

Consolidated Figures

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Comments on the Accounts (000 €)

Balance sheet

Assets

START-UP COSTS

These costs amount to 389.5, down by 151.7, and mainly include the capital increase costs.

INTANGIBLE FIXED ASSETS

Included under this heading are 5,857.8, of which 462.9 are research and development costs, 5,013.4 patent concessions and 381.5 payments made on account.

The « research and development » item consists of Sapec Agro 46.6, Tradecorp 251.8, Sapec Agro (Reus) 82.5 and Sapec Quimica 53.9 costs.

The « concession and patent » item mainly concerns Naturener and relates to the costs of 3,051.7 incurred for the concession applications in the field of wind power and Sapec Agro (Reus) 1,640.

CONSOLIDATION GOODWILL

The consolidation goodwill of 12,962.5 is distributed as follows :

> Sapec SGPS	520.7
> Sapec Agro (Reus)	2,740.9
> Naturener	3,921.5
> Sapec Quimica	362.5
> Agro España	33.7
> Tradecorp	4,761.1
> HNG Eolica	622.1

In accordance with the Group's depreciation rules, this goodwill is depreciated over 20 years, with the exception of the goodwill for the Sapec SGPS part, acquired in 1993, which is depreciated over 16 years and that of Quimica (acquired in 2003), depreciated over 11 years.

The annual depreciation is 928.2.

TANGIBLE FIXED ASSETS

This item amounts to 151,067.4, which is broken down as follows :

> Land and constructions	45,329.7
> Plant, machinery, tools	55,211.5
> Furniture, rolling stock	3,848.5
> Financial leasing	30,002.8
> Other fixed assets	886.8
> Fixed assets in course of construction	15,788.1

The value saw an increase of 11,666.2 on 31 December 2004. These variations result mainly from new acquisitions of fixed assets.

The year's acquisitions amount to 34,689.2 and relate mainly to the infrastructure work on land belonging to Imobiliaria (2,333.8), the warehouses and equipment at Seporta (2,310.8), the construction and equipment for the Setúbal liquid bulk goods quay (1,166.8), the construction of the SPC terminals in Valongo (2,935.1), the construction of the new Naturener power station in Porma (15,000) and the wind power park in Collabas (1,800.0).

Disposals of assets (7,713.6) mainly relate to the sale of land belonging to Imobiliaria (7,226.9).

LONG-TERM INVESTMENTS

The Holdings item amounts to 4,652.4 representing stakes in non-consolidated companies, mainly Zetes Industries (4,353.8). The 2004 variation is due to the inclusion of Nevada (- 102.7) and TradeBrasil (- 78) in the composition and the acquisition of Salto del Belmontejo (206.1).

The accounts receivable from other holdings amount to 1,537.7, down 239.4. They represent the bond with warrant issued by Zetes Industries S.A. (800) and an account receivable held by Naturener on the company Horizontes Internacionales 1942 S.A. (737.7).

STOCKS AND CURRENT ORDERS

This item amounts to 69,722.8, down 20,512.2.

This drop is mainly due to the reduction in the goods held in stock by the distribution of food processing products sector in Spain and Portugal.

SHORT-TERM ACCOUNTS RECEIVABLE

This item of 87,312.8 is up by 29,943 compared with 2003.

The commercial accounts receivable amount to 61,000.2, up 19,292.9 and mainly relate to Imobiliaria (9,308), Agro (2,408) and Interpec (5,420). The other accounts receivable amount to 26,312.6, up 10,650.1, including Imobiliaria 7,167 and Citri 901.

SHORT-TERM AND LIQUID INVESTMENTS

This item reached 23,175.1, down 21,629.3.

In addition to the variations linked to the transactions, it is important to note the reimbursement of the Portuguese Treasury bonds expiring in 2004 (-13,499.9) and the acquisition of own shares (3,221 shares as of 31/12/2004) for an amount of 162.

