SAPEC GROUP – ANNUAL COMMUNICATION 2009

Regulated information

March 31st, 2010

MANAGEMENT REPORT – 2009 (k€ = € 000's)

Whilst the majority of our activities, in this difficult year and in a particularly negative context in Spain, answered generally well to our expectations, the exceptional losses which agro commodities distribution registered, strongly penalized the consolidated results of the Group.

In fact, for the agro commodities distribution sector, 2009 was difficult because it was strongly affected by the untimely liquidation of an important soybean position, which ended in an exceptional loss of 11,700 k€. Management has taken a series of rigorous measures in order to avoid future occurrence of this type of situation; these measures included a downsizing of the activity and a strengthening of the risk control system. They became effective at the beginning of the last quarter of 2009. The new forms of operation allowed Interpec Iberica to register a partial recovery of this exceptional loss. This sector finishes nevertheless 2009 with a total loss before taxes of 9,050 k€.

In May 2009, the Spanish Constitutional Court definitively condemned the Spanish state to refund (principal and interests) taxes considered as unconstitutional to the importers of products in bulk, which were charged by the port authorities between 1991 and 2009.

For Interpec Iberica, this would represent a receipt of an amount about 17,000 k€, the impact on equity is estimated to be 10,000 k€. We decided not to record this receivable in 2009 until having more information about the manner and timeframe, which will be proposed by the Spanish authorities to execute the refund.

In crop protection, three of our four subsidiaries progressed compared to 2008. Our fourth subsidiary in Spain had more difficulties, strongly penalized by its commercial profile. This subsidiary also started a restructuring of its distribution network in Andalusia in order to strengthen its position in this important agricultural region of Spain. The difficulties encountered by this subsidiary affected the expectations for this sector.

In spite of the difficult agricultural context in the Iberian Peninsula, especially in Spain, where important crops have been affected by the drop in agricultural prices and where the distribution strongly felt the restriction on credit, we were able to slightly increase our market share and to ensure the maintainer of the levels of EBITDA and EBIT compared to 2008.

In crop nutrition, on the international markets this sector resisted well the crisis, as opposed to Spain where the situation was more difficult.

The good performance of our strategic markets more than compensated the difficulties faced by our Spanish subsidiary. This sector was thus able to see its EBITDA and EBIT improving more than 20% compared to 2008.

The chemical products, despite the weakness of the industrial activity and the lack of trade in sulfuric acid, was able to find solutions to ensure positive results in line with those of 2006 and 2007, although lower than those of 2008, which were strongly influenced by the sulfuric acid trade.

The environment sector, treatment and processing of industrial non hazardous waste, had a good business year. The reception of waste coming from the industrial activity dropped by

25%, but this loss of volume was compensated by an agreement negotiated with a public waste treatment center, whose cells of storage are full, to receive their selected ordinary waste in our processing center.

The processing center of hazardous industrial waste (SISAV), where Sapec has a stake of 34% and which is in operation since September 2008, had a first complete year of activities below our expectations, affected by the weakness of the industrial activity.

On the other hand Tratospital (hospital waste) where Sapec has a stake of 35% met our expectations.

The logistic sector is composed of two different activities: the multimodal land terminal activity and the port activity (mainly the bulk terminal in Setúbal).

The downturn continued to affect the railway activity in general and the port activity, after a weak first half of the year, had in the last quarter, a significant recovery of its activity.

The land terminals have suffered in 2009 from the lack of industrial activity and exports in Portugal. The turnover for the whole year remained significantly below the budget and 6% lower than 2008.

For the bulk terminal in Setúbal, the activity remained much lower than forecast in the first half of the year, but had a significant recovery during the last quarter. The logistic sector finished the year with a loss of 571 k€, which represents a reduction of 50% compared to 2008.

In the renewable energy sector, our 14 hydroelectric power stations in Spain produced 25% more than in 2008 and sold 111,232 MWh but at a price lower than 2008. In the solar energy, 2009 was the first full year of production for our four sun power stations in Spain, which were able to meet our expectations and to outperform the business plan.

In the U.S., 2009 saw the finalization of the construction of the wind park of Glacier II (107 MW) in October. The wind energy produced in the U.S. was of 313,500 MWh and remained below the targets of the business plan.

Sapec is in advanced negotiations with a group of first level investors. In the event of success, it would sell two thirds of its current shares of Naturener. After the capital increase, subscribed by the new investors, the stake of Sapec would be reduced to less than 15%. These transactions would have a limited impact on the income statement. With the contribution from these new investors, Naturener should be able to continue its development. Sapec would see its debt being reduced by 80,000 k€ and could in the medium term benefit from the growth in value of Naturener.

In conclusion, in 2009 the consolidated turnover of the Group (519,633 k€) decreased by 23.5% compared to 2008 (679,551 k€). This decrease is due exclusively to the agro commodities distribution sector. This is mainly due to the drop of the agricultural commodities prices during 2009 compared to the average high levels of 2008. The turnovers of our other sectors have not registered major changes in 2009 compared to 2008.

The negative performance of Interpec Iberica explains alone the drop in the consolidated operating profit: of 7,578[1] k€ in 2008 to -2,234 k€ in 2009, as well as the variations of the Group's consolidated EBIT and EBITDA.

Indeed, the Group's consolidated recurring EBITDA decreased from 29,247(1) k€ in 2008 to 8,684 k€ in 2009 (-70.3%), -20,563 k€, the decrease in the agro commodities distribution sector by itself was -21,804 k€. That
means that the aggregate of the other sectors saw its recurring EBITDA slightly progressing by 1,241 k€.

