2008

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

TO OUR SHAREHOLDERS

In accordance with our legal obligations and specifically the provisions of Article 508-A of the Commercial Company Code, we herewith submit our consolidated Management Report, Balance Sheet and Profit and Loss Account, and the respective appendices to the Balance Sheet and Results for 2008.

INTERNATIONAL ECONOMY

2008 was marked by the effect of the international financial crisis on the real economy, provoking a sharp deceleration in economic activity on a global level. As a consequence, this persistent, serious turbulence impacted on international financial markets.

Global economic activity has, in recent years, been subject to significant upheaval, notably in the increased prices in oil and foodstuffs, a decline in the housing market in some developed countries and particularly the financial crisis which began in mid 2007.

In 2008, international financial markets exhibited increased volatility, reflecting the pressure they were under as well as the reduction in economic activity. The period of greatest tension in the financial markets occurred, in a more profound way, from the middle of September with the aggravation of the solvency problems affecting various financial institutions in North America and Europe.

In this environment credit markets ceased to function.

In 2008 share markets registered very significant falls, with the main share indexes in developed economies showing a 30-40% drop compared with 2007.

The turmoil in share and corporate bond markets, the increased restriction in financing conditions faced by the banks and the prospect of reduced activity contributed to a deterioration in financing conditions for companies.

This development, coupled with the envisaged decline in activity and, in the case of families, with the drop in the housing market in some economies and the prospect of a significant rise in unemployment, led to a noticeable decline in private consumption and international trade. This resulted in a sharp fall in industrial production in the last quarter in most countries, driving the economies of developed countries into recession.

Monetary authorities hurriedly reduced interest rates, more so in the USA than in Europe, but, with monetary markets ceasing to function, it was necessary to inject enormous amounts of liquidity into the system. This was done either by introducing plans for economic stimulus or by intervention in debt markets.

PORTUGUESE ECONOMY

The Portuguese economy entered into recession in summer 2008, with the growth in GDP being residual in annual terms.

Thus the modest and gradual recovery in economic activity of the previous two years was interrupted.

The decline in the Portuguese economy in 2008 reflects a drop in both internal demand and exports. Unemployment rates remained at historically high levels, with job creation in the first half of 2008 being focused on short-term contracts, bringing a greater degree of uncertainty as regards future sustainability. These developments, allied to the reduced optimism of consumers in the face of an increase in unemployment in the near future, determined the private consumption.

Nevertheless, in the course of 2008, consumer spending showed only marginal deceleration, denoting strong resistance to the downturn in spite of the increased level of debt of Portuguese families.

Most recent estimates point to a reduction in investment of 0.8% in 2008 (following a growth of 3.2% in 2007). The reduction in investment in 2008 is associated both with the considerable increase in financing costs and reduced global activity.

In contrast, investment in property and public spending registered a sharp decline.

The level of exports of goods and services contributed significantly to the slowdown in econom ic activity in 2008.

SPANISH ECONOMY

The Spanish economy went into recession as a result of the deterioration in economic activity which began in the 2nd half of 2007. An increasing drop in activity was noticeable throughout the year, particularly in the second half as the international financial crisis worsened. The downturn in the employment market, the tightening of credit restrictions on the part of the financial institutions and the continued reduction in wealth caused by the appreciation of housing values over recent years, had a marked effect on the spending of Spanish families which had been one of the major growth factors in the economy in the last decade. Investment, too, has decreased, largely due to the sharp decline in construction.

Private consumption continued to be strongly influenced by a very unfavourable employment market with unemployment levels up from 8.6% to 13.9% of the active population.

Public consumption continued to grow (+1.2%) reflecting the considerable incentives offered by the government to stimulate the economy.

Investment performance was poor, with a 9.3% decline in real terms, being hit simultaneously in the equipment (-9.7%) and construction (-10.9%) sectors.

As regards external trade, both exports (-7.9%) and imports (-13.2%) exhibited a performance compatible with the changes associated with internal demand and the international economic environment.

The current recession influenced prices, with the rate of inflation plummeting after having risen well above that of its commercial partners.

ANGOLAN ECONOMY

The Angolan economy continued to be one of the most dynamic in the world. GDP grew significantly with oil continuing to be the motor of its growth.

INTRODUCTION

The year 2008 was quite hard for the Group. In effect, being exposed essentially to two of the economies most affected by the international crisis, our performance was inevitably affected. In spite of this, it was possible to limit the negative effects of the economic situation. We were able to move forward with reorganisation, since the building of the new factory in Spain had been completed and also to take the first steps in the integration of Lacose Sotinco and NITIN.

GLOBAL MARKET

The international situation, characterised by the sharp reduction in economic activity, allied to the tightening of the credit markets and the sharp fall in share markets, determined a halt in the consolidation process in the sector.

However, the paint industry is a mature business and so the reduction in activity envisaged for 2009 and probably 2010 will provoke alliances and mergers for which we must be prepared so that we can play an active part in the process.

In this environment the implementation of the strategy which we defined and announced last year is more pressing, based on the following drivers:

- Simplify operations
- Guarantee automation
- Simplify the structure of products and services
- Be a leader in innovation, guaranteeing a greater weighting of products and services of higher value in the portfolio.
- Guarantee solid financial capability

HOME MARKET

Consolidated sales for the Group were €216.9M, representing a decrease of 2.3% compared with the previous year.

We estimate a drop in the Iberian market of around 12.5%, with Portugal showing a 5% drop and Spain dropping more than 20%.

The Portuguese contribution to the consolidated sales showed a marginal reduction of 0.8%, reflecting the resilience of our business model relative to the market.

Spain's contribution was less positive, falling 12.5%, even lower than the envisaged negative growth of the market.

In this context, we once again reinforced our position in the Iberian market.

Exports showed double figure growth (+12.3%), with a +10.7% contribution from industrial paints and significant growth in other markets.

The contribution of Tintas CIN Angola was quite significant (+29.4%).

In global terms, decorative paints showed negative growth (-4.8%) in spite of the good performance in Angola and in exports. There was a fall in Portugal of 4.1% and in Spain of 14.2%.

Vehicle refinishing fell by 8.8%. Whilst there was growth of this sector in Angola (+28.8%) and Mozambique, this did not compensate for the decline in Portugal (-19.8%) and in exports (-17.3%).

In protective coatings there was negative growth (-8.1%), in Portugal we grew (+6.2%), benefitting from our entry into new sectors which have welcomed the wide range of solutions at our disposal. In Spain we fell by 14.2%.

Industrial paint was up by 12.4%, due to good performance in Portugal (+9%), where we continued to expand the range of our activity and in Spain (+62.7%) which will increasingly be a strategic market for us.

Accessories and sundries grew by 10.6%.

MARKET SECTORS

NOTE

In accordance with Directive IAS 14 which defines the information in terms of Market Segments, the Group, as well as being present in various different geographical markets, which is defined as principle sectors, has its commercial and management structure based around two main areas: non industrial and industrial paints, defined as secondary sectors. Over the years, and specifically regarding the latter we have presented the results on the consolidated families of products, independently of who sells them. We have maintained this principle in the report, with the aggregation of the results in accordance with the directive shown in note 33 annexed to the accounts.

In Portugal, decorative paints fell by 4.1% which reflects a performance marginally above that of the market (-5%), even though retail performance was seriously affected by the lack of stimulus in private consumption.

Vehicle refinishing decreased by 19.8%, which continues to reflect market characteristics in recent years resulting from the renewal of the motor vehicle population, better ways of communication and highway legislation.

Industrial paints grew 9%, reflecting increased segmentation of the market.

Protective coatings grew by 6.2%, based on the consolidation of increased segmentation of the market.

Accessories and sundries grew by 11.3%, essentially because of the integration of Martolar which has a construction materials sector in its business portfolio.

In Spain there was a fall of 14.2% in decorative paints, better than the market performance, but reflecting the decline in construction activity.

Protective coatings fell by 14.2% due to the loss of a client who discontinued operations in Spain.

Industrial paints continued to expand. We exceeded a turnover of €3M and remain optimistic as regards future prospects for improving the rate of growth.

NEW DIRECTIONS FOR NEW CHALLENGES

The severe economic downturn which caused the implosion of the credit markets has seriously affected the commercial fabric of the whole world.

The global economy is in deep recession with unprecedented levels of volatility and uncertainty.

In this environment, attention given to day-to-day matters is vital and this additional effort on the part of management will be crucial for the survival of businesses.

To manage less profitable, more strategic operations, in spite of the need to tighten our belt; to support strategic customers who are experiencing crises of confidence; to be aware of possible crises affecting important suppliers and to manage procedures inherent in mergers and acquisitions, all require the application of certain principles which we began to pursue during the 2nd half of 2008 and which we will continue to develop in 2009.

a) EVALUATION OF COSTS WHICH SUPPORT THE VALUE CHAIN

We began an exhaustive investigation into all the costs in the value chain. We started to evaluate operational costs, assets and investments to ensure that the cost reductions did not impact on cash flow in any significant way. We must make sure that basic skills which support the creation of value are retained for once the crisis is over.

b) RETENTION AND EXPANSION OF CUSTOMER BASE

A basic rule is to retain those customers who contribute most by margin and to acquire new ones. In times of uncertainty there is a risk that some of these will feel they have to delay and reduce their readiness to intervene in the market. To counter these effects it is essential to maintain adequate investment in marketing, sales and distribution.

For this reason we reinforced our investment in Marketing and will maintain this level in 2009; we created support structures for customers and will continue to develop this approach; we continue to open sales outlets with a philosophy of integrated service.

The global crisis which arose in 2008 highlighted the interdependence in which we live, making it crucial for us to anticipate our competitors' strategies.

To create and realise the potential of resources and skills which are unique and inimitable is ever more important, in order to capture the market share of weaker competitors and to be a support for the expansion of external markets.

Our whole strategy was and will be focused on this framework which sustained the consolidation of our positioning in the Iberian market, limiting the effects of the serious downturn apparent from the 3rd quarter.

c) GROWTH MANAGEMENT

Crises are favourable for large companies, but to incorporate demoralised teams of companies whose balance sheets are not remotely healthy will be a challenge we intend to avoid.

We will, therefore, remain active in terms of being a consolidator of the market, taking action whenever we can clearly see an incentive for the Group, while remaining fairly cautious as regards possible business opportunities.

It was this focus and discipline which in 2008 led us to terminate some consolidation operations in the Spanish market; this proved to be the right decision, considering the current situation of the targets.

FINANCIAL VISION

NOTE:

The 2008 accounts are not directly comparable with those for 2007, given that the composition of the consolidated companies was different for the 2 years being analysed. Overall, the effect of the addition of the new companies within the framework of the consolidation is extremely minimal.

The consolidated group sales were €216.9M which represents a drop of 2.3% compared with the previous year.