The balance of the short-term and liquid investments is distributed as follows, according to sector of activity :

> Agrochemical	1,229.9
> Chemical Distribution (CITRI)	507.0
> Food Processing Distribution	3,719.6
> Logistics	3,377.7
> Energy	1,562.3
Others including :	
> Sapec Portugal SGPS	3,659.5
> Sapec S.A.	3,385.2
> Tharsis	2,767.1
> Iberia Reinsurance	2,923.6
> Miscellaneous	43.2

Regarding the whole of the liquidity position item, it should be noted that the structurally surplus companies are Iberia Reinsurance, by virtue of the nature of their activities, and the Holdings Sapec S.A. and Sapec SGPS. The liquidity position of the other companies relates to the normal management of their needs in working capital.

LIABILITIES

SHAREHOLDERS' EQUITY

The main variations come from :

- the result of the financial year (9,539.1) and the proposed distribution (- 2,715.8)
- the increase in the net use of capital subsidies amounting to 309.4
- the reduction in gains from the restatement of assets due to the disposal of assets in Sapec Imobiliaria and the removal from the fixed assets of plant and equipment that have become completely obsolete (- 2,070.3) and the resulting exchange differences (12.0)
- the reduction in the consolidation goodwill resulting from the merger of Inpec (- 331.3).

THIRD PARTY INTERESTS

Third party interests are distributed as follows :

➤ Sapec Portugal SGPS	1.1
➤ Tharsis	2,192.9
➤ Naturener	11,059.9
➤ Citri	1,441.2
➤ Seporta	198.2
➤ Seporsur	312.6
	15,205.9

CONTINGENCY AND LOSS PROVISIONS

The Provisions item fell by 499.6 as a result of the recovery of provisions at Ibérica (276.9) and at SPC (222.7).

A third party procedure was brought by Systemat in 2000 with regard to its acquisition of Prologica. The company feels that, in view of the facts in its possession, this procedure is groundless. An initial ruling nonsuited the other side on several points. An expert has been appointed to analyse the remaining points.

LONG-TERM LIABILITIES

This item amounts to 78,140 .8, up 27,026.4.

The main changes to this item are due to the transfer into a long-term liability of an amount of 7,500 of the liability into commercial papers (Agro), the increase in the financing leasing of 14,607.8 (including Porma for 13,283.6) and the increase in the long-term bank liability in the energy sector (8,722).

SHORT-TERM LIABILITIES

This item, amounting to 147,878.5 , breaks down into :

➤ Long-term liability (part falling due within the year)	10,922.4
➤ Short-term financial liability	76,387.5
➤ Suppliers	28,583.7
➤ Payments on account received for orders	3,082.1
➤ Fiscal, social, salary liabilities	8,025.8
➤ Other liabilities	20,877.0

All of the financial liabilities are at floating exchange rates, the reference for the bank liabilities being the interbank rate (Euribor at 3 months), plus the bank margin.

Almost 31% of the short-term bank liability relates to the trade activities in Spain and Portugal, i.e. 23,004 to which must be added 14,610 resulting from the issue of commercial papers. The trade activities, by definition, do not need much equity capital. As the financial liability is directly linked to the volume of imports and has a rapid turnaround rate, large variations can therefore occur from year to year.

Financial gearing	31.12.03	31.12.04
➤ Long-term liabilities	50,672.6	77,898.6
➤ Long-term liabilities falling due within the year	20,010.0	10,922.4
➤ Short-term liabilities : credit institutions	79,010.8	50,005.1
commercial papers	28,755.5	26,382.4
➤ Liquidity position	(44,804.4)	(23,175.1)
➤ Net financial liability	133,644.5	142,033.4

The increase in long-term liabilities is the result of the integration of the new hydraulic stations in Porma and the company's policy of renegotiating certain short-term accounts receivable into long-term accounts receivable (5 years) in order to boost permanent capital. It is important to note that the long-term financial liabilities in the Energy sector (i.e. € 22.5 mill.) are « Project Finance » bank loans, i.e. without turning to the shareholders of Naturener SA

RESULTS

The Group's consolidated turnover amounts to 528,673.2 compared with 426,004.4 the previous year.

