assets	0	11.570	-11.570
II . CURRENT ASSETS	921.271	440.917	480.354
Assets held for sale	646.484	200.546	445.939
Inventories	127.377	122.122	5.255
Trade and other receivables	104.408	92.843	11.566
Cash and cash equivalents	29.989	20.149	9.839
Other current assets	13.012	5.257	7.755
TOTAL ASSETS	1.068.274	570.594	497.680
LIABILITIES	31-12-2008	31-12-2007	var.
I. EQUITY	306.069	167.546	138.522
A. Capital and reserves attributable to equity holders of the company	118.292	131.232	-12.941
B. Minority interests in equity	187.777	36.314	151.463
II. LIABILITIES	762.205	403.048	359.157
A. Non-current liabilities	166.965	75.820	91.145
Long-term interest-bearing borrowings	156.943	62.835	94.107
Other non-current liabilities	10.023	12.984	-2.962
B. Current liabilities	595.240	327.228	268.012
Liabilities associated with assets held for sale	342.021	117.918	224.103
Short-term interest-bearing borrowings	176.464	139.086	37.378
Trade and other payables	61.063	54.197	6.866
Other current liabilities	15.692	16.027	-335
TOTAL EQUITY AND LIABILITIES	1.068.274	570.594	497.680

Cash flows statement

Consolidated cash flow statement (in k€)	
	31-12-2008
A. Cash and cash equivalents - opening balance	38.707
1. Profit/ (loss) for the year	-6.639
2. Non-cash adjustments	5.276
Depreciation and amortization	10.129
Reductions in value	1.598
(Profit)/loss on disposal of property , plant and equipment and financial assets	-5.387
Share in the net income of the companies consolidated by the equity method	173
Changes in provisions	-1.238
3. Changes in working capital	-21.449
Changes in inventories	-16.445
Changes in trade and other receivables	-12.591
Changes in derivative financial instruments	868
Changes in trade and other payables	2.810
Changes in taxes liabilities	-5.960
Other changes in working capital	9.870
4. Operating cash flows from discontinued operations	-20.395
B. Cash flows from operating activities	-43.206
1. Acquisitions	-40.228
Payments made for the acquisition of non-current assets (excluding financial assets) (-)	-38.164
Payments made for the acquisition of investments	-2.063
2. Disposals	1.479
Entries from to the disposal of non-financial non-current assets	1.479
3. Investing cash flows from discontinued operations	-371.740
C. Cash flows from investing activities	-410.489
Changes in capital of affiliated companies	171
(Acquisition) sale of own shares	-94
Dividends paid to the company's shareholders (-)	-3.697
Changes in long-term financial debt	94.210
Changes in short-terms financial debt	37.378
Financing cash flows from discontinued operations	317.007
D. Net cash used in financing activities	444.976
E. Net (decrease) / increase in cash and cash equivalents	-8.719
F. Cash and cash equivalents at end of year	29.989

Movements of consolidated stockholders' equity

Statement of changes in equity (in k€)

	Share Capital	Share premiums	Currency translation reserve	Hedging reserve	Other reserves	Own shares	Shareholder's equity	Minority interests	Total Equity
Opening balance of the year 2006	36.600	7.127	0	0	65.749	0	109.476	17.539	127.015
Net profit for the period					7.448		7.448	2.928	10.376
Dividends paid					-2.936		-2.936	-902	-3.838
Operations with own shares					4	-79	-75		-75
Others					1			-4.373	-4.373
Closing balance of the year 2006	36.600	7.127	0	0	70.266	-79	113.912	15.192	129.106
Net profit for the period					20.712		20.712	1.663	22.375
Dividends paid					-2.942		-2.942		-2.942
Operations with own shares					11	-11	0		0
Income (expenses) recognised directly in equity : currency translation differences	0	0	-261	0	0	0	-261	-165	-425
Increase of capital								18.420	18.420
Other					-191		-191	1.204	1.013
Closing balance of the year 2007	36.600	7.127	-261	0	87.856	-90	131.232	36.314	167.547
Net profit for the period					-2.921		-2.921	145	-2.776
Dividends					-3.697		-3.697		-3.697
Operations with own shares					48	-48	0		0
Income (expenses) recognised directly in equity relating to discontinued operations classified as held for sale	0	0	5.377	-12.264	-549	0	-7.436		-7.436
Income (expenses) recognised directly in equity related with continuing operations:									
currency translation differences			463				463	-5.887	-5.424
cash flow hedges (fair value gains/(loss) net of tax)			463				463	4.151	4.614
Increase of capital							0	-10.038	-10.038
Other					-576		-576	-2.466	-3.042
Closing balance of the year 2008	36.600	7.127	5.579	-12.264	80.160	-138	117.065	186.902	303.967