Gross margin of 52.9% shows an improvement of 0.5% compared with 2007, benefitting from the mix of products sold and changes in the price of raw materials, notably towards the end of the year.

EBITDA of €24.5M shows a fall of 19%, reflecting the loss of value of the gross margin due to lower sales as well as incurring one-off costs relating to the running of two factories in Spain during the transition from the old factory to the new; it was also affected by unexpected actuarial losses in the pension funds.

As always we were fairly conservative regarding covering business risks. On the other hand we maintained a level of investment so as to guarantee and improve our ability to intervene in the market.

In this way, operating income of €16.6M showed a reduction of €5M (-23.2 %), reflecting the trend already mentioned as well as the increase in the cover of business risks because of the economic situation.

The rise in interest rates during a large part of the year, together with increased borrowings to finance the building of the new factory caused an increase in financial costs, although cover rates which we had negotiated balanced out the effect. However, taking advantage of available liquidity, we were quite active in applications where we obtained quite an interesting return, which also helped to cancel out financial charges incurred.

In spite of the fact that operational performance was below that of 2007, net income grew very favourably, reflecting how we made good use of fiscal benefits for investment, research and development.

Thus, net income €15.4M represents a slight fall of -6.3% compared with last year.

In 2008 there was a notable reduction in cash flow relating to the operational activities of the Group, which grew to around €5.5M in 2008 as against €22.9M in 2007 and which resulted from a combination of factors. On the one hand, the decline in activity previously referred to brought a reduction in revenue from customers, allied to an increase in payments to suppliers, due to stock reinforcement and increased operational costs. Additionally, there was a significant increase in tax payments on the profit, because of the activity in Spain.

As regards investment activities, we spent €27.7M. In Spain investment was significant, increasing to €20.7M, concentrated largely on the new Barnices Valentine factory in Barcelona. In Portugal, we invested €6.8M, with the new Group laboratory being a significant factor, as well as the expansion of the commercial stores network and various investments in the area of operations mainly directed towards environmental aspects and efficiency in production.

Regarding financial activities, there was an increase in interest rates and financing costs due to increased borrowing and associated taxes. Dividend payments went up to €7.5M.

Total assets of €293M remained the same as last year as did non-current assets, reflecting the investment in the new factory in Spain and the transfer of €24.7M for current assets relating to the payment of the last instalment on the sale of the land in Spain. Current assets also remain at the same level, essentially because of the reduced amount available funds (-€30M), used to finance construction the new Barnices Valentine factory and additional investment in working capital. This related essentially to stocks which increased in value to €7.7M so as to guarantee that the transfer to the new factory in Spain did not create any service problems and also to cover for supply difficulties in Angola as a result of increased sales and the port situation. This was an offset to the transfer of €24.7M mentioned above.

Current liabilities grew to €42.4M. We refer specifically to the increase in bank borrowings, in the order of €49.5M. This was merely temporary, due to providing short-term lines of credit which had lower spread than medium-term lines and given that some of these lines will mature in the short term.

Other third party debt fell (+€8.5M), due to lower taxes and equipment suppliers to be paid.

Non-current liabilities of €58.2M decreased €48.5M compared with 2007, due to the transfer of short term borrowings (-€53M), without jeopardising our long-term credit lines available and from the reduction in other liabilities linked to the sale of the old factory's land in Barcelona. Hence total liabilities grew to €198.7M, reflecting a drop of €6.1M compared with the previous year, so shareholders' funds of €94.5M increased by €6.8M, highlighting particularly the distribution of a dividend of €7.5M and net income of €15.4M.

MONEY MARKETS

In the corporate bond markets of developed economies, the differentials between rates of return compared with government bonds, which had already seen a significant increase in the second half of 2007, grew more steeply in 2008, particularly from September onwards.

A contributory factor to this is the more pronounced probability of companies collapsing, as is evident in the increase of credit default swaps spreads.

One of the more notable characteristics of the current international financial crisis relates to the turmoil affecting the normal functions of the inter-bank money market. In the context of the increased risk of counterparty default, the banks are applying more stringent liquidity conditions in this market, which contribute to a deterioration in the conditions for company financing.

In this environment, the Group tried to manage its financial situation in a dynamic way, guaranteeing liquidity on the one hand – keeping long-term credit lines available, using short-term credit lines with more favourable costs and intervening actively in applications, taking advantage of the mismatch between supply and demand. On the other hand, the Group maintains interest rate risk cover with models which appear suitable, so that borrowing costs stay within reasonable parameters.

In this way, the Group's borrowing costs amounted to 4.79% which represents a spread of 0.24% after rate risk cover and the effect of financial applications.

OUTLOOK

Economic growth in recent years resulted in inordinate increase in credit, taking advantage of the low interest rates in force.

This allowed consumers to get into debt to buy goods and property which rapidly increased in value, particularly in the USA, England, Spain and Ireland. This low interest rate environment put pressure on investors to take on greater risks to buy assets: shares and property – with high valuations which would act as a guarantee to obtain even more credit, causing a bubble of real estate and other assets.

Between 2000 and 2007 credit grew 2.4% per year compared with 0.9% between 1997 and 2000.

With economies growing strongly – the growth of the World economy grew at around 5% - 6% in recent years - and with the rise in oil prices, raw materials went up in price creating inflationary pressure, forcing central banks to raise interest rates.

Since consumers and companies had considerable levels of debt, they became in breach of their covenants or they had to sell the assets which acted as guarantees, causing the sudden drop in value of these assets.

Credit markets ceased functioning normally due to the general lack of confidence in counterparties. Between 2007 and 2008 credit for businesses and individuals fell, in the USA alone, by 1.4 trillion dollars, or 65%. This compelled governments to nationalise the bank partially and to support selectively some industries (e.g. the car industry). On the other hand, there was a significant drop in raw material prices and in the exchange rate of some currencies.

However, all of these methods failed to prevent the recession, since there was uncertainty about the length of time that the economic downturn would last. This is the environment in which we now find ourselves.

It is clear today, however, that government remit is going to change, given the expansion of its intervention in the economy, either by investing heavily in infra-structures or by guaranteeing refinancing and direct intervention in banking capital and by helping key industries.

We can, therefore, expect increases in taxes to finance these activities, otherwise we will have large budgetary deficits. By contrast, banks will have to rebuild their capital base, so that the ratios of capital cover are higher. There will be a sharp deleverage in the financing of business activity, and then the cheap credit phase will end and credit will be difficult to obtain, resulting in a decline in consumer spending.

Hence, it is expected that companies will find investors less tolerant in risk evaluation, to the extent that uncertainty is so high that many companies will not survive.

Business models based on:

- Expanding working capital requirements
- Long or inflexible production cycles
- Long-term investment

will be the most affected and the most difficult to finance.

We must reflect on the Group's position in this environment. Therefore, although Spain's contribution is disappointing, we are better than our competitors. Moreover, we expect Spain to recover from the crisis more easily and since our market share is relatively low, we are in a position to gain weight in the market. To do so, it is essential to raise awareness of our relative competitive position and, making the most of our new factory, to have a flexible production cycle. In this way, we will emerge from the crisis in a stronger position.

However, we depend to some extent on Angola which introduces a high risk if we maintain its relative weighting in the structure of the business.

As regards Portugal, although it continues to make a significant contribution, the macro-economic climate indicates, even in the recovery phase, marginal growth in GDP. "Agency costs" in Portugal will remain very high so we must optimise our operations.

It is clear, therefore, that we need to acquire other markets which can guarantee sustained growth in EBITDA. To this end we must invest, but, as already stated, investors are more risk averse, requiring higher capital returns and the credit markets are closed. Therefore, only companies which generate cash will create better conditions for survival.

Thus, we will focus our attention on facilitating cash flow.

In operational terms, we are going to work within a scenario based on increasing volume of sales with a two-pronged approach: aggressive selling and aggressive marketing.

We are going to re-evaluate operating costs which will necessitate financial planning using zero-based budgeting and not relying on indicators such as inflation rates. This will streamline the structure without jeopardising the retention of essential skills needed to respond to the economic recovery.

Regarding investments, current ones will be maintained, the rest will be frozen. In this way, we will proceed with those that are necessary for giving us a rapid pay-back and which are indispensable for the development of our business.

In its turn, the situation is propitious for renegotiating prices of raw material and services, by taking advantage of the reduced activity of our suppliers.

We will continue with our policy to restrict investment in working capital (stocks, customers and suppliers), but we will offer modest support to some customers. This does not mean that we will be financial intermediaries, essentially we want to choose who we support.
In our vision we will have to be prepared for 1 or 2 difficult years and have the organisational structure in place to emerge stronger from the crisis.

DESCRIPTION OF THE POLICY OF DIVIDEND DISTRIBUTION

The Group has defined the principle of distributing between 35 – 50% of consolidated net income, in order to guarantee stable resources to satisfy the needs for financing the growth of the Group.
However, we consider it prudent at the moment not to proceed with the dividend distribution in order to protect cash reserves in order to guarantee that we have the means necessary for the development of the business, namely by diversifying sources of revenue. Where appropriate, in response to the evolving economic situation, it may be necessary to revise this position.

DIVIDEND GROWTH

Year	Gross Dividend	Tax (IRS/ IRC)		Inheritance and Gift Tax	Net Dividend	
		Resident	Non-resident		Resident	Non-resident
2003	0.1550	0.02325	0.03875	-	0.13175	0.11625
2004	0.1550	0.02325	0.03875	-	0.13175	0.11625
2005	0.1550	0.03100	0.03100	-	0.12400	0.12400
2007	0.3000	0.06000	0.06000	-	0.24000	0.24000
2008	0	0	0	-	0	0

ADMINISTRATIVE BODIES

1) Composition of the Board of Directors.

The Board is currently composed of five members, three of whom are representatives of the shareholders, and two independent Directors. The executive directors have a direct responsibility for running the business. However, the non-executive directors have a responsibility to make an objective evaluation of the decisions of the Board.

2) Remuneration of the Board of Directors

Board remuneration is based on three components

a) A fixed monthly salary
b) An annual incentive based on an evaluation of the achievement of the objectives set
c) Long term incentives based on best market practice

which are established by the Remuneration Committee, comprising the Presidents of the General Assembly, the Fiscal Board and the Board of Directors.

The Remuneration for Board members of the Group companies was €736,400 of which €485,400 was fixed salary and €251,000 a variable component.

ACKNOWLEDGEMENTS

We extend our appreciation to our customers, the principal reason for our existence, for their confidence and cooperation in the development of our products.

We thank our employees for their hard work, co-operation, competence and the enthusiastic way in which they have responded to the challenges emanating from the growth and transformation of the organisation.

We acknowledge with thanks the professional way in which our financial institutions and suppliers have supported us.

To the Fiscal Supervisor and our Auditors, our thanks for their prompt and competent advice.