The contribution of the various sectors to sales and services is as follows :

	31.12.03	31.12.04
Agrochemical	48,841	58,930
Micronutrients	12,346	15,771
Chemical Distribution	33,663	32,266
Food Processing Distribution	289,406	392,223
Port and land-based logistics	21,041	21,856
Energy	7,361	7,947
Other companies and consolidation adjustments	16,108	3,050

The operating result amounts to 17,465.7 compared with 14,367.8 in 2003.

The net financial charges amount to 7,033.9, including the depreciation of the consolidation goodwill of 928.2.

The other financial income relates to positive exchange adjustments and exchange differences in commercial operations (995.1), subsidies (729.8), discount incomes, option premiums received, etc. (148.1).

The other financial charges include conversion costs and exchange losses of 1,223.1, discount costs and bank charges, option premiums paid and bank charges for payment amounting to 2,095.7.

The net extraordinary results show a positive balance of 4,403.7, which breaks down as follows:

Extraordinary income

> Recovery of provisions for risks and extraordinary expenses at SPC and Ibérica	499.7
> Capital gains on the sale of land belonging to the Sapec Imobiliaria industrial estate	4,010.9
> Capital gains on the sale of the Inpec holding	325.2
> Capital gains on other disposals	517.5
> Profits from contractual penalties (BASF)	2,000.0
> Cancellation of rental debts	606.6
> Recovery of taxes and interests (Sapec S.A. dispute)	1,341.0
> Sundry income	162.3
	9,463.2

Extraordinary expenses

> Extraordinary depreciation on buildings at Imobiliaria	565.7
> Reduction in value of commercial accounts receivable at Sapec Quimica	324.5
> Severance pay	232.4
> Gifts	190.3
> Indirect tax on land	1,668.9
> Costs linked to property disposals	1,381.6
> Sundry expenses	696.10
	5,059.5

The current result amounts to 10,431.7 compared with 6,198.2 in 2003.

The consolidated net result represents a profit of 10,252.9 compared with 9,161.9 in 2003.

The group share amounts to 9,539.1 compared with 8,439.9 in 2003.

CONTRIBUTION OF THE SECTORS

CONTRIBUTION OF THE DIVISIONS TO THE CONSOLIDATED NET CURRENT RESULT

	2002	2003	2004
Agrochemical	1,362	1,357	2,482
Micronutrients	-409	334	490
Chemical distribution	1,439	1,788	2,061
Logistics	1,583	868	539
Food processing distribution	2,554	3,250	4,299
Energy	-138	932	700
Other companies and reprocessing	-4,352	-4,415	-4,011
Total	2,039	4,114	6,560

1) Comments

The « Other companies and reprocessing » item consists mainly of the positive or negative contributions of the non operational companies such as Sapec S.A, Sapec Portugal SGPS, Sapec Imobiliaria or Iberia Reinsurance and of consolidation reprocessing such as, for example, depreciation on consolidation goodwill.

The net current result of 6,560 is the sum of the gross current result of 10,432 less the tax bill from the current activity. For the 2004 financial year, the specific tax bill linked to the extraordinary results made amounts to 710.5.

The net current result of the divisions excluding the « Other companies and reprocessing » item totals 10,570.

The net negative contribution to the net current result of the non operational companies amounts to 4,010 (including consolidation adjustments).

Sapec Imobiliária manages the group's property holdings. It had a negative effect on the net current result of 207.