(in k€)	**31/12/09**	**31/12/08**
Revenue	519,633	679,551
Earnings before interests and taxes	-2,234	7,578
of which: recurring items	*-1,339*	*18,711*
Gain (loss) on derivative financial instruments	-5	-868
Gain (loss) on disposal of non-current assets	917	5,387
Net financial result (1)	-13,489	-13,022
Share in the net income (loss) of the companies consolidated by the equity method	-179	-173
Profit (loss) before income tax	-14,990	-1,098
Income tax	3,365	1,020
Profit (loss) for the year from discontinued operations	-3,635	-6,560
Profit (loss) for the year	-15,260	-6,638
Net profit (loss) attributable to equity holders of the company	-15,440	-5,174
EBITDA	8,706	23,094
Earnings per share (in €)		
Number of shares	1,355,000	1,355,000
Basic earnings per share	-11.40	-3.82
EBITDA by share	6,43	13,07

1. The exchange differences due to the operations of buying and selling and their respective cash flow were reclassified in operating results. The figures in 2008 of the headings "operating result before tax, financial costs and other incomes" and "net income" before this reclassification were respectively, 9,409 k€ and -14,852 k€.

[1] Adjusted by the reclassification of exchange differences on transactions

KEY FIGURES BY SECTOR OF ACTIVITY

(in k €)	31 décembre 2009	31 décembre 2008	∆%
Crop protection			
Revenue	**73,908**	**75,423**	**-2%**
EBITDA	7,802	7,940	-2%
- of which: recurring items	*7,599*	*7,147*	*6%*
EBIT	5,237	5,558	-6%
- of which: recurring items	*5,034*	*4,764*	*6%*
Crop nutrition			
Revenue	**36,935**	**36,090**	**2%**
EBITDA	3,692	3,207	15%
- of which: recurring items	*3,692*	*3,149*	*17%*
EBIT	2,360	1,971	20%
- of which: recurring items	*2,360*	*1,913*	*23%*
Chemical products and environment			
Revenue	**43,987**	**46,103**	**-5%**
EBITDA	3,898	5,397	-28%
- of which: recurring items	*3,898*	*5,397*	*-28%*
EBIT	2,784	3,580	-22%
- of which: recurring items	*2,784*	*3,580*	*-22%*
Agro commodities distribution			
Revenue	**353,572**	**509,148**	**-31%**
EBITDA	-4,000	6,266	
- of which: recurring items	*-3,170*	*18,364*	
EBIT	-6,277	4,480	
- of which: recurring items	*-5,447*	*16,578*	
Logistics			
Revenue	**12,323**	**12,374**	**0%**
EBITDA	406	397	2%
- of which: recurring items	*131*	*397*	*-67%*
EBIT	-1,943	-2,109	8%
- of which: recurring items	*-2,218*	*-2,109*	*-5%*

CROP PROTECTION

Three of our subsidiaries progressed compared to 2008 but the difficulties faced by our fourth affiliate in Spain affected our expectations for this sector.

The year 2009 was characterized by an important contrast between the Portuguese market and the Spanish market.

On retailer level the Portuguese market grew by 11% compared to 2008 while the Spanish market fell more than 8%.

Portugal has had slightly more favorable climate conditions and the distribution channels, highly fragmented on this small market, helped by the favorable conditions for vineyards and fruit orchards and in a less depressed economic environment, were able to stay flexible and to find solutions to develop their businesses. In Spain on the other hand, where the crisis hits hard all the economic sectors, large and medium distribution remained very prudent, especially in the regions where some major crops, such as citrus fruits, cereals, olives and some vegetable crops were affected by strong price falls.

In Portugal, Sapec Agro and Selectis registered a turnover of 33,649 k€ in 2009 against 32,650 k€ in 2008, an increase of 3%. We lost a little of our market share but this was in benefit of a slight improvement in the average gross margin and a very significant reduction of the average payment terms of our customers, which improved by almost fifty days compared to 2008. We remain, consolidating our two subsidiaries, the first player in Portugal.

Sapec Agro has also significantly increased its exports, outside the Iberian Peninsula, mainly in countries of the Mediterranean area. Those represent a turnover of 4,510 k€ against 2,500 k€ in 2008 and start to have a positive contribution to the result of the sector.

In Spain, our subsidiary Tradecorp saw a sale increase of 12% in its crop protection business and could thus significantly increase its market share. This increase in the sales compensated a slight erosion of the gross margin, allowing a progression of the results compared to 2008.

Sapec Agro Spain was strongly penalized by its profile, having a prevalence of large distributors with strong positions in those crops most affected by the price drops. This affiliate also decided to restructure its distribution network in Andalusia to strengthen its market position in this important agricultural region in Spain.

Sapec Agro Spain saw its sales dropping from 26,784 k€ in 2008 to 19,467 k€ in 2009, that means -7,317 k€.

Our sales in Spain reached the 34,532 k€ in 2009 against 40,611 k€ in 2008.

The global Iberian Peninsula market has fallen by ± 6% and our sales went from 75,423 k€ in 2008 to 73,412 k€ in 2009, -2.8%, enabling the Group to strengthen and to consolidate its position as the third actor in this sector.

The EBITDA despite of the difficulties remained stable (7,802 k€ in 2009 against 7,940 k€ in 2008) and the EBIT decreased from 5,558 k€ in 2008 to 5,237 k€ in 2009, a decrease of 6%.

As required by the accounting standards, the results of the exchange rate differences, not related with financial but with operational activities, has been reclassified in 2008 and 2009 at the gross margin level.

The financial results have remained stable (3,984 k€ in 2008 against 3,952 k€ in 2009). The significant reduction of receivables delays by Sapec Agro Portugal, made possible to optimize the cash flow of the sector in 2009, this reduction of delays was also possible due to an aggressive discount policy for cash payments, which represented about 500 k€ of increased financial costs.

The EBT of the sector went from 1,574 k€ in 2008 to 1,284 k€ in 2009.

The most important part of the investment program in the European Review, which requires that any active ingredient used in agriculture needs to be registered and licensed, has been done, The majority of our dossiers were already submitted to the European authorities. A first series of approvals has been obtained in 2009 and a second series will follow during 2010.

This investment will secure access to the active materials, diversify the supplier risk, open new opportunities for the business, increase our bargaining force and finally should allow an average improvement of the gross margin.
The entry in force of the European Review and new registration process should in the long term have the advantage of making the market more transparent, squeezing out a series of small players.