Maia 26th March 2009

The Board of Directors

João Manuel Fialho Martins Serrenho
President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member of the Board

Maria João Fialho Martins Serrenho Santos Lima
Member of the Board

Ângelo Barbedo César Machado
Member of the Board

Manuel Fernando de Macedo Alves Monteiro
Member of the Board

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED AS OF 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of statements originally issued in Portuguese - Note 41)

ASSETS	Notes	IAS/IFRS 31-12-2008	IAS/IFRS 31-12-2007
NON CURRENT ASSETS:			
Consolidation differences	7	6.575.739	6.575.739
Intangible assets	8	6.491.766	6.181.282
Tangible assets	6	93.109.644	75.161.724
Investment properties	9	9.814.054	8.066.740
Investments held for sale	10	2.822.796	4.946.298
Derivative instruments	21	100.395	626.173
Deferred tax assets	11	13.256.619	7.219.639
Other non current assets	12	616.072	25.158.526
Total non current assets		132.787.085	133.936.121
CURRENT ASSETS:			
Inventories	13	43.971.061	36.200.822
Customers	14	54.126.887	56.039.150
Other current debtors	15	6.066.526	5.555.887
Other current assets	16	26.826.936	1.913.655
Cash and cash equivalents	17	29.534.772	59.113.949
Total current assets		160.526.182	158.823.463
TOTAL ASSETS		293.313.267	292.759.584
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	18	25.000.000	25.000.000
Legal reserve		5.000.000	5.000.000
Revaluation reserves		2.758.445	2.758.445
Conversion reserves		(270.459)	(780.752)
Hedging reserves		73.790	460.238
Fair value reserves		585.939	706.437
Other reserves		45.963.114	38.035.253
Consolidated net profit for the year		15.399.080	16.523.780
		94.509.909	87.703.401
Minority interests	20	-	42.159
TOTAL SHAREHOLDERS' FUNDS	19	94.509.909	87.745.560
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans	21	49.251.406	93.322.719
Other non current liabilities	22	182.214	4.459.815
Deferred tax liabilities	11	8.810.384	9.054.386
Total non current liabilities		58.244.004	106.836.920
CURRENT LIABILITIES:			
Bank loans	21	76.323.681	26.703.469
Suppliers	24	23.794.430	28.504.791
Other current creditors	25	19.332.427	24.377.794
Other current liabilities	26	10.821.265	8.748.045
Liabilities for retirement pension complements	23	947.387	307.190
Provisions	27	9.340.164	9.535.815
Total current liabilities		140.559.354	98.177.104
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		293.313.267	292.759.584

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2008.

ACCOUNTANT Nº 63002

Paula Macedo

THE BOARD OF DIRECTORS

João Manuel Fialho Martins Serrenho
President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Maria João Serrenho dos Santos Lima
Member

Ângelo Barbedo César Machado
Member

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURES

FOR THE YEARS ENDED AS OF 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of statements originally issued in Portuguese - Note 41)

	Notes	IAS/IFRS 31-12-2008	IAS/IFRS 31-12-2007
Operating income:			
Sales	28	216.667.665	221.738.991
Services rendered	28	325.440	296.892
Other operating income		2.017.850	2.033.115
Total operating income		219.010.955	224.068.998
Operating expenses:			
Cost of goods sold and consumed	13	114.520.333	106.329.445
Variation in production	13	(12.406.578)	(656.538)
External supplies and services		41.416.915	39.442.477
Payroll expenses		47.311.349	46.016.297
Amortisation and depreciation	6 e 8	6.403.197	6.583.913
Provisions and impairment losses	27	1.426.050	1.926.992
Other operating expenses		3.678.465	2.770.602
Total operating expenses		202.349.731	202.413.188
Operating results		16.661.224	21.655.810
Financial expenses	29	(6.222.827)	(4.252.460)
Financial income	29	1.546.309	2.801.045
Results before income taxes		11.984.706	20.204.395
Income taxes	30	3.414.374	(3.769.617)
Consolidated net profit for the year		15.399.080	16.434.778
Attributable to:			
Group		15.399.080	16.523.780
Minority interests		-	(89.002)
		15.399.080	16.434.778
Earnings per share			
Basic		0,616	0,657
Diluted		0,616	0,657

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2008.

ACCOUNTANT Nº 63002

THE BOARD OF DIRECTORS

Paula Macedo

João Manuel Fialho Martins Serrenho
President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Maria João Serrenho dos Santos Lima
Member

Ângelo Barbedo César Machado

CIN - CORPORAÇÃO INDUSTRIAL DO NORTE, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS

FOR THE YEARS ENDED AS OF 31 DECEMBER 2008 AND 2007

(Amounts expressed in Euro)

(Translation of statements originally issued in Portuguese - Note 41)

			Reserves										
	Share capital	Own shares	Legal reserve	Revaluation reserves	Conversion reserves	Hedging reserves	Fair value reserves	Other reserves	Total reserves	Minority interests	Net profit	Total
Balances as of 1 January 2007	25.000.000	(2.802.859)	5.000.000	2.758.445	(219.861)	652.120	-	41.318.338	49.509.042	-	56.849.253	128.555.436
Appropriation of consolidated net profit of 2006:												
Distributed dividends	-	-	-	-	-	-	-	(60.000.000)	(60.000.000)	-		(60.000.000)
Transfer to other reserves	-	-	-	-	-	-	-	56.849.253	56.849.253	-	(56.849.253)	-
Movements in own shares:												
Acquisitions	-	(1.426.839)	-	-	-	-	-	-	-	-	-	(1.426.839)
Disposals	-	4.229.698	-	-	-	-	-	-	-	-	-	4.229.698
Variation in exchange conversion reserves	-	-	-	-	(560.891)	-	-	-	(560.891)	-	-	(560.891)
Losses in own shares disposals	-	-	-	-	-	-	-	(159.226)	(159.226)	-	-	(159.226)
Variation in hedging reserves	-	-	-	-	-	(191.882)	-	-	(191.882)	-	-	(191.882)
Variation in fair value reserves	-	-	-	-	-	-	706.437	-	706.437	-	-	706.437
Changes in perimeter	-	-	-	-	-	-	-	37.606	37.606	-	-	37.606
Net consolidated profit for the period	-	-	-	-	-	-	-	-	-	(89.002)	16.523.780	16.434.778
Others	-	-	-	-	-	-	-	(10.719)	(10.719)	131.161	-	120.442
Balances as of 31 December 2007	25.000.000	-	5.000.000	2.758.445	(780.752)	460.238	706.437	38.035.252	46.179.620	42.159	16.523.780	87.745.560
Balances as of 1 January 2008	25.000.000	-	5.000.000	2.758.445	(780.752)	460.238	706.437	38.035.252	46.179.620	42.159	16.523.780	87.745.560
Appropriation of consolidated net profit of 2007:												
Distributed dividends	-	-	-	-	-	-	-	-	-	-	(7.500.000)	(7.500.000)
Transfer to other reserves	-	-	-	-	-	-	-	9.023.780	9.023.780	-	(9.023.780)	-
Variation in exchange conversion reserves	-	-	-	-	510.293	-	-	-	510.293	-	-	510.293
Variation in hedging reserves	-	-	-	-	-	(386.448)	-	-	(386.448)	-	-	(386.448)
Variation in fair value reserves	-	-	-	-	-	-	(120.498)	-	(120.498)	-	-	(120.498)
Net consolidated profit for the period	-	-	-	-	-	-	-	-	-	-	15.399.080	15.399.080
Others	-	-	-	-	-	-	-	(1.095.918)	(1.095.918)	(42.159)	-	(1.138.078)
Balances as of 31 December 2008	25.000.000	-	5.000.000	2.758.445	(270.459)	73.790	585.939	45.963.114	54.110.829	-	15.399.080	94.509.909

The accompanying notes form an integral part of the consolidated financial statements as of 31 December 2008.

ACCOUNTANT Nº 63002

BOARD OF DIRECTORS

Paula Macedo

João Manuel Fialho Martins Serrenho
President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Maria João Serrenho dos Santos Lima
Member

Ângelo Barbedo César Machado
Member

Manuel Fernando de Macedo Alves Monteiro
Member

INTRODUCTION

The principal operations of CIN - Corporação Industrial do Norte, S.A. ("CIN" or "the Company") and Group companies ("CIN Group") are the production and sale of paint, varnish and similar products.

The Group develops its activities in Portugal, with subsidiaries in Spain, France, Netherlands, Luxembourg, Angola and Mozambique.

CIN's shares were listed in Euronext Lisboa from 1988 until 8th March 2007, date in which the Portuguese Stock Exchange Regulator (CMVM – Comissão de Mercado de Valores Mobiliários) deliberated that CIN was no longer qualified as a public company. This decision was taken following an Extraordinary Shareholders' Meeting held on 12 February 2007, where the shareholder SF – Sociedade de Controlo, S.G.P.S., S.A. committed itself to acquire all of CIN's shares for a 6.75 Euro each. This acquisition was performed in accordance with the terms and disposals of the Portuguese Securities Market Code (Article 27, nr. 3 and 4). As of 31 December 2008, SF – Sociedade de Controlo, S.G.P.S., S.A. fully owns CIN's share capital.

The attached financial statements are stated in Euro (functional currency used in the economic environment where the Group operates). Foreign operations and transactions are included in the financial statements in accordance with the policy described in 1.2.d) note.

1. PRINCIPAL ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the accompanying consolidated financial statements are as follows:

1.1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS" – previously designated International Accounting Standards – "IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") or by the previous Standing Interpretation Committee ("SIE"), as adopted by the European Union, in force as of 1 January 2008.

The accompanying consolidated financial statements were prepared based on the accounting records of the companies included in the consolidation, under the going concern concept and based in the historical cost, except for some financial instruments that are recorded based in the fair value (Note 3).

In 2007 was endorsed by the European Union, the IFRS 8 - Operating Segments, which is effective for financial years beginning after January 1, 2009. During the year ended as of December 31, 2008 and up to the financial statements approval date, the following Standards and Interpretations have been endorsed by the European Union:

	Effective Date
With mandatory application in 2008:	
IAS 39/IFRS 7 - Amendments: Reclassification of Financial Assets	01-07-08
IFRIC 13 - Customer Loyalty Programmes	01-07-08
IFRIC 14/IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01-01-08
With mandatory application after 2008:	
IFRS 8 – Operating Segments	01-01-09
IFRS 2 - Amendments: Share-based Payment	01-01-09
IAS 1 - Revisions: Presentation of Financial Statements	01-01-09
IAS 23 - Amendments: Borrowing Costs	01-01-09
IAS 32/IAS 1 - Amendments: Puttable Financial Instruments and Obligations Arising on Liquidation	01-01-09
Amendments to International Financial Reporting Standards (2007)	01-01-09
IFRS 1/IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01-01-09

As of 29 March 2007, with mandatory effects on 1 January 2009 but with early adoption permitted, IASB issued a revision of IAS 23 – Borrowing Costs, which, compared to the previous version, has excluded the possibility of immediate recognition in the income statement for the year of the borrowing costs related with assets that require a substantial period of time until they are available for use or sale. CIN has not adhered to the early adoption of the revision of this standard and it is not expected that its implementation as from 1 January 2009, wil produce any material impact on the financial statements of the Group.