2) Breakdown of the Contribution of the Divisions to the consolidated results of the Sapec Group
(figures on a 100% basis)

GROUP HOLDING

(economic)	100%	100%	100%	100%	100%	48,61%	
	Agro-chemical	Micro-nutrients	Chemical Distribution	Logistics	Food processing distribution	Energy	Total contributions
Sales & Services	58,930	15,771	32,266	21,856	392,223	7,947	528,993
	11.10%	3.00%	6.10%	4.10%	74.20%	1.50%	100.00%
Operating result	5,637	1,360	2,685	1,319	8,326	2,502	21,829
	25.80%	6.20%	12.30%	6.10%	38.10%	11.50%	100.00%
Net current result	2,482	490	2,061	539	4,299	700	10,570
	23.50%	4.60%	19.50%	5.10%	40.70%	6.60%	100.00%
Net current cash flow	4,994	1,886	4,004	2,792	5,314	2,914	21,904
	22.80%	8.60%	18.30%	12.70%	24.3%	13.30%	100.00%
EBITDA	7,873	2,517	4,581	3,537	9,341	4,479	32,328
	24.40%	7.80%	14.20%	10.90%	28.90%	13.80%	100.00%

This distribution is based on the following method :

Each division is shown according to the consolidated method admitted by the Group i.e. taking into account the full integration method for companies in which the Group has exclusive control (stake greater than 50%) or the method of consolidation by proportional integration in the case of joint control, as laid down by the royal decree on consolidation rules.

Consolidated Balance Sheet and Profit and Loss Account

Assets	2004	2003	2002
in thousands of EUR			
Fixed long-term assets	176,467	162,935	148,752
I. Start-up expenses	389	541	534
II. Intangible fixed assets	5,858	2,705	2,973
III. Consolidation goodwill	12,963	13,891	14,727
IV. Tangible fixed assets	151,067	139,401	124,423
A. Land and buildings	45,330	46,373	47,048
B. Plant, machinery and equipment	55,211	57,677	54,988
C. Furniture and rolling stock	3,848	4,033	4,013
D. Financial leasing	30,003	14,535	6,305
E. Other tangible fixed assets	887	968	1,076
F. Fixed assets under construction and payments made on account	15,788	15,815	10,993
V. Long-term investments	6,190	6,397	6,095
A. Firms subject to equity accounting			
I. Holdings			
2. Accounts receivable			
B. Other firms	6,190	6,397	6,095
I. Holdings, stocks and shares	4,652	4,620	5,295
2. Accounts receivable	1,538	1,777	800
Current assets	182,775	194,966	173,841
VI. Long-term accounts receivable	0	500	13,500
A. Commercial accounts receivable			
B. Other accounts receivable		500	13,500
VII. Stock and current orders	69,723	90,235	54,904
A. Stocks	69,723	90,235	54,904
1. Procurement	7,436	7,101	6,747
2. Goods in progress	25	40	214
3. Finished products	11,332	10,809	10,642
4. Goods	48,535	71,163	36,541
5. Properties intended for sale	2,395	1,122	760
6. Payments made on account			
VIII. Short-term accounts receivable	87,313	57,370	80,039
A. Commercial accounts receivable	61,000	41,707	44,802
B. Other accounts receivable	26,313	15,663	35,237
IX. Short-term investments	18,289	40,624	13,397
A. Fixed revenue securities and liquid assets	162	13,553	
B. Term deposits	18,127	27,071	13,397
X. Liquid assets	4,886	4,180	10,155
XI. Prepaid income	2,564	2,057	1,846
TOTAL ASSETS	359,242	357,901	322,593