CROP NUTRITION

On all the international markets, this sector resisted well the crises, contrary to Spain where the situation was more difficult.

Practically all of the markets in crop nutrition were strongly disturbed in 2009. Fertilizers prices, mainly in commodities, suffered important drops in 2009 after the sky high levels reached in 2008. The price volatility and weak levels of agricultural prices forced retailers and farmers to be prudent in their supply decisions. If, in nitrogen fertilizers, which are determinant to assure good yields levels, the markets remained stable in volumes, in compound fertilizers, which uses can be partially bypassed, if the nutrient reserves of the soil allow it, some markets recorded falls of more than 50%.

In this difficult environment and global downturn, the specialty status of our product line was a strength. Indeed our range of products is mainly used in cash crops with high added values (fruits, vegetables, vine and flowers), with low doses to answer to specific nutritive deficiencies. We thus benefitted from a rather stable demand but in some cases the credit crunch situation encouraged the retailers to look at alternative sources of cheaper and lower quality products and to keep their stocks below security levels.

Tradecorp in Spain, in this difficult context, made the internal decision to focus its sales efforts on the direct market (selling our branded products straight to the distribution channels) and marginalize our sales on the indirect market (sale of unbranded products to mixers or industrials, mainly producers of compounds fertilizer, whose market felt by more than 45%) where the margins have been under strong pressure.

In Spain our direct market sales remained stable compared to 2008 and dropped by 32% on the indirect market. Overall sales have thus decreased 7% compared to 2008 but the average gross margin remained stable compared to 2008.

In Portugal, on this small market, on the other hand, our sales increased by 26%, resulting from a good commercial focus.

For the international markets, representing 75% of the sales of this sector, after an increase of sales of 48% in 2008, the target for 2009, in this environment of downturn, was one of consolidation of sales and increase gross margin. The objectives were achieved, since the sales were up 6% and the average gross margin has improved. The structures costs have been optimized, allowing the international division of this sector to see its results improve significantly compared to 2008.

- • In Europe, the increase of sales by 4% is explained by the good campaigns in Italy and France and a good stand of all other markets. The average gross margin remained stable compared to 2008.
- • In the Middle-East, the slight sales decrease of 6% was compensated by a good growth in the average gross margin, allowing an improvement of the contribution of this region.
- • In Mexico the sales rose by 20%. The average gross margin remains excellent but suffered from the weakness of the peso and lost some points compared to 2008.
- • In Brazil, the sales rose by 32%, the average gross margin remained stable compared to 2008 at an excellent level.

- • Sales made from Madrid, mostly in Latin America (excluding Mexico and Brazil) and some countries in Asia, decreased by 13%. Despite that, the positive evolution of the gross margin allowed an improvement of the net contribution margin.

The total sales in this sector rose from 36,090 k€ in 2008 to 36,935 k€ in 2009, an increase of 2%.

Similarly to the sector of crop protection, the results of the foreign exchanges rates differences on non-financial transactions were reclassified on the gross margin.

The EBITDA of the sector rose from 3,207 k€ in 2008 to 3,692 k€ in 2009, an increase of 15%.

The EBIT of the sector rose from 1,971 k€ in 2008 to 2,360 k€ in 2009, 20% up.

The financial costs have evolved positively, from -1,915 k€ in 2008 to -851 k€ in 2009, positive results on foreign exchanges and derivatives of 385 k€ were recorded in 2009 against losses of -388 k€ in 2008.

Accordingly the EBT of the sector rose from 56k€ in 2008 to 1,509 k€ in 2009.

CHEMICAL PRODUCTS AND ENVIRONMENT

Despite the weakness of the industrial activity, this sector was able to find solutions to ensure positive results.

In the chemical products sector, it is mainly the activity of solvents which was affected, these products being mainly used in construction and automotive sectors.

The activity of the conventional products compensated the lack of volume with an increase of the average gross margin primarily for the specialty products which we produce for water treatment.

The activity of the polymers and paraffin, with the launch of new products in 2009, matched the positive results of 2008.

The year 2009 was the first complete year of integration of the activity of Sarcol, acquired in 2008. Although slightly below our expectations, the contribution to the EBITDA sector of this acquisition has already been significant in 2009 and represents more than 20%.

The results of 2008 were strongly boosted by sales of sulfuric acid with very good margin, which were not repeated in 2009.

In consolidated (including Sarcol) this sector sold 103,430 tons in 2009 compared with 105,829 tons in 2008 and registered 40,702 k€ of turnover in 2009 against 36,115 k€ in 2008.

The EBITDA of the sector reached in 2009, 2,081 k€ against 3,316 k€ in 2008 and 1,736 k€ in 2007.

In the environment, CITRI recorded a progression of its performance compared to 2008.

The reception of hazardous industrial waste dropped by 25%, but this volume loss was compensated by an agreement with a public waste treatment center, whose cells of storages are full to receive, their selected waste in our processing center. This agreement will continue in 2010, time for the new cells, currently under construction to become operational.

The non hazardous tons of industrial waste received rose slightly to 144,512 tons in 2009 against 139,350 tons in 2008. The average price of reception fell slightly, the delivered tons from the public waste treatment center being done at a lower price. The turnover increased from 5,711 k€ in 2008 to 5,828 k€ in 2009.

The production at industrial scale of a secondary fuel made from delivered waste continues and nearly 12,000 tons of this fuel was sold to the local cement producer.

The operational and structures costs are on line with the objectives.

EBITDA in 2009 reached 2,307 k€ against 2,225 k€ in 2008 and the EBIT stand at 1,679 k€ in 2009 against 1,272 k€ in 2008.

For the SISAV (hazardous waste treatment center), in which Sapec has a stake of 34.13%, the performance was penalized firstly by the lack of volume resulting from the decrease of the industrial activity and, secondly, by an average price level for the different kind of treatments 14% lower than expected. The SISAV in 2009 recorded a loss of 745 k€. We are trying to convince the political authorities on the fact that significant volumes of hazardous waste continue to be exported to Spain at dumped prices and that small operators in Portugal continue to collect and to be active in this sector without having the required licenses.