On 13 October 2008, and as a result of the instability observed in international financial markets, changes were introduced to the financial reporting standards (IAS 39 and IFRS 7), already endorsed by the European Union, which have resulted, mainly, in the possibility of transfer of financial assets to other categories. These changes produced immediate effects, allowing the possibility of a retrospective application as from 1 July 2008, provided that such reclassifications were made until 1 November 2008. These changes had no impact on the consolidated financial statements of the Group, as the allowed option was not applied.

The application in 2008 of the IFRIC 14 and IFRIC 13 standards had no significant impacts on the attached financial statements.

As of this date, the following standards and interpretations have already been issued by the IASB /IFRIC, although they have not yet been endorsed by the European Union:

	Effective Date
Ammendments to IFRS 3 – Business Combinations	01-07-09
Ammendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards	01-07-09
IAS 27 - Consolidated and Separate Financial Statements (Ammendments)	01-07-09
IAS 39 – Qualifying hedging instruments (Ammendments)	01-07-09
IAS 39 – Reclassification of Financial Assets (Ammendments)	01-07-09
IFRS 7 – Financial Instruments: Disclosures (Ammendments)	01-01-09
IFRIC 12 - Service Concession Arrangements	01-01-09
IFRIC 15 – Agreements for the Construction of Real Estate	01-01-09
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01-10-08
IFRIC 17 – Distributions of Non-cash Assets to Owners	01-07-09
IFRIC 18 – Transfer of Assets from Customers	01-07-09

No material impacts to the consolidated financial statements of the Company are expected to arise from the application of the above mentioned standards, which are still not endorsed by the European Union.

When preparing the attached financial statements some estimates were used that affect reported assets and liabilities figures, as well as income and expenses figures during the reporting period. However, all estimates and assumptions were made in accordance with the Board of Director's best available knowledge at the date of the financial statements' approval, of the events and transactions in course.

The accounting policies and measurement criteria adopted by the Group as of 31 December 2008 are comparable with those used in the preparation of the financial statements as of 31 December 2007.

1.2. CONSOLIDATION POLICIES

The consolidation policies adopted by the Group are as follows:

a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights in the Shareholders' General Meeting and where the Group is able to control the respective financial and operating policies (definition of control normally used by the Group), were included in the accompanying consolidated financial statements by the full consolidation method. Equity and net result attributable to minority shareholders are shown separately, under the caption "Minority interests" in the consolidated balance sheet and in the consolidated profit and loss statement. Companies included in the consolidated financial statements by the full consolidation method are disclosed in Note 3.

When losses attributable to the minority shareholders exceed the minority interest in the equity of the subsidiary, the excess and any further losses attributable to the minority interests, are appropriated by the Group, except to the extent that the minority shareholders have a binding obligation and are able to cover such losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interests until the minority's share of losses previously absorbed by the Group has been recovered.

In business combinations assets and liabilities of each subsidiary are measured at their fair value at the date of acquisition. Any excess on the cost of acquisition over the fair value of the identifiable net assets and liabilities acquired is recognised as a consolidation difference (Note 1.2. c)). Any excess of the fair value of the identifiable net assets and liabilities acquired over acquisition cost is recognised as income in the profit and loss statement of the period of acquisition, after reassessment of the estimated fair value. Minority interests are presented according to their share in the fair value of the identifiable assets and liabilities of the acquired subsidiaries.

The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement as from the effective date of acquisition or up to the effective date of disposal, respectively.

Whenever necessary, adjustments to the financial statements of subsidiaries are performed in order to adapt the accounting policies to those used by the Group. All inter-Group transactions, balances and distributed dividends are eliminated in the consolidation process.

Whenever the Group has, in substance, control over other entities created for a specific purpose ("Special Purpose Entities"), even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method.

b) Investments in associated companies

Investments in associated companies (companies where the Group has significant influence but has no control over the financial and operating decisions - usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at their acquisition cost adjusted by the amount corresponding to the Group's share on the changes in equity (including the net profit) of the associated companies against profit and loss of the period and by dividends received.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in associated companies" (Note 1.2.c)). If those differences are negative they are recorded as a gain of the year in the caption “Gains and losses in associated companies”.

An assessment of investments held in associated companies is performed whenever there are signs of impairment in those investments. Impairment losses are recorded in the statement of profit and loss for the period. When impairment losses recorded in previous periods vanish, they are reverted in the statement of profit and loss for the year.

When the Group’s share of accumulated losses of the associated company exceeds the investment’s book value, the investment is recorded at nil value while the net equity of the associated company is not positive, except to the extent of the Group’s commitments to the associate. In such cases, the Group records a provision to cover those commitments.

Unrealized gains arising from transactions with associated companies are eliminated to the extent of the group’s interest in the associated company against the investment held. Unrealized losses are also eliminated but only to the extent that there is no evidence of impairment of the asset transferred.
As of 31 December 2008, the Group has no investments in associated companies.

c) Consolidation differences

The differences between the acquisition cost of Group companies and the fair value of the identifiable assets and liabilities (including contingent liabilities) of those companies as of the date of acquisition are recorded, if positive, in the caption “Consolidation differences” (Note 7), and if negative, as an income in the profit and loss statement.

The differences between the acquisition cost of associated companies and the fair value of the identifiable assets and liabilities of those companies as of the date of acquisition are recorded, if positive, in the caption “Investments in associated companies”, and if negative, as an income in profit and loss statement.

On an annual basis, the Group performs formal impairment tests on consolidation differences as of the year end. When the consolidation difference amount is higher than the respective recoverable amount, an impairment loss is recorded in the caption “Other operational costs”. The recoverable amount is the higher of the net sales price and the respective value in use. The net sales price is the amount that would be obtained with the asset disposal, deducted from the disposal direct costs. The value in use is the present value of the estimated future cash-flows that the company estimates will derive with the asset continuous use and the respectively disposal at the end of the estimated useful life. The recoverable amount is estimated for each asset, individually or, if not possible, for the cash generating unit to which the asset belongs to.

Impairment losses related to consolidation differences cannot be reverted.

d) Translation of financial statements of foreign companies

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Gains and losses, as well as cash flows are translated to Euro using the average exchange rate for the year. The exchange rate differences originated after 1 January 2004 are recorded in equity, under the caption "Conversion reserves". The accumulated exchange differences before 1 January 2004 (IFRS transition date) were written-off against the caption "Other reserves".

Whenever a foreign company is disposed, the accumulated exchange rate differences are recorded in the statement of profit and loss as a gain or loss associated with the disposal.

Exchange rates used in the translation of foreign affiliated companies (Tintas Cin Angola, S.A. and Tintas Cin Moçambique, SARL) were as follows:

	31 December 2008		31 December 2007	
	End of the year	Year average	End of the year	Year average
USD	1,4097	1,4713	1,4721	1,3797

1.3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies used by CIN Group in the preparation of it's consolidated financial statements are as follows:

a) Tangible assets

Tangible assets acquired until 1 January 2004 (IFRS transition date) are recorded at deemed cost, which corresponds to its acquisition cost, or its acquisition cost restated in accordance with generally accepted accounting principles in Portugal (and in other countries) until that date, net of accumulated amortisation and accumulated impairment losses.

Tangible assets acquired after that date are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, as from the date the asset is ready to be used, over the expected useful life for each group of assets.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings and other constructions	20 - 50

Machinery and equipment	7 - 17
Transport equipment	3 - 5
Tools and utensils	4 - 14
Office equipment	3 - 14
Other tangible assets	5 - 11

Maintenance and repair costs are recorded as expenses in the year they are incurred. The significant improvements of fixed assets, that increase the corresponding estimated useful life, are capitalized and depreciated in accordance with the remaining useful life of the asset.

Tangible assets in progress represent fixed assets still in construction/development and are stated at acquisition cost. These assets are transferred to fixed assets and depreciated as from the date they are concluded or ready to be used, in accordance with management's intentions.

Gains or losses arising from the disposal or write-off of tangible assets are calculated as the difference between the selling price and the assets' net book value as of the date of its disposal/write-off, being recorded in the statement of profit and loss under the captions "Other operating income" or "Other operating expenses".

b) Intangible assets

Intangible assets are recorded at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Intangible assets are only recognised if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if their cost can be reliably measured.

Research costs and expenses with new technical knowledge are recorded in the statement of profit and loss, when incurred.

Development costs are capitalised as an intangible asset if the Group has proven technical feasibility and ability to complete the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development costs which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Intangible assets, which mainly comprise project development costs, industrial property and other rights, and software are amortised on a straight line basis over a period of 3 to 5 years.

Commercial goodwill is not subject to depreciation, being subject to annual impairment tests.

Brands with indefinite useful life are not amortised and are subject to an annual impairment analysis.

Amortization and depreciation of intangible assets are recorded in the statment of profit and loss in the caption ”Amortization and depreciation”.

c) Investment property
Investment properties corresponding to real estate assets held for rental or capitalisation rather than industrial or administrative purposes are stated at acquisition cost. The Group discloses the investment properties fair value (Note 9).

d) Financial instruments

i) Investments
Investments held by the Group are classified as follows: ‘Investments measured at fair value through profit and loss, ‘Loans and account receivables’, ‘Investments held to maturity’ and ‘Investments held for sale’. The classification depends on the intention behind the acquisition of the investment.

Investments measured at fair value through profit and loss (“investments held for trading”)
This category includes two sub-categories: ‘financial assets held for trading’ and ‘investments measured at fair value through profit and loss’. A financial asset is classified in this category if it has been acquired with the intention of being sold in the short term or if the adoption of this method eliminates or reduces significantly an accounting mismatch. Derivatives are classified as current assets if they are held for trading or expected to mature over a period shorter than 12 months of the balance sheet date. The derivatives are also classified as held for trading except if they are assigned to hedging operations.

As of 31 December 2008, the Group had no financial instruments included in the categories "financial assets held for trading" and "instruments recorded at fair value through profit and loss”.

Investments held to maturity
This category includes financial assets, non derivatives, with fixed or variable repayments and fixed maturity and the intention of the Board of Directors is to hold them until its maturity date. These investments are classified as non-current assets, unless they mature within 12 months of the balance sheet date.

Investments available for sale

It includes financial assets, non derivative, designated as available for sale or all the other investments that are not classified as held to maturity or measured at fair value through profit and loss. This category is included in non-current assets except if the Board of Directors has the intention to sell the investment in less than twelve months as of the balance sheet date.