Liabilities	2004	2003	2002
in thousands of EUR			
Shareholders' equity	99,770	95,026	90,725
I. Capital	36,600	36,600	36,600
A. Subscribed capital	36,600	36,600	36,600
II. Share premiums	7,127	7,127	7,127
III. Restatement increase	3,309	5,379	6,472
IV. Consolidated reserves	60,389	53,566 (*)	47,569
V. Consolidated goodwill	1,023	1,354	1,772
VI. Exchange adjustments	(9,379)	(9,391)	(9,401)
VII. Capital subsidies	701	391	586
Third-party interests	15,206	14,597	14,125
VII. Third-party interests	15,206	14,597	14,125
Provisions and deferred taxes	6,361	6,829	6,629
IX. A. Provisions for liabilities and charges	5,443	5,943	6,085
2. Fiscal charges	198	198	207
4. Other liabilities and charges	5,245	5,745	5,878
B. Deferred taxes and fiscal latency	918	886	544
Liabilities	237,905	241,449	211,114
X. Long-term liabilities	78,141	51,114	59,931
A. Financial liabilities	77,899	50,672	59,001
2. Unsubordinated loan stocks	10,500	10,500	
3. Financial leasing and similar liabilities	29,740	15,132	4,873
4. Credit institutions	29,459	24,340	53,428
5. Other loans	8,200	700	700
D. Other liabilities	242	442	930
XI. Short-term liabilities	147,878	178,048	140,978
A. Long-term liabilities falling due within the year	10,922	20,010	9,285
B. Financial liabilities	76,387	107,766	84,327
1. Credit institutions	50,005	79,011	48,774
2. Other loans	26,382	28,755	35,553
C. Commercial liabilities	28,584	26,562	20,636
1. Suppliers	28,584	26,562	20,636
2. Bills of exchange payable			
D. Payments on account received for orders	3,082	618	2,552
1. Payments on account received	3,082	618	2,552
E. Fiscal, wage and social security liabilities	8,026	6,998	10,503
1. Taxes	4,342	3,812	5,265
2. Remunerations and social security charges	3,684	3,186	5,238
F. Other liabilities	20,877	16,093	13,675
XII. Prepaid income	11,886	12,288	10,205
TOTAL LIABILITIES	359,242	357,901	322,593

(*) according to a decision by the AGM of 15 June 2004

Profit and Loss Account

	2004	2003	2002
in thousands of EUR			
I. Sales and services	532,043	428,766	443,669
A. Turnover	528,673	426,004	436,997
B. Variation in goods in progress, finished products and orders	502	171	3,963
C. Fixed assets produced for own use	543	342	28
D. Other operating revenue	2,325	2,249	2,681
II. Costs of sales and services	(514,577)	(414,398)	(432,349)
A. Procurement and goods	(427,966)	(343,742)	(367,456)
1. Purchases	(405,760)	(383,082)	(356,454)
2. Inventory change	(22,206)	39,340	(11,002)
B. Sundry goods and services	(48,703)	(36,340)	(33,406)
C. Remunerations, social security charges and pensions	(24,391)	(21,287)	(19,292)
D. Depreciation and reductions in value on start-up expenses, intangible and tangible fixed assets	(11,113)	(11,028)	(8,858)
E. Reduction in value on accounts receivables Depreciation on consolidation difference	(777)	(605)	(1,594)
F. Other operating expenses	(1,627)	(1,396)	(1,743)
III. Operating profit (loss)	17,466	14,368	11,320
IV. Investment income	3,590	2,280	2,786
A. Income from long-term investments	50	47	39
B. Income from current assets	1,667	929	1,704
C. Other investment income	1,873	1,304	1,043
V. Financial charges	(10,625)	(10,450)	(9,903)
A. Liabilities expenses	(6,378)	(5,960)	(5,754)
B. Depreciation on positive consolidation goodwill	(928)	(988)	(847)
C. Other financial charges	(3,319)	(3,502)	(3,302)
VI. Pre-tax operating profit (loss) of consolidated enterprises	10,431	6,198	4,203
VII. Extraordinary income	9,463	8,226	8,715
A. Recovery of depreciation and reductions in value on intangible and tangible fixed assets		8	
B. Provisions taken for extraordinary risks and charges	500		695
C. Gains on disposal of fixed assets	4,853	8,170	7,324
D. Other extraordinary income	4,110	48	696