The Group took a minority interest (35%) in the Portuguese company Tratospital, this small unit is specialized in the collection and the treatment of hospital waste. This stake allows us to be present in the various segments of the industrial waste sector and is in partnership with our co-shareholder in SISAV, the EGEO Group.

Tratospital was in line with our expectations, recorded a turnover of 2,750 k€ and an EBITDA of 347 k€.
In the environment sector the following elements are to be announced:

- • The third waste land fill cell on the CITRI site, with a capacity equal to the sum of the first two cells, has become operational since the last quarter. The sealing of the first two cells is forecasted for 2010, the cost of this operation has been fully provisioned in the accounts.
- • In this environment sector, principally in the processing and valorization of waste several projects are currently under study. In 2009 we recorded 395 k€ for miscellaneous expenses related to the study and the analysis of various projects.

For the whole of the sector the EBITDA in 2009 reached 3,898 k€ against 5,397 k€ in 2008, the EBIT passes to 2,784 k€ in 2009 against 3,580 k€ in 2008 and the EBT reached 2,037 k€ in 2009 against 2,557 k€ in 2008.

AGRO COMMODITIES DISTRIBUTION

The extreme volatility of the markets disclosed certain weaknesses of our risk control systems, which were corrected by the management in order to return to this business the stability which characterized it.

The year 2009 was particularly difficult for this sector. In the first quarter, the low meat consumption in Spain has led to a decrease in our sales volume by -44% compared to the same period in 2008. However, gradually, the market situation normalized and Interpec Iberica finished 2009 with sales close to 2M of tons, 10% lower in volume compared with 2008 and in line with the estimated drop of the market. In 2009, exports of manioc from Thailand, traditionally an important commodity, for Interpec Iberica (468,000 MT in 2008) and Seteia in Portugal, to Europe were practically nonexistent. But it is the soybeans position in Spain which weighed the most on the results of this business in 2009. The late drought which has affected the south of Brazil and the north of Argentina in March 2009 reduced significantly the production of soybeans and took by surprise most market players including Interpec Iberica. The prices at origin, which fall appreciably at the time of harvest (March/April), were maintained abnormally high throughout 2009.

The losses (mark to market) already important at the time of Argentinean harvest only worsened until the company decided to finalize and liquidate this position, which had a negative impact of about 11,700 k€ in the results of this business. This situation disclosed certain weaknesses in our internal organization system, and new measures have been implemented to prevent similar future situations.

The difficulties accumulated by Interpec Iberica in the first half of 2009 (suspension of payment of Armada – provisioned in 2008, the losses on the soybeans position and the lack of manioc from Thailand) led us to proceed to a centralizing of the activities in September: the back office was resized and the national storage activity gradually abandoned.
Interpec reduced from 37 people at the end of 2008 to 27 people at the end of 2009 and 18 people early March 2010. The last months of 2009 went well with this new form of operations, but were only able to compensate partially the accumulated loss. Interpec Iberica thus finished 2009 with a total loss before taxes of 9,889 k€.

Throughout this crisis, we could count on the permanent support of our principal bankers. The whole team of Interpec is now focused on the success of 2010, which started quit positively.

Our subsidiary in Portugal, Seteia, mainly suffered from the lack of manioc, of which it is the main importer in Portugal. Other products were brought on the market but that was not enough to compensate the lack of manioc, Seteia ended 2009 with 83,000 MT of volumes against 113,000 MT in 2008, the profit before taxes was reduced to 220 k€, almost half of the amount when compared to 2008.

The port subsidiaries of Interpec in Spain felt the reduction of volumes of Interpec, especially in manioc. Their activity with third parties (clinker, agro commodities) also strongly decreased (-35%) compared to 2008.

Seporta, in Tarragona, discharged 550,000 MT against 840,000 in 2008 (-34%). The profit before taxes decreased by 76% to 221 k€, mainly affected by the lack of manioc volumes.

Seporsur, in Cadiz, operated 578,000 MT against 826,000 in 2008, a reduction of 30%, the activity for third parties decreased from 328,000 MT to 214,000 MT (-35%). The profit before taxes fell from 700 k€ in 2008 to 269 k€ in 2009, a drop of 62%. We decided to look for a buyer or a partner to operate the bulk liquid terminal of Seporsur which, while not being strategic for Interpec, has an interesting potential of development.

In May 2009, an important decision of the Spanish Constitutional Court allows Interpec Iberica to believe in a refund from the Spanish Port Authorities of an amount of about 17,000 k€ (including principal and interests) for taxes charged since 1991. This process arises from a discussion on the constitutionality of certain taxes charged by the Spanish Port Authorities on imported and discharged bulk products in the ports since 1991. These taxes were applied on all kind of bulk products (agro commodities, fuel, minerals, etc.) which represents, between 1991 and the end of 2009, a total refund amount for the country of about 2,000 M€. In 1991 all the agro commodities importers (to which Interpec Iberica belongs) gave the responsibility to handle these claims to a law firm specialized in administrative law, and the recent decision of May 2009 is the result of their work. The enforcement of these debts seems indisputable today, but it is still unclear when and how the Port Authorities will pay their debt.

This refund, to the importers must always be regularized through the legal representative of the Port Authority, i.e., the Shipping agent. Today, some of these agents have ceased their activity and some doubts may exist about how those will carry out the refunding.

In a conservative analysis, on December 31, 2009, Interpec believes it is entitled to receive from the Port Authorities, an amount of about 17,000 k€ from which 3,173 k€ were already recorded in prior years.

LOGISTICS

The downturn continues to affect the railway activity and the port sector, after a still weak first half of the year has had since the last quarter a significant recovery of its activity.

This sector is broke down in two different activities: the land multimodal terminals activity, and the port terminal activity, mainly the bulk terminal in Setúbal and the stake of 50% in the stevedoring subsidiary, Navipor.
The land terminals suffered, in 2009, of the decrease of industrial activity and exports in Portugal. The turnover on the whole year remained significantly below the budget and even 6% lower compared to 2008.