As of 31 December 2008, the Group held financial investments classified in this category that correspond to shares from an entity listed in Milan Stock Exchange Market, Italy (Note 10).

All purchases and sales of investments are recognized as of the date of transaction, i.e., at the date on which the Group assumes all risks and obligations inherent to the purchase or sale of the asset. All investments are initially recognized at fair value added with transaction costs, the only exception being the 'investments recorded at fair value through profit and loss'. In this case, investments are initially recognized at fair value and the transaction costs are recognized in the income statement.

The investments are derecognized when the right to receive financial flows have expired or have been transferred and, consequently, all the risks and benefits involved have been transferred.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently recorded at fair value excluding any deduction of transaction costs which may be incurred during its sale, taking into consideration the stock market price at the balance sheet date.

Held to maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period under financial expenses or gains. Gains or losses arising from changes in fair value of available-for-sale investments are recorded directly under the “Fair value reserve” in Equity, until the investment is sold or otherwise disposed of, or until it is considered to be impaired, at which time the cumulative gain or loss previously recorded in equity is transferred to net profit or loss for the period.

The fair value of investments held for sale is based on current market prices. If the market, in which investments are included, is not an active market, or has no liquidity, (unquoted investments), the Group records at cost, taking into account the existence of impairment losses. The Board of Directors believes that the fair value of these investments does not differ significantly from their acquisition cost. The fair value of quoted investments is based on the closing price of the stock market where they are traded at the balance sheet date.

The Group assesses at each balance sheet date whenever there is objective evidence that a financial asset may be impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value below its cost is indicative that the asset may be impaired. If there is some evidence of impairment 'Investments available for sale', the accumulated losses - calculated by the difference between the acquisition cost and fair value less any impairment loss previously recognized in the income statement - is removed from equity and recognized in the income statement.

All purchases and sales of investments are recorded in the date the corresponding acquisition agreements are signed, independently of the financial liquidation date.

ii) Debts from third parties

Debts from third parties not bearing interests are stated at their nominal value, less impairment losses so that they reflect the respective net realisable value.

iii) Loans

Loans are recorded as liabilities at their nominal value net of up-front fees and commissions directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis.

iv) Debts to third parties

Non interest bearing debts to third parties are stated at their nominal value.

v) Derivative financial instruments and Hedge accounting

The Group uses derivative financial instruments to cover its financial risks. These instruments are not used for trading purposes (speculation).

The cash-flow hedges used by the Group relate to interest rate swaps to cover (hedge) the interest rate variation risk of bank loans obtained.

The Group uses the following criteria to classify derivative instruments as cash-flows hedges:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The hedging efficiency can be reasonably measured;
- There is proper documentation about the hedging transaction at the inception date;
- The hedged transaction has to be highly probable.

These derivative hedging instruments are initially recorded at cost, if there is one. This cost is subsequently adjusted to its fair value. Changes in fair value of these investments are deferred in equity in the caption "Hedging reserves", and transferred to income in the same period that the hedged instrument affects the profit and loss statement.

The hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. When the derivative instrument is no longer classified as an hedging instrument, the accumulated fair value differences deferred in equity in the caption "Hedging reserves" are transferred to the statement of profit and loss.

vi) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach their maturity within less than three months and are subject to insignificant risks of change in value.

e) Lease contracts

Lease contracts are classified as (i) financial, if all or a substantial part of the risks and benefits related to the asset are substantially transferred and (ii) operational, if all or a substantial part of the risks and benefits related to the asset are not transferred. Classifying a lease as financial or operational depends on the substance of the transaction, rather than the form of the contract.

Tangible fixed assets acquired under financial lease contracts and the corresponding liabilities are recorded in accordance with the financial method. Under this method, the cost of the fixed assets and the corresponding liability are reflected in the balance sheet. In addition, interest included in the lease instalments and depreciation of the fixed assets, calculated as explained in Note 1.3.a), are recognised in the statement of profit and loss of the period to which they apply.

The operational lease instalments on assets acquired under operational leases are recognised as expenses in the period to which they refer to (Note 32).

f) Inventories

Merchandise, raw, subsidiary and consumable materials are stated at acquisition average cost, which is lower than market value.

Finished and intermediate goods are stated at production cost (includes the cost of raw materials, direct labour and production overheads), which is lower than market value.

Whenever necessary, the Group companies record impairment losses to reduce inventories to their net realisable or market value.

g) Provisions

Provisions are recognized when, and only when, the Group has a present obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each balance sheet date so as to reflect the best estimate of its fair value as of that date (Note 27).

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to those affected by it.

h) Government or other public entities subsidies

Government subsidies are recognized at their fair value only if it is highly likely that it will receive them and will be able to accomplish the conditions required to its concession.

Non-repayable subsidies obtained to finance investments in tangible fixed assets are recorded as “Other non current liabilities” and “Other current liabilities”. These subsidies are recognised in the statement of profit and loss in accordance with the depreciation of the related tangible fixed assets.

Subsidies related to incurred costs are recorded as income in the financial statements since there is reasonable assurance that they will be received, the Entity has already incurred in costs and all conditions to reimbursement are fulfilled.

i) Pension complements

As mentioned in Note 23, the Group has assumed (through its Parent company and some subsidiaries) commitments to provide pension complements to its employees due to age or disability, which comprise defined benefit plans. For this effect, the Group has constituted autonomous pension funds and insurances.

With the purpose of estimating its responsibilities related to these commitments, the Group determines each year the actual cost of those responsibilities, based in the “Projected Unit Credit Method”.

In accordance with IAS 19 – “Employee Benefits” the costs with past responsibilities are immediately recognised in situations where the benefit is being paid. Otherwise, they are recognized on a straight line basis during the average estimated period until the start of the benefits payment.

The responsibilities related to pensions complements recognized at balance sheet date represent the present value of the future benefits, adjusted by actuarial gains/losses and/or past responsibilities non-recognized, deducted of the fair value of net pension funds assets.

j) Accrual basis and Revenue

Income and expenses are recorded on an accruals basis. Under this basis, income and expenses are recognised in the period to which they relate independently of when the amounts are received or paid. Differences arising between the amounts received and paid and the corresponding income and expenses are recorded in the captions “Accruals and deferrals” included in “Other current assets” and “Other current liabilities”.

Income and expenses for which the actual amount is yet unknown, are recorded based on the best estimate of the Board of Directors of the Group companies.

The sales income is recognized in the consolidated profit and loss statement when the inherent assets risks and significant advantages are already under the buyer’s jurisdiction and when it is reasonably possible to measure the corresponding income. Sales are recognized net of taxes and discounts.

k) Corporate Income tax

Corporate Income Tax for the year is determined based on the taxable results of the companies included in the consolidation, in accordance with the tax legislation in place for each company, and considers deferred taxation.

Current Income Tax is computed based on the taxable results of the companies included in consolidation.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. The deferred tax assets and liabilities are computed annually using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used. At the end of each period the Company reviews its recorded and unrecorded deferred tax assets which are reduced whenever their realisation ceases to be likely, or recorded if it is likely that taxable profits will be generated in the future to enable them to be recovered.

Deferred taxes are recorded in the statement of profit and loss as costs and income, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is also recorded in equity captions.

l) Tax consolidation

The Corporate Income Tax accrual that is reflected in the consolidated financial statements is computed in accordance with the Special Taxation Regimen for Groups of Companies ("Regime Especial de Tributação dos Grupos de Sociedades"), which includes CIN Group companies with headquarters in Portugal. Cin Group companies with headquarters in Spain, Amida Inversiones, S.L., Barnices Valentine, S.A., Pinturas Cin Canárias, S.A., Aerminium Coating, S.L.U., Cin Inmuebles, S.L. and Proitesa, S.A are also taxed by the respective consolidated tax result, in accordance with Spanish legislation. Additionally, the other Cin Group companies are taxed on an individual basis and according to the applicable legislation.

m) Balance sheet

All assets and liabilities, including deferred taxes, realizable or exigible in more than one year after the balance sheet date are classified as "Non-current assets or liabilities".

n) Legal reserve

Portuguese commercial legislation requires that, at least, 5% of net profit for each year must be appropriated for increases in legal reserve until it represents at least 20% of share capital. Such reserve is not attributable unless the Company is under liquidation, but it can be used either to absorb losses after the extinction of all the other reserves or to be incorporated in share capital.

o) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euro using the exchange rates in force at the balance sheet date.

Favourable and unfavourable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force on the dates of payment, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss of the year.

p) Impairment of assets

Assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit and loss under the caption “Provisions and impairment losses”. The recoverable amount is the higher of an assets’ net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of the disposal. The value in use is the present value of estimated future cash flows expected to derive from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognised in prior years is recorded when the Company concludes that the impairment losses previously recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal of impairment losses is recorded in the statement of profit and loss in the caption “Other operating income”. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised for that asset in prior years.

Evidence of impairment in accounts receivable arises when:

- the counterparty presents significant financial difficulties;
- there are significant payment delays by the main counterpart; and
- it is likely that the debtor goes into liquidation or in financial restructuring.

For consolidation differences, the recoverable amount is determined based on the latest business plans approved by the Board of Directors. For accounts receivable, the Group uses historical information and information from its legal department, which contributes to estimate the amounts in impairment. For inventories, the impairments are based on market values and in several stock turnover indicators.

q) Financial expenses

The financial expenses related with loans obtained (interests, bonus, accessory costs and lease contracts' interest) are recorded as costs in the statement of profit and loss, on an accrual basis.

r) Contingent assets and liabilities

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed in the respective Notes, unless the probability of a cash outflow is remote, in which case no disclosure is made.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when the existence of future economic benefits is probable.

s) Judgement and estimates

In preparing the consolidated financial statements, the Board of Directors based its assumptions on the best knowledge and experience of past and/ or current events considering certain assumptions concerning future events.

The most significant accounting estimates reflected in the consolidated financial statements for the twelve month period ended 31 December 2008 and 31 December 2007 include:

a) Useful lives of the tangible and intangible assets;
b) Impairment analysis of goodwill;
c) Recognition of adjustments on assets (accounts receivable and inventories) and provisions;
d) Computation of derivative financial instruments fair value;
e) Computation of pension complements obligations.

The estimates were based on the best information available at the time of preparation of consolidated financial statements and based on best knowledge and experience of past and/ or current events. However, situations that occur in subsequent periods which are not foreseeable at the time, were not considered in these estimates. Changes to these estimates, which occur after the date of the consolidated financial statements, will be corrected through profit and loss on a prospective basis, as required by IAS 8.

The key estimates and assumptions concerning future events included in the preparation of consolidated financial statements, are described in the corresponding notes.

t) Risk management policies

The Group is exposed to several risks in the course of its activity, namely: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. Group's risk management program focuses in the financial market unpredictability and aims to minimize the collateral effects in its financial performance.