	2004	2003	2002
in thousands of EUR			
VIII Extraordinary expenses	(5,059)	(2,904)	(3,205)
A. Depreciations and extraordinary reductions in value on start-up costs, intangible and tangible fixed assets	(566)		
B. Reductions in value on long-term investments		(349)	(210)
C. Provisions for extraordinary liabilities and expenses		(52)	(689)
D. Loss on disposal of fixed assets	(808)	(92)	(372)
E. Other extraordinary expenses	(3,685)	(2,411)	(1,934)
IX. Pre-tax profit (loss) for the financial year of consolidated enterprises	14,835	11,520	9,713
X. Deduction in advance/Transfer to deferred tax	131	381	2,628
XI. Tax on profit or loss	(4,713)	(2,739)	(4,827)
A. Tax	(4,755)	(2,863)	(5,039)
B. Tax adjustment and recovery of fiscal provision	42	124	212
XII. Profit (Loss) of consolidated enterprises	10,253	9,162	7,514
XIII. Share in the result of the enterprises subject to equity accounting			
B. Result as loss			
XIV. Consolidated profit (loss)	10,253	9,162	7,514
XV. Share of third parties in the result	(714)	(722)	(270)
XVI. Group share in the result	9,539	8,440	7,244

Statement of sources and application of funds based on cash flow

	2004	2003	2002
A - Cash flow of operating transactions			
Result for the year	10,253	9,162	7,514
Depreciation provision (recovery) and reductions in value of fixed assets	12,606	12,016	9,705
Reductions in value of long-term loans and investments	0	190	210
Charge (allocations and recovery) to provisions for liabilities and charges	-499	52	-6
Self-financing	22,360	21,420	17,423
Elimination of capital gains (net of tax)	-4,045	-8,079	-5,935
Operating cash flow	18,315	13,341	11,488
Variation in the short-term operating financing need:			
Inventory change and current orders	22,675	-34,816	9,136
Variation in commercial accounts receivable	-9,120	2,607	-3,009
Variation in commercial liabilities	2,037	6,001	823
Operating surplus on operating working capital need	33,907	- 12,867	18,438
Variation in other short-term accounts receivable	-3,834	19,449	-6,959
Variation in long-term accounts receivable	500	-500	0
Variation in long-term liabilities	-199	-489	-129
Variation in wage and social security charge liabilities	1,020	-4,098	2,856
Var. on other liabilities, prepayments and accrued income, adjust., etc.	-4,011	-3,634	-8,142
TOTAL OPERATING LIQUIDITY POSITION	27,383	-2,139	6,064
B - Cash flow of investment operations			
Acquisition of fixed assets			
start-up costs	-139	-281	-446
intangible fixed assets	-750	-412	-800
tangible fixed assets	-34,971	-28,463	-30,509
financial participations	-213	-397	-17,198
fixed income funds	0	0	0
balance payable to suppliers	-1,657	5,474	0
Sub-total	- 37,730	- 24,079	- 48,953
Variation in long-term loans	239	-977	1,375
Disposal of fixed assets			
tangible fixed assets	11,783	11,205	17,954
financial participations	0	0	513
variations in accounts receivable for disposal of assets	-7,442		-12,571
Sub-total	4,341	11,205	5,896
TOTAL INVESTMENT LIQUIDITY POSITION	- 33,150	- 13,851	- 41,682

	2004	2003	2002
C - Cash flow of financing operations			
Capital increase			
Dividend allocated to the shareholders	-2,716	-2,371	-2,284
Minority interests acquired			
Variation in long-term loans	19,726	-8,328	22,976
TOTAL CASH FLOW OF FINANCING OPERATIONS	17,010	- 10,699	20,692
A+B+C = TOTAL CASH FLOWS	11,243	- 26,689	- 14,926
Variation in short-term investments and liquid assets	21,723	-7,475	10,958
Variation in short-term financial liabilities	-32,966	34,164	3,968
VARIATION IN LIQUIDITY POSITION	- 11,243	26,689	14,926

(-) stands for outgoings

(+) stands for entries

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