By geographic area, this recession was more perceptive in the North (-11%) that in Lisbon (-3%).
By business segments, it is mainly the railway that has suffered with an activity reduction in Setúbal and Valongo (North) of about 50% compared to 2008. This is due to a larger use by producers and importers of road transport, which became very competitive in price due to the generalized shortage of activity and which allows a better optimizing of stocks, factories trying to manage there stocks on demand. By the end of the year, we felt a slight recovery of rail transport for iron, steel and chemicals products, but still to be confirmed.

The import/export activity in containers to the Portuguese speaking African countries has been strong.

The land sector, despite a decrease in its turnover by 6% compared to 2008, was able to reduce its losses by 13% over the previous year, ending the year with a result before taxes of -2,300 k€.

At the Setúbal bulk terminal, the activity remained below our forecasts in the first half of the year, with a significant recovery in the last quarter.

The discharged volume reached 517,000 MT against 508,000 MT in 2008. Due to a better product mix the turnover of 4,702 k€ progressed 9% compared to 2008.

The result before taxes did not reach breakeven, as was hoped for 2009, but the loss of 575 k€ represent a reduction of 50% compared to 2008. This is mainly resulting from cost control which was implemented.

The subsidiary Navipor has succeeded in a flat market to improve its gross margin by 25%. It also succeeded, up from the last quarter of 2009, to stop the losses of its subsidiary of port manpower by conceding the majority of the capital of this affiliate to the terminal of Sadoport, a major consumer of port manpower in Setúbal. After the necessary provisions to restore the financial situation of this subsidiary, Navipor finished the year in balance. The port manpower subsidiary Operestiva, of which Navipor holds now no more than 40% of the capital, will become again profitable in 2010.

RENEWABLE ENERGY

The drop of the electricity prices, in consequence of the economic downturn, affected some of our power stations. This sector produced more than 482,000 MWh of renewable electricity in 2009 and carried out an EBITDA on turnover of 67%.

The production of our 14 hydroelectric stations reached in 2009 111,232 MWh against 87,955 MWh in 2008. But, as it is often the case, a good year of hydro production in Spain results in a weakening of the electricity price, situation deteriorated in 2009 by the fall in electricity consumption, especially in the industrial segment. The average price was of 78.3 €/MWh, a drop of 24% compared to the 2008 average price, in consequence the turnover felt by 5% compared to 2008.

In the sun power sector, 2009 saw the first full year of production of our four photovoltaic stations in Spain.
They produced 57,531 MWh (3.7% above the plan), resulting in a turnover of 26,197 k€. The stations ran
at full capacity and didn't experience any major problems, confirming the good choice to have built them turnkey with a major operator of the sector. On the other hand, no new projects have been released in 2009, and the project of Alange (13 Mwp) was finally only approved in February 2010. We are currently discussing the construction contract and the ''Project finance''. If the project is approved the construction should be completed by the end of the year. We do not consider, in the current political context, to obtain other approvals in 2010.

In the U.S., 2009 saw the termination of the construction of the Glacier II farm (103 MW) in October.

The wind energy production in the U.S. represented 313,500 MWh (the Glacier II production was marginal), this is below the business plan. The average selling price of 5 cents €/Kwh was also below the reference price of the plan, that is due to the drop of the prices of electricity in the U.S. and despite the fact that the electricity produced by Glacier I is hedged at 75%.

At a consolidated level, Naturener registered in 2009 a turnover of 50,843 k€ (against 13,862, in 2008) and a recurrent EBITDA of 34,024 k€ and an EBIT of 7,169 k€.

Sapec is in advanced negotiations with a group of first level investors. In the event of success, it would sell two thirds of its current shares of Naturener. After the capital increase, subscribed by the new investors which allowing Naturener to finance its future development, the stake of Sapec would be reduced to less than 15% (with the subscription of an enlarged shareholder agreement). Taking into account this operation, the net impact of Naturener in our accounts amounted to -3,885 k€.

REAL ESTATE

In this context of economic downturn, only a small real estate transaction was carried out in 2009 for 450 k€.

The improvements of the road accesses to the industrial park of Setúbal were concluded in 2009. To make this possible we were expropriated of an area of 3.3 ha at the limits of our industrial park, which does not have impact on the potential development.

COMMENTS ON THE BALANCE-SHEET AND THE INCOME STATEMENT

The consolidated turnover of the Group in 2009 (519,633 k€) was reduced by 23.5% compared to 2008
(679,551 k€). This reduction comes mainly from the agro commodities distribution sector. This is explained partly by the drop in 2009 of the agro commodities prices compared to the sky high level reached in 2008, on other hand the consumption of such products declined, according to our estimates, by 10% in Spain provoking a decrease of the same order in volumes. The turnovers of our other sectors have not experienced major changes in 2009 compared to 2008.

The negative performance of Interpec Iberica explains by itself the reduction in the consolidated operating result: of 7,578[2]k€ in 2008 to -2,234 k€ in 2009. As well as the consolidated EBIT and EBITDA of the Group.

Indeed the Group's consolidated recurring EBITDA came down from 29,247[3] k€ to 8,684[3] k€ in 2009 (-70.3%), what represent -20,563 k€, the reduction in the agro commodities products sector by itself was of -21,804 k€. That means that the aggregate of the other sectors progressed slightly its recurring EBITDA by 1,241 k€.

Regarding the financial result, the Group decided to reclassify to operating profit, accordingly the accounting standard rules, the exchange rate differences whose origin are associated with the operations of buying and selling and their respective cash flows. This reclassification affects crop protection and crop nutrition sectors. Indeed the international development of these two sectors becomes significant enough to justify this reclassification.

The financial charges, excluding those related to our stake in Naturener, were reduced. Indeed, in 2009 we recorded 3,819 k€ of charges directly related to the debt financing of our stake in the capital of Naturener Group. Excluding those the financial charges decreased from -13,022 k€ to -9,670 k€, a reduction of 25.7%, due to the fall of the interest rates and the reduction of the average amount of debt.