Group's risk management is assured by the financial department of CIN in accordance with the policies approved by the Board of Directors. Accordingly, the Board of Directors has been setting the main overall risk management policies and some specific rules for certain areas, such as interest rate risk hedging and credit risk.

i) Exchange rate risk

In the course of its operating activity, the Group performs non Euro transactions. The normal procedure is to elect a functional currency to each subsidiary (USD in relation to Tintas Cin de Angola, S.A. and Tintas Cin Moçambique, SARL) that fits its main economic environment and that best represents the composition of its cash-flows.

As a result, exchange rate risk mainly derives from commercial transactions not expressed in the functional currency of each business. Exchange rate risk policy aims to minimize or eliminate that risk, reducing the Group's results sensitivity to exchange rate fluctuations.

The amount of assets and liabilities (in Euro) of the Group recorded in currency other than Euro (USD) can be summarized as follows:

Tintas CIN Angola

	31.12.2008	31.12.2007
Assets	16,340,682	13,071,298
Liabilities	(3,074,753)	(5,004,181)
	13,265,929	8,067,117

Tintas CIN Mozambique

	31.12.2008	31.12.2007
Assets	2,138,748	2,277,298
Liabilities	(132,256)	(214,704)
	(2,006,492)	2,062,594

The Board of Directors believes that any changes in the exchange rate will not have a significant effect on the consolidated financial statements.

Foreign companies financial statement translation risk or accounting risk consists of the impact on the Parent company's net equity as a result of having to 'translate' the foreign subsidiaries' financial statements. The existing guidelines to cover this risk include an individual approach of each hedging opportunity given the specific currency at stake and the subsidiary's capital structure (as of 31 December 2008, this situation only applies to subsidiaries 'Tintas Cin de Angola, SARL' and 'Tintas Cin Moçambique, SARL', as their financial statements were 'translated' from USD to Euro).

As mentioned in note 1.2 d), assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Gains and losses, as well as cash flows are translated to Euro using the average exchange rate for the year. The underlying exchange difference is posted into equity in caption "Currency conversion reserves".

ii) Price risk

Price risk mainly applies to raw materials such as zinc, resin and titanium dioxide.

There is a permanent monitoring of price evolution and trends for these raw materials as to develop expectations and act upon them.

In relation to zinc, price risk is managed through futures' market hedging. As of 31 December 2008 there are no open positions for these instruments.

Resin and titanium dioxide price change risk is minimized by contracts celebrated with suppliers that fix a steady price for larger periods, typically, one year.

Abnormal price variations in raw materials might be reflected in selling prices

iii) Credit risk

The Group's exposure to credit risk mainly relates to accounts receivable resulting from operating activities. Credit risk is the risk that the counterpart fails its contractual obligations, thus originating a Group loss.

Credit risk is essentially associated with receivables from sales and services rendered to customers. Managing this risk assures that effective collections are performed in the agreed terms so that the Group's financial position is not affected. This risk is monitored on a regular basis, ensuring that (a) credit to customers is limited and is based on the average days of sales outstanding of each customer; (b) credit limit evolution is assessed on a regular basis; (c) receivables impairment assessments are performed in a timely manner.

Group's credit risk is moderate and it is not focused in a single customer or group of customers, as receivables balance are composed by a large variety of entities from different business segments and geographical areas. Credit guarantees are asked whenever a customer's financial position might be questionable. These guarantees may consist of credit insurances and bank guarantees.

Accounts receivables adjustments are calculated according to the following criteria: (i) the customer credit profile; (ii) the average days of sales outstanding; (iii) the customer's financial position. Adjustments recorded in the years ended as of 31 December 2008 and 2007 are disclosed in Note 27.

As of 31 December 2008 and 2007 the Group does not consider additional impairment losses, besides the adjustments recorded and disclosed in Note 27.

Amounts regarding financial assets recorded in the accompanying consolidated financial statements are net of accumulated impairment losses, and represent the maximum exposure of the Group to credit risk.

iv) Liquidity risk

Liquidity risk is the lack of capacity to fulfill all due liabilities in the agreed terms and at a reasonable cost. Liquidity indicators must be set to manage the liquidity levels as to ensure that the maximum return is obtained at a minimum cost and in a safe and efficient way.

CIN Group's liquidity risk management aims to:

- Liquidity: to ensure permanent, efficient and sufficient access to funds to liquidate due obligations;
- Security: to minimize the likelihood of non collection of applications of funds;
- Financial efficiency: to minimize the opportunity cost of excess liquidity detention in the short term.

The Group's procedures seek to match assets and liabilities maturity dates. Group's balances as of 31 December 2008 and 2007 show that the 'permanent capital' is higher than non-current assets, thus confirming Group's concern towards a well-balanced financial management.

The Group ensures that the financial instruments and credit lines and amounts meet the businesses and subsidiaries' specific needs and allow a reasonable liquidity surplus. Typically, these credit facilities are obtained without the concession of guarantees.

v) Interest rate risk

The exposure of the Group to interest rate risk results of loans that bear interest at variable rates.

Borrowing costs are therefore vulnerable to variable interest rate changes. The impact of volatility on the Group's results and net equity isn't significant as Group's financial debt level is low. Moreover, the presumed correlation between interest market rates and economic growth allows operating gains and compensates the additional borrowing costs ('natural hedge').

As of 31 December 2008 and 2007 the financial net debt of the Group amounts to 96,040,315 Euros and 60,912,239 Euros, respectively. These balances are composed of current and non-current loans (Note 21), and cash and cash equivalents (Note 17) celebrated with different entities.

Group's income and cash-flows are influenced by interest rate changes at a rather low level. Group's cash and bank balances as well as eventual loans granted to Group companies depend only on the Euro interest rates, which volatility is historically low.

As for long term loans, the procedure is to use whenever appropriate cash-flow hedging derivative instruments (e.g 'interest rate swaps'), that perfectly cover interest rate risk.

Interest Rate Sensitivity Analysis

The sensitivity analysis was conducted based in the exposure to the interest rate risk as of balance sheet date and for both derivate and non-derivative financial instruments. As for liabilities based on variable interest rates, the following assumptions were made:

- The liabilities amount was stable throughout the year and price re-fixation happened in the beginning of the year;
- Variations in market interest rates changes interest amounts to be paid or received of variable interest rate financial instruments;
- Fixed interest rate financial instrument's interest to be paid or received are only affected if financial instruments are expressed at fair value;
- Changes in interest market rates will be reflected in the fair value of hedging derivatives and all hedging derivatives are efficient;
- Derivative financial instruments (swaps) fair value of any financial asset or liability is estimated by discounting future cash-flows to the present time at interest market rates at the end of each year, assuming a parallel variation in the yields' curve.

Sensitivity analysis was performed on a 'ceteris paribus' basis, this is, by manipulating one variable and assuming that all the others remain unchanged. Realistically, this situation isn't often met and changes in some of the assumptions might be correlated.

If interest rates had been higher or lower in 75 basis point, ceteris paribus, [hardly that could have happened], the estimated impact on the Group's net result and reserves would have been the following:

	2008		2007	
	-0.75 b.p.	+ 0.75 b.p.	-0.75 b.p.	+ 0.75 b.p.
Net profit (1)	677,000	-675,000	+305,000	-555,000
Net equity (2)	-113,000	127,000	-250,000	+15,000

(1) mainly results from the Group's exposure to interest rate risk on its variable interest rate loans;
(2) mainly results from changes in the fair value of hedging derivatives.

It is the Board of Director's understanding that this sensitivity analysis doesn't properly reflect the Group's inherent interest rate risk, as the exposure at year end might not reflect the exposure throughout the year and because it does not account for payments made during the year.

u) Segment information

In each period, the Group identifies the most adequate business and geographic segments.

Information regarding the business segments identified is included in Note 33.

v) Subsequent events

Post balance sheet date events that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arised after the balance sheet date are considered non adjusting events and are disclosed in the Notes to the financial statements, if material (Note 40).

2. CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF MISSTATEMENTS

During the year ended as of 31 December 2008 there were no changes in accounting policies and no material mistakes related with prior periods.

3. GROUP COMPANIES INCLUDED IN CONSOLIDATION

The affiliated companies included in consolidation by the full consolidation method, their headquarters and percentage participation held as of 31 December 2008, are as follows:

		Share capital held		
Designation	Headquarters	Direct	Indirect	Effective
With headquarters in Portugal:				
CIN - Corporação Industrial do Norte, S.A. ("Parent Company")	Maia	-	-	-
Lacose-Sotinco, Tintas e Vernizes, Sociedade Unipessoal, Lda. ("Lacose-Sotinco")	Maia	100%	-	100%
Nitin – Nova Indústria de Tintas, S.A. ("Nitin")	Lisbon	100%	-	100%
Nictrading – Comércio Internacional, Lda. ("Nictrading")	Machico	-	100%	100%
Terraços do Souto – Sociedade Imobiliária, S.A. ("Terraços do Souto")	Maia	100%	-	100%
Cin – Tintas para Repintura Automóvel, S.A. ("Cin Repintura")	Maia	-	100%	100%
Cin Indústria, S.A. ("Cin Indústria")	Maia	100%	-	100%
Atossa Imobiliária, Sociedade Unipessoal, Lda. ("Atossa")	Maia	100%	-	100%
Sotinco Refinish, S.A. ("Refinish")	Maia	-	100%	100%
Martolar – Materiais de Construção, Lda. ("Martolar") (1)	Maia	100%	-	100%
With headquarters in other countries:				
Barnices Valentine, S.A. ("Barnices Valentine")	Barcelona (Spain)	-	100%	100%
Pinturas Cin Canarias, S.A. ("Pinturas Cin Canarias")	Tenerife (Spain)	-	100%	100%
Productos Industriales de Tenerife, S.A. ("Proitesa")	Tenerife (Spain)	-	100%	100%
Amida Inversiones, S.L. ("Amida Inversiones")	Barcelona (Spain)	-	100%	100%
Cin Internacional B.V. ("Cin BV")	Amesterdão (Holand)	100%	-	100%
Tintas Cin de Angola, SARL ("Cin Angola")	Benguela (Angola)	4%	96%	100%
Tintas Cin (Moçambique), SARL ("Cin Moçambique")	Maputo (Mozambique)	-	100%	100%
Cin Inmuebles, S.L. ("Cin Inmuebles")	Barcelona (Spain)	-	100%	100%
Coatings RE, S.A. ("Coatings RE")	Luxembourg	-	100%	100%
Vita Investments, S.A. ("Vita Investments")	Luxembourg	-	100%	100%
Artilin, S.A. ("Artilin")	Agen (France)	-	100%	100%
Aerminium Coating, S.L.U. ("Aerminium")	Barcelona (Spain)	-	100%	100%

(1) Company acquired in 2007 and included in the consolidation perimeter as from 1 January 2008 (Note 5).