The result of the stakes registered by the equity method includes our share in the results of Tratospital (+76.1 k€) and SISAV (-255 k€).

The "result from discontinued operations" includes the result of the Naturener Group (under application of the accounting rules imposed by IFRS 5[3]) and the provision made for the

[2] Following the reclassification of foreign exchange differences, the «operating profit», EBIT and EBITDA in 2008 changed from 9,409 k€, 14,796 k€ and 24,925 k€ respectively to 7,578 k€, 12,965 k€ and 23,094 k€.
[3] Among other things, according to IFRS 5, the rule determines that assets classified as of «disposal group classified as held for sale» must cancel their depreciation.

possible sale of part of our investment. This stock transfer would be done within a wider contractual support and would, in the long term, allow the sale of our remaining stake in the renewable energy sector which, by the contribution of the new partners, would have been revalued.

The result for the period was -15,260 k€ (against -6,638 k€ in 2008) and the result attributable to the Group amounts to -15,440 k€ (against -5,174 k€ in 2008).

The balance sheet registered a reduction of the total assets if we exclude the impact of the evolution from “assets held for sale”. This item progressed by 93,198 k€ against an increase of total assets by 31,777 k€.

This reduction of assets (-61,421 k€) comes from a reduction in “current assets” of -74,532 k€ and an increase in “non-currents assets” of 12,911 k€. For the current assets variation, contributed the debt repayment on the property fund, which bought the park of Póvoa in 2007 (-12,285 k€), the payment of the compensation made by the insurance company after the fire of 2008 (-7,312 k€) and the reduction in inventories (-27,398 k€). The progress of the non-currents assets is influenced by the operation of “sale and lease-back” on a parcel of the industrial park where the warehouses are located at the port terminal, this operation generated a capital gain of 10,609 k€ which was recorded under “deferred income” in liabilities.

The requirement for operational working capital maintained their downward trend following the various measures made by the sectors: 139,143 k€ in 2009 against 147,323 k€ in 2008 and 159,273 k€ in 2007.

For the total requirement in working capital1, the reduction was much more expressive, -32,694 k€, in consequence of the measures taken.

The fixed assets increase, if we exclude the effected of the operation of “sale and lease-back”, of 14,598 k€, including 7,800 k€ related to the program-related investment in the sector of crop protection in the European review and approval of active materials.

The amount recorded in “assets held for sale” increases in 2009 as a result of the investment made by the Group Naturener in the new wind farm in the U.S. (Glacier Wind 2) which came into operation in September.

The net amount of the debt was reduced by 5,806 k€ compared to 2008 or 9,625 k€ if we exclude the interests due on the financing of our stake in Naturener. The net debt related to the non-energy activities at December 31, 2009 was 182,799 k€ against 192,424 k€ in 2008, despite the negative impact of the result of the year.

In accordance with the legal requirements, the Group informs that it maintains a liquidity contract of its shares with a banking institution responsible for its discretionary management. At December 31, 2009, the Group held 2,481 own shares, acquired in respect of the decision of the General meeting of June 19, 2009.

DEVELOPMENTS ON THE FIRST QUARTER 2010

For ours crop protection and crop nutrition sectors, the first signals of the beginning of the year suggest, without yet being able to make forecasts, that the markets are more optimistic than a year ago. Although the prices of some cereals still remain on low levels, especially in Europe and that the rigorous winter delayed the start of the agricultural campaigns, we note that the orders are made at satisfactory intervals.

The agro commodities distribution sector, penalized for two consecutive years by exceptional elements, but strengthened by the internal restructuring measures implemented will be able this year achieve again positive results.

Even if the industrial activity in Portugal remains weak at the beginning of the year we estimate, despite everything, that the sector of the chemical products will be able in 2010 to carry out a performance higher than that of 2009. Indeed the prices of the raw materials, which compose our line of goods, are increasing and the integration of the Sarcol activity will fully bear its fruits.

The environment sector, strengthened by the renewal for one year of the agreement with the industrial waste treatment, will also be able to know an improvement of its results.

For the logistics sector, we noticed at the beginning of the year a significant resumption of the activity for our port terminal at Setúbal, we thus think that this terminal will be able to achieve again positive results in 2010. The rail terminals on the other hand continue to suffer from lack of activity. We are actively seeking for a solution in order to be able, through an association, overcome this problem of critical mass.

In renewable energy, Naturener sold the totality of the shares of its photovoltaic park of Tinajeros (12 MWh) to an investment fund for a value of 32,000 k€. This operation has been concluded recently and it generates a significant added value in Naturener. The resulting liquidity will enable the company to continue to invest in its portfolio of wind and solar projects in North America and Spain.

The markets are still hesitant and the signals of economic revivals are still weak, this prevents us from making predictions for the current year.

We are however optimistic as for the behavior of our s activities in this context still low visibility.

Some of our businesses have in fact proved to be able to overcome the adversity of the economic situation, others have taken strict measures and immediate steps to reduce their vulnerability and finally solutions are to be made in our less profitable activities.

Confident in the industrial sectors where we operate and trustful in the ability of our businesses and our managers to met the challenges, we believe that 2010 could be, for the Sapec Group, the recovery of a rhythm of growth of its results, such as we knew all the decade before the crisis of 2008.

PROFIT TO BE DISTRIBUTED

The net profit of Sapec S.A. stands at 514.7 k€.

The amount of profit to be shared stands at 20,211.6 k€.

The Board of Directors proposes not to distribute dividends for the financial year 2009 and to maintain the Directors emoluments at 108.9 k€.

The retained earnings reached 20,102.7 k€

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

APPOINTMENTS

The terms of office of Mr. Xavier Scheyven, Mr. Manuel Fernando Espírito Santo, Mr. Christian Varin, Mr. Jean Marie Laurent Josi and Mr. Günter Strauss expire at assembly of June 15th, 2010.

In agreement with our statutes and in accordance with the legal criteria regarding term and possible renewal o for the Independent Director, we propose to extend the normal period of terms of office of our Directors from three to four yrs.

The Directors Mr. Manuel Fernando Espírito Santo, Mr. Christian Varin and Mr. Jean-Marie Laurent Josi may be re-elected and we propose you to renew their terms from three to four years duration, until the General Assembly of 2014.

Reached the limit age, and after a long career at Sapec and with Mr. Frederic Velge, the term of Mr. Xavier Scheyven is not renewed. We show appreciation for all these years that he devoted with passion and devotion to our Group and its founder household.
We propose the term of Mr. Günter Strauss, re-eligible, to be renewed for a period of one year until the General Assembly of 2011, as Director introduced by the majority Group to replace Mr. Xavier Scheyven.

We propose to appoint Mr. Matthieu Delouvrier as Director for a term of four years, until the assembly of 2014.
Based on the opinion of the Appointment and Remuneration Committee, the Board of Directors strongly recommends to accept the proposed term as Independent Administrator.

Mr. Matthieu Delouvrier is fifty years old, is a French citizen and is graduate from University of Paris - Dauphine in economic detailed studies. The understanding of its biographical summary that you will find below gives you the essential information to evaluate its independence and allows you to appreciate its skills, its knowledge and experience. Mr. Matthieu Delouvrier thus joined together the criteria desired and necessary to exercise within Sapec the mandate of Independent Administrator and to assume its role.

In the event of appointment of Mr. Matthieu Delouvrier, the aforementioned will be, in its capacity as Independent Administrator, also called to be member of our Committee of Audit and our Committee of Appointment and Remuneration to replace Mr. Günter Strauss.

The Council also proposes the Assembly to renew for a period of three years expiring at the conclusion of the statutory Assembly of 2013, the mandate of the Auditor as well as the replacement of his representative in accordance with the standards of the IRE of June 29th, 2008 to the independence of the Auditor. The fees will be set during the meeting.

EXTERNAL CONTROL

The work of the Auditor is not yet completed. Consequently, the accounting information in this release has not yet been checked by the Auditor.

RESPONSIBILITY

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

CONTACTS

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BIOGRAPHICAL SUMMARY

Matthieu Delouvrier

Professional experience

Matthieu Delouvrier has a broad international experience in government advisory, corporate finance, business development and web technologies. During more than 25 years, he has advised governments, corporations, or directly managed businesses in some 23 countries on all continents.

Matthieu Delouvrier is currently CEO and founder of Swensee, a company specialized in international development issues for corporate and governmental. The firm has designed instruments for macro-strategic management to help investors deal with macroeconomic uncertainty. In addition, Swensee is developing innovative web solutions that aim at making it easier for SMEs to access foreign markets and is providing advice to media groups in the area of web 2.0 technologies.

Prior to Swensee, Matthieu Delouvrier was in charge of the management and development of a company from the early stage to the building, in two years, of a 1,200 employee group (the Swipco Group), active in 5 business activities in 16 countries. Growth was achieved through endogenous deployment as well as acquisition of several companies. Clients were mainly public bodies. Main activities were in the area of tax and custom duties collection support, public tenders audit and microfinance.

Matthieu Delouvrier started his career at Lazard Frères in Paris where he worked for 13 years, ending up as a Director. As an investment banker, he advised corporations and sovereign States. He was active helping corporations in their strategy, their restructuring, their funding. For Governments, he worked on macroeconomic management and policies and was instrumental in the renegotiation of some US$ 170 billion of debts. He received a thank-you letter from the prime Minister of Russia for his achievements.

EDUCATION

Paris University, Dauphine, Ph.D 1984.

EXTRA PROFESSIONAL ACTIVITIES

Vice-Chairman of the Institut Paul Delouvrier, institute involved in public sector reform in France. Creation of the first barometer to measure the satisfaction of citizens at State services. Promotion in the French media. Guest speaker at various seminars including at the main French political parties.

From October 2008, member of the working group on the State and the citizen, under the leadership of the Government's Committee on Communication.

At the request of the French Ministry of Finance, member of the Steering Committee for the organization of the 5th Quality Conference of the Public Administrations in the EU held in Paris in October 2008.

In 2004 and 2005, independent member of a French interministerial committee on the measurement of State performance.

From 2004, member of the Board of the "Fondation Hippocrene", founded by Jean Guyot, former head of Lazard Paris, which participates in projects dedicated to the promotion of Europe and young Europeans.

Since June 2008, member of the Board of France Qualité Publique, a NGO focused on improving quality in public services.

Since Member of the Board of Pergam Finance, a firm active in asset management and private equity in Latin America in the agriculture sector.

Member of several business clubs including Club de l'Europe and Association Progrès du Management (President of a local chapter).

Consolidated income statement

	31.12.09	31.12.08	var
1. Revenue	519,633	679,551	-159,918
2. Other operating income	4,568	5,867	-1,300
3. Operating expenses	-526,435	-676,010	149,574
4. Operating profit	**-2,234**	**9,409**	**-11,644**
6. Gain (loss) on disposal of non-current assets	1,034	5,514	-4,479
7. Gain (loss) on investments	-117	-127	10
8. Gain (loss) on derivative financial instruments	-5	-868	864
9. Finance costs net	-13,489	-14,852	1,363
10. Share in results of associates consolidated by the equity method	-179	-173	-6
13. Profit (loss) before income tax	**-14,990**	**-1,098**	**-13,892**
14. Income tax expense	3,365	1,020	2,345
15. Profit (loss) for the year from continuing operations	**-11,625**	**-78**	**-11,547**
16. Profit (loss) for the year from discontinued operations	-3,635	-6,560	2,925
17. Profit (loss) for the year	**-15,260**	**-6,638**	**-8,622**
Attributable to:			
17.1. Minority interest	-179	1,464	-1,643
17.2. Equity holders of the company	**-15,440**	**-5,174**	**-10,265**

Statement of Comprehensive Income

	31.12.09	31.12.08
Profit (loss) for the year	**-15,260**	**-6,638**
Cash flow hedges	1,672	-16,337
Currency translation differences	-3,039	9,991
Other comprehensive income (loss)	-1,367	-6,347
Total comprehensive income (loss)	**-16,628**	**-12,985**
- minority interest	-367	-4,868
- equity holders of the company	-16,260	-8,117