These subsidiaries were included in the consolidated financial statements using the full consolidation method, as established in IAS 27 – "Consolidated and Separate Financial Statements" (subsidiary control through the major voting rights or other method, being owner of the company's share capital - Note 1.2.a)).

4. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

The subsidiaries excluded from consolidation, their respective headquarters and the proportion of capital held as of 31 December 2008, are as follows:

Companies	Headquarters	Book value	Share capital held		
			Direct	Indirect	Effective
Held by CIN:					
Tintas CIN Guiné, Lda. ("CIN Guiné")	Bissau	-	51%	-	51%
Tintas CIN Macau, Lda. ("Cin Macau")	Macau	-	90%	-	90%

The financial investments in Group companies – CIN Guiné and CIN Macau are recorded at acquisition cost. Impairment losses are recorded to reduce these investments to their estimated net realisable value in order to reflect restrictions motivated by their country conditions, or by their inactivity. The Board of Directors of CIN believes that the non-inclusion of these companies is not relevant for the accompanying consolidated financial statements.

5. CHANGES IN CONSOLIDATION PERIMETER

The changes in the consolidation perimeter during the year ended as of 31 December 2008, were as follows:

Designation	Headquarters	Share capital held		
		Direct	Indirect	Effective
Additional share capital acquisitions				
Artilin, S.A. ("Artilin")	France	-	100%	100%
Inclusion in the consolidation perimeter				
Martolar – Materiais de Construção, S.A. ("Martolar")	Maia	100%	-	100%

As from 1 January 2007, and following an additional share capital acquisition in 2007, CIN was granted the majority of the voting rights, and, consequently, this subsidiary has been consolidated by the full consolidation method. During 2008, the Group proceeded a capital reduction in Artilin, with a subsequent capital increase, giving the Group the whole capital of that subsidiary. The effect of those operations in the consolidated financial statements is imaterial.

The subsidiary Martolar was acquired during 2007 and was included for the first time in the Group consolidation perimeter as from 1 January 2008. The fair value allocation of this subsidiary was established based on the respective financial statements as of 31 December 2007.

The impact of the inclusion of Martolar in the consolidation perimeter for the year ended as of 31 December 2008, was as follows:

	Net book value	Fair value adjustments	Fair value
Net assets acquired:			
Tangible assets	520,829	-	520,829
Intangible assets	-	-	-
Investiments	499	-	499
Inventory	666,134	-	666,134
Receivables and other debtors	1,242,968	-	1,242,968
Cash and cash equivalents	120,162	-	120,162
Other assets	7,739	-	7,739
Provisions for risks and charges	(32,000)	-	(32,000)
Loans obtained	(575,000)	-	(575,000)
Payables and other creditors	(1,036,473)	-	(1,036,473)
Other liabilities	(298,545)	-	(298,545)
	616,313	-	616,313
Consolidation differences			1,065,086
Acquisition price			1,681,399
Net cash outflow arising from acquisition			
Payments made			1,681,399
Cash and cash equivalents acquired			(120,162)
			1,561,237

According to the decision of the Board of Directors, the consolidation difference upon the acquisition of that subsidiary, in the amount of Euro 1,065,086, was derecognized from the consolidated balance sheet through a reduction of equity caption "Other reserves".

The contribution of Martolar to consolidated net profit for the period between 1 January 2008 and 31 December 2008 amounted to Euro 7,273.

6. TANGIBLE ASSETS

During the years ended as of 31 December 2008 and 2007, the movement in tangible assets, as well as in the respective accumulated depreciation and accumulated impairment losses was as follows:

2008

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Office equipment	Containers	Tangible assets in progress	Total
oss assets:									
Opening balance	21,258,744	49,812,783	48,686,685	2,666,750	3,627,354	12,838,353	346,275	22,374,354	161,611,298
Changes in perimeter	90,980	473,058	159,903	203,614	12,492	46,875	-	-	986,922
Additions	1,747,313	926,004	4,647,284	313,530	198,696	394,580	-	16,603,656	24,831,063
Disposals and write-offs	-	(2,231,097)	(4,029,175)	(395,097)	(853,221)	(2,776,744)	-	-	(10,285,334)
Transfers	(1,127,974)	22,344,217	12,059,176	159,265	145,190	37,618	-	(34,805,211)	(1,187,718)
Closing balance	21,969,063	71,324,965	61,523,873	2,948,062	3,130,511	10,540,682	346,275	4,172,799	175,956,230
cumulated depreciation and pairment losses:									
Opening balance	-	28,403,464	41,373,789	2,200,523	2,910,341	11,243,852	317,604	-	86,449,573
Changes in perimeter	-	71,319	147,392	193,930	7,149	46,304	-	-	466,094
Depreciations	-	2,791,919	2,351,269	247,377	269,302	569,797	25,454	-	6,255,117
Impairment losses	-	(978,585)	(413,728)	-	(62,465)	(156,020)	-	-	(1,610,798)
Disposals and write-offs	-	(1,510,470)	(3,920,571)	(381,775)	(807,397)	(2,740,042)	-	-	(9,360,255)
Transfers	-	204,918	610,866	40,334	(216,852)	11,845	(4,257)	-	646,855
Closing balance	-	28,982,566	40,149,016	2,300,389	2,100,078	8,975,736	338,801	-	82,846,586
t value	**21,969,063**	**42,342,399**	**21,374,857**	**647,674**	**1,030,433**	**1,564,946**	**7,474**	**4,172,799**	**93,109,644**

2007

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Office equipment	Containers	Tangible assets in progress	Total
oss assets:									
Opening balance	26,613,359	43,420,519	47,687,613	2,501,768	3,503,037	11,971,380	346,275	6,896,475	142,940,426
Changes in perimeter	-	360,177	525,952	73,136	1,875	108,182	-	100	1,069,422
Additions	1,572,358	3,228,126	793,636	353,684	158,310	953,880	-	20,754,973	27,814,968
Disposals and write-offs	(105,709)	(1,247,123)	(766,855)	(261,838)	(90,792)	(275,727)	-	-	(2,748,045)
Transfers	(6,821,262)	4,051,083	446,339	-	54,924	80,638	-	(5,277,193)	(7,465,473)
Closing balance	21,258,744	49,812,783	48,686,685	2,666,750	3,627,354	12,838,353	346,275	22,374,354	161,611,298
cumulated depreciation and impairment ses:									
Opening balance	-	26,355,961	39,360,193	2,146,553	2,721,899	10,768,659	311,583	-	81,664,848
Changes in perimeter	-	135,965	372,450	67,495	1,875	74,679	-	-	652,464
Depreciations	-	2,439,947	2,361,319	217,505	245,795	705,355	21,196	-	5,991,117
Impairment losses	-	(107,744)	(75,239)	(242)	(19,946)	(61,782)	(15,175)	-	(280,128)
Disposals and write-offs	-	(407,447)	(658,152)	(230,788)	(39,282)	(243,059)	-	-	(1,578,728)
Transfers	-	(13,218)	13,218	-	-	-	-	-	-
Closing balance	-	28,403,464	41,373,789	2,200,523	2,910,341	11,243,852	317,604	-	86,449,573
t value	**21.258.744**	**21,409,319**	**7,312,896**	**466,227**	**717,013**	**1,594,501**	**28,671**	**22,374,354**	**75,161,724**

As of 31 December 2008 and 2007, the caption “Tangible assets in progress” was made up as follows:

	31.12.2008	31.12.2007
New factory in Montcada Y Reixach (Barnices Valentine)	-	20,353,364
Integration of powder paint industrial facilities (Cin)	-	994,015
Algarve factory’s improvements (Cin)	-	246,786
New laboratories (Cin + Terraços do Souto)	2,571,899	212,843
Installation of central chimney extraction (CIN)	425,555	-
Construction of roundabout access (CIN)	242,641	-
Others	932,704	567,346
	4,172,799	22,374,354

At the end of 2008, Barnices Valentine moved its operations to the new factory, also located in Montcada y Reixach. The investments made by the date of completion of construction, which were recorded under "Tangible assets in progress", amounted to approximately Euro 31,654,000 and were transferred to property firm, can be detailed as follows:

Land and natural resources	614,000
Buildings and other constructions	19,135,000
Machinery and equipment	11,633,000
Transport equipment	92,000
Tools and utensils	158,000
Office equipment	22,000

	31,654,000
	=========

On 12 June 2006 the subsidiary Barnices Valentine sold the land where its factory was previously located in Barcelona (Montcada y Reixach) by a total amount of Euro 74,160,000, and therefore proceeded to the derecognition of all the related property, land, buildings and other infrastructures. The pending receivable amount related with that disposal of Euro 24,720,000 is included in the caption “Other current assets” (Note 16). The collection is guaranteed by a personal endorsement.

As referred in the public deed, Barnices Valentine acquired the obligation to execute the dismantlement of buildings and equipment and the decontamination of the disposed land. For that effect, the Company has recorded a provision of Euro 6,900,000 and provided a bank guarantee of Euro 5,000,000 in favour of the buyer. As of 31 December 2008, the referred provision amounts to Euro 5,717,534 (Note 27).

The sales agreement allowed Barnices Valentine the right to stay, free of charge, in the previously facilities while the new factory (also located in Barcelona) was being finished, considering 12 June 2009 as the time limit.

On 18 July 2006, the "Proyecto de Reparcelación en el âmbito del Plan Parcial Urbanístico del Sector Discontinuo Can Milans – Can Cuiás Nord" was finally approved by "Junta de Gobierno del Ayuntamiento de Montcada y Reixach". According to the above referred land division plan, Barnices Valentine swapped its owned parcels of land denominated "Can Cuyás", which were recorded by a total amount of Euro 2,100,000, by another parcel of property owned by the municipality and denominated "Can Milans", where the new industrial facilities are built. According to IAS 16 – Tangible assets – the land received was stated at its fair value based on an external valuation performed by an expert.

Barnices Valentine has committed to support the urbanization costs of the received land "Can Milans", estimated in, approximately, Euro 4,528,000. For that effect, the Company has recorded a provision for that amount that is included in the caption "Other current liabilities", which balance as of 31 December 2008 amounted to Euro 2,313,228 (Note 26).

Part of the transfers included in caption "Machinery and equipment" relate to the transfer of tintometric systems from "Inventory" to "Tangible assets", as these equipments were being used by Group stores and delegations (Note 13).

Additionally, the transfers occurred in 2008 in the caption "Land and natural resources" correspond to the reclassification of some buildings held by the Group that are not directly allocated to the operating activity and therefore are now recorded as "Investment properties" (Note 9).