Statement of financial position

			(in k€)
ASSETS	31.12.09	31.12.08	var.
I. NON-COURANT ASSETS	**159,582**	**146,671**	**12,912**
1. Property , plant and equipment	127,396	120,879	6,518
2. Investment property	1,305	1,343	-38
3. Intangible assets	20,752	17,224	3,529
4. Investments in associates	425	744	-319
5. Deferred tax assets	9,507	6,404	3,103
6. Other non-current investments	196	77	119
II . CURRENT ASSETS	**940,182**	**921,316**	**18,866**
10. Assets classified as held for sale	737,256	644,058	93,198
11. Inventories	99,979	127,377	-27,398
12. Other current financial assets	1,091	922	169
13. Derivative financial instruments	136	0	136
14. Tax receivables	3,338	2,460	878
15. Trade and other receivables	85,980	106,835	-20,855
17. Cash and cash equivalents	11,591	29,989	-18,397
18. Other current assets	811	9,676	-8,865
TOTAL ASSETS	**1,099,765**	**1,067,988**	**31,778**

LIABILITIES	31.12.09	31.12.08	var
I. EQUITY	**295,548**	**306,068**	**-10,521**
A. Equity attribuable to the Group	101,151	118,292	-17,141
1. Capital	43,727	43,727	0
2. Consolidated reserves	61,319	78,659	-17,339
3. Ow n shares	-163	-139	-24
5. Cumulative income or (expense) recognised directly in equity holders related w ith discontinued operations	-3,733	-3,955	222
B. Minority interests	194,397	187,776	6,621
II. LIABILITIES	**804,217**	**761,920**	**42,297**
A. Non-current liabilities	**208,984**	**166,847**	**42,137**
5. Long-term interest-bearing borrow ings	190,139	157,107	33,031
6. Long-term non-interest-bearing borrow ings	369	550	-181
7. Deferred income	9,178	813	8,366
8. Long-term provisions	2,146	2,204	-59
10. Passifs d´impôt différé	3,345	3,130	215
12. Other non-current liabilities	3,807	3,043	764
B. Current liabilities	**595,233**	**595,073**	**160**
13. Liabilities associated w ith assets classified as held for sale	422,613	341,976	80,637
14. Short-term interest-bearing borrow ings	119,226	176,300	-57,074
15. Short-term non-interest-bearing borrow ings	210	190	20
16. Deferred income	1,364	359	1,004
18. Derivative financial instruments	425	1,104	-679
19. Income tax payable	2,530	4,549	-2,020
20. Trade and other payables	41,369	61,108	-19,739
21. Other current liabilities	7,496	9,486	-1,989
TOTAL EQUITY AND LIABILITIES	**1,099,765**	**1,067,988**	**31,777**

Cash flow statement

	31.12.09	31.12.08
A. Cash and cash equivalents - opening balance	**29,989**	**38,707**
1. Profit/ (loss) for the year	-15,260	-6,639
2. Non-cash adjustments	23,470	5,275
Depreciation and amortization	10,024	10,129
Reductions in value	803	1,598
(Profit)/loss on disposal of property , plant and equipment and financial assets	-917	-5,387
Changes in provisions on investments	13,380	0
Share in results of associates consolidated by the equity method	179	173
Changes in provisions	3	-1,238
3. Changes in working capital	30,825	-20,920
Changes in inventories	27,379	-16,445
Changes in trade and other receivables	20,071	-12,208
Changes in derivative financial instruments	-816	868
Changes in trade and other payables	-18,134	2,218
Changes in taxes liabilities	-3,026	-6,469
Other changes in working capital	5,351	11,116
4. Operating cash flows from discontinued operations	15,236	-16,742
B . Cash flows from operating activities	**54,271**	**-39,025**
1 . Acquisitions	-16,074	-40,562
Payments made for the acquisition of non-current assets (excluding financial assets) (-)	-16,074	-38,164
Payments made for the acquisition of investments	0	-2,398
2. Disposals	1,516	1,479
Entries from to the disposal of non-financial non-current assets	1,516	1,479
3. Investing cash flows from discontinued operations	-115,383	-375,288
C. Cash flows from investing activities	**-129,942**	**-414,371**
Changes in capital of affiliated companies	100,641	171
(Acquisition) sale of own shares	0	-94
Dividends paid to the company's shareholders (-)	-881	-3,697
Changes in long-term interest-bearing borrowings	32,850	94,375
Changes in short-term interest-bearing borrowings	-58,166	37,214
Financing cash flows from discontinued operations	-17,171	316,707
D. Net cash used in financing activities	**57,274**	**444,676**
E. Net (decrease) / increase in cash and cash equivalents	**-18,397**	**-8,720**
G. Cash and cash equivalents at end of year	**11,591**	**29,989**

State of changes in equity

	Share Capital	Share premiums	Currency translation reserve (1)	Hedging reserve (1)	Other reserves	Own shares	Equity attributable to the Group	Minority interests	Total Equity
As at December 31, 2007	**36,600**	**7,127**	**-261**	**0**	**87,856**	**-90**	**131,232**	**36,315**	**167,546**
Net profit for the period			5,840	-8,783	-5,175		-8,118	-4,867	-12,985
Dividends					-3,697		-3,697		-3,697
Operations with own shares					48	-48	0		0
Increase of capital							0	158,795	158,795
Other					-1,125		-1,125	-2,466	-3,591
As at December 31, 2008	**36,600**	**7,127**	**5,579**	**-8,783**	**77,906**	**-138**	**118,292**	**187,777**	**306,068**
Net profit for the period			-1,903	1,083	-15,440		-16,260	-367	-16,628
Dividends					-881		-881		-881
Operations with own shares					24	-24	0		0
Increase of capital							0	100,641	100,641
Other							0	-93,653	-93,653
As at December 31, 2009	**36,600**	**7,127**	**3,676**	**-7,699**	**61,609**	**-162**	**101,151**	**194,398**	**295,548**