7. CONSOLIDATION DIFFERENCES

During the years ended as of 31 December 2008 and 2007, the movement occurred in consolidation differences was as follows:

	31.12.2008	31.12.2007
Gross value:		
Opening balance	6,575,739	6,468,107
Acquisitions	-	107,632
Closing balance	6,575,739	6,575,739
Accumulated impairment losses:		
Opening/Closing balance	-	-
Net value	6,575,739	6,575,739

In accordance with IFRS 3, CIN Group suspended the depreciation of the "Consolidation differences" as from 1 January 2004. Additionally, the Group performs formal impairment analysis as of the date of presentation of annual financial accounts.

The net accounting value of "Consolidation differences" as of 31 December 2008 and 2007 was as follows:

Company / Business	Acquisition date	Net accounting value 31.12.2008	31.12.2007
Nitin	2000	680,705	680,705
Goodwill “La Llar del Pintor”	2000	930,119	930,119
Pinturas Cin Canárias	2001	1,755,208	1,755,208
Nictrading	2004	336,217	336,217
Ibercoat	2005	1,812,978	1,812,978
Jorges & Mineiro	2005	1,060,512	1,060,512
		6,575,739	6,575,739

Although the subsidiary Jorge & Mineiro has been merged in CIN – Corporação Indústrial do Norte, S.A. with reference to January 1, 2008, the CIN Group maintains the ability to perform tests for impairment in respect of cash-generating units related to that subsidiary.

8. INTANGIBLE ASSETS

During the years ended as of 31 December 2008 and 2007, the movement in intangible assets as well as in the respective accumulated depreciation and accumulated impairment losses, was as follows:

	2008					
	Installation expenses	Development expenses	Industrial property and other rights	Goodwill	Advances	Total
Gross value:						
Opening balance	187,831	4,444,800	4,790,543	2,301,221	-	11,724,395
Changes in perimeter	577	1,496	-	-	-	2,073
Additions	10,220	1,430	364,270	107,069	-	482,988
Disposals and write-offs	(151,280)	(114,627)	(214)	(12,020)	-	(276,133)
Transfers	-	-	(57,119)	296	-	(58,831)
Closing balance	47,348	4,333,099	5,097,479	2,396,566	-	11,874,492
Depreciations and accumulated impairment losses:						
Opening balance	178,680	4,406,045	893,330	65,060	-	5,543,115
Changes in perimeter	576	1,496	-	-	-	2,072
Depreciations	7,218	3,313	136,382	1,164	-	148,077
Disposals and write-offs	(149,321)	(116,195)	-	(10,718)	-	(274,684)
Transfers	-	-	(34,334)	28	-	(35,876)
Closing balance	37,153	4,294,659	995,378	55,534	-	5,382,724
Net value	**10,194**	**38,439**	**4,102,101**	**2,341,032**	**-**	**6,491,766**

	2007					
	Installation expenses	Development expenses	Industrial property and other rights	Goodwill	Advances	Total
Gross value:						
Opening balance	239,931	4,408,118	4,680,834	192,008	6,000	9,526,891
Changes in perimeter	86,078	36,682	3	-	-	122,763
Additions	11,314	-	103,706	2,110,000	-	2,225,020
Disposals and write-offs	(149,492)	-	-	(787)	-	(150,279)
Transfers	-	-	6,000	-	(6,000)	-
Closing balance	187,831	4,444,800	4,790,543	2,301,221	-	11,724,395
Depreciations and accumulated impairment losses:						
Opening balance	238,264	3,919,326	797,003	36,425	-	4,991,018
Changes in perimeter	78,924	28,574	3	-	-	107,501
Depreciations	11,192	465,579	123,758	1,266	-	592,795
Disposals and write-offs	(149,700)	-	-	(65)	-	(149,765)
Transfers	-	1,566	(27,434)	27,434	-	1,566
Closing balance	178,680	4,406,045	893,330	65,060	-	5,543,115
Net value	**9,151**	**38,755**	**3,897,213**	**2,236,161**	**-**	**6,181,282**

As of 31 December 2008 and 2007, the detail of the gross value of the captions “Development expenses” and “Industrial property and other rights”, was as follows:

	31.12.2008	31.12.2007
Development expenses:		
Studies and Projects – “ERP” implementation	4,121,285	4,121,285
Others studies and projects	211,814	323,515
	4,333,099	4,444,800
Industrial property and other rights:		
“Decocenter” brand	3,502,200	3,500,000
Industrial property	677,140	677,140
Software	657,998	410,282
Other rights and licences	260,141	203,102
	5,097,479	4,790,544

On 20 December 2006, the Group acquired the “Decocenter” brand by the amount of 3,500,000 Euro. This brand is currently being used by Barnices Valentine and the acquisition cost was supported on an independent valuation .This brand was classified as an intangible asset with an indefinite useful life, and consequently, it’s not subject to depreciation, but is subject to an annual impairment assessment.

The increase in the caption 'Goodwill' includes the amount of Euro 2,000,000 relating to the contract signed between CIN and Tintas Robbialac, S.A. in 19 November 2007, by which CIN acquired Robbialac's business denominated "Industry Segment" and which includes:

- intangible assets (brands, registration rights,...) relating to this business;
- the necessary calculations, formulas and procedures concerning the production of this business segment;
- the rights and obligations emerged from the commercial transactions with customers and suppliers;
- the workers (up to a maximum of 5) allocated to this business.

During 2008, CIN made an additional payment of Euro 107,069. As of 31 December 2008 the total value of goodwill amounts to Euro 2,107,069.

The referred contract also includes a "non competition agreement" to be fulfilled by the vendor for a period of five years.

The Group does not proceed to the amortization of that goodwill, performing, on an annual basis, formal tests of impairment. The formal test of impairment assumes as cash-generating unit the revenue associated with the segment of products purchased under this contract.

9. INVESTMENT PROPERTIES

As of 31 December 2008, the caption "Investment properties" includes real estate assets held by CIN Group mainly located in Guardeiras, Maia that are held for capital appreciation and that were previously recorded in tangible assets' caption "Land and natural resources" (Note 6). These assets are stated at the respective acquisition cost.

Additionally, these assets' fair value is similar to their acquisition cost.

As of 31 December 2008 the movement in this caption was as follows:

	31.12.2008
Investment properties:	
Balance as of 1 January 2008	8,066,740
Transfers (Note 6)	1,747,314
Balance as of 31 December 2008	9,814,054

10. INVESTMENTS AVAILABLE FOR SALE

As of 31 December 2008 and 2007, these captions included financial investments classified as available for sale and had the following movement in the year:

	2008		
	Gross value	Impairment losses (Note 27)	Net value
Investments available for sale:			
Balances as of 1 January 2008	5,107,965	(161,667)	4,946,298
Changes in perimeter	(1,849,996)	-	(1,849,996)
Decreases	(340,078)	68,572	(271,506)
Increases	15,706	(18,205)	(2,499)
Balances as of 31 December 2008	2,934,096	(111,030)	2,822,796

	2007		
	Gross value	Impairment losses (Note 27)	Net value
Investments available for sale:			
Balances as of 1 January 2007	653,916	(141,062)	512,854
Changes in perimeter	(151,483)	(71,676)	(223,159)
Derecognitions	(51,071)	51,071	-
Increases	4,656,603	-	4,656,603
Balances as of 31 December 2007	5,107,965	(161,667)	4,946,298

The variation in perimeter during the year 2008 was due to the consolidation of the subsidiary Martolar (Note 5).

Boero Bartolomeo, S.p.A. shares are listed in Milan Stock Exchange Market. As of 31 December 2008, the fair value of these shares, corresponding to 2.515% of this entity's share capital, amounted to, approximately, Euro 2,591,377, based on the year end stock quotation. As for this investment, the Group has recognised the corresponding deferred tax liability amounting to Euro 246,715 (Note 11).

The remaining financial investments referred to above mainly represent small investments in non listed companies. The Board of Directors believes that the net value of these investments is similar to the respective fair value.

11. CURRENT AND DEFERRED INCOME TAXES

The detail of the amounts and nature of assets and liabilities for deferred taxes recorded in the accompanying consolidated financial statements as of 31 December 2008, are as follows:

	Opening balances	Recorded in results	Recorded in net Equity	Closing balances
Deferred tax assets:				
Depreciation not accepted for tax purposes	165,180	(17,065)	-	182,245
Write-off of intangible and tangible assets not capitalisable (net from accumulated depreciation)	344,785	37,602	-	307,183
Provisions and impairment losses not accepted for tax purposes	1,526,756	226,038	-	1,300,718
Pension fund (referring to accrued costs)	81,405	(169,652)	-	251,058
Merger reserve	2,326,747	232,802	-	2,093,944
Barnices Valentine land disposal	2,370,257	432,767	-	1,937,490
Tax losses carried forward (Spain)	-	(2,707,323)	-	2,707,323
Reinvestment of capital gains associated with the disposal of fixed assets (Barnices Valentine)	-	(4,148,648)	-	4,148,648
Others	404,510	76,501	-	328,009
	7,219,639	(6,036,978)	-	13,256,619
Deferred tax liabilities:				
Write-off of provisions	1,473,944	105,583	-	1,579,527
Fair value of land swapped by Barnices Valentine	949,678	-	-	949,678
Fair value of investments held for sale (Note 10)	302,759	-	(56,043)	246,715
Hedging instruments valuation	165,936	-	(139,331)	26,605
Revaluations depreciation not accepted for tax purposes	45,589	(7,269)	-	38,320
Reinvestment of gains on fixed assets disposals	39,367	(7,791)	-	31,576
Pension found (referring to deferred costs)	47,903	(2,851)	-	45,051
Barnices Valentine land disposal	5,763,181	-	-	5,763,181
Others	266,030	(136,301)	-	129,730
	9,054,386	(48,629)	(195,374)	8,810,384

The “Merger reserve” is a consequence of the merger held in previous years by former Spanish subsidiaries of subsidiary Barnices Valentine (and that was written-off in the previous years in the consolidation process) and is being depreciated for tax purposes over a period of 20 years.

Deferred tax assets and liabilities that result from the disposal of Barnices Valentine’s land arose from the following situations:

(i) Deferred taxes assets are related with provisions recorded not accepted for tax purposes, regarding the decontamination and land’s dismantlement (Note 27), impairment losses related to non usable machinery and equipment, and the monetary correction effect on the disposed land;

(ii) in case of deferred tax assets (“Reinvestment of capital gains associated with the disposal of fixed assets (Barnices Valentine)”), the effect of the tax credit to which the subsidiary Barnices Valentine is entitled by reinvestment of part of the realization amount of the old factory;

(iii) deferred taxes liabilities are related with the taxation of the gain obtained in the disposal of the land, which is deferred in accordance with the collection of the corresponding realization amount, which will occur some in 2009 (Note 16).

In accordance with the applicable legislation, the income tax returns of CIN and other Group companies are subject to review and correction by the tax authorities for a 4-year period (10-year period for Social Security up to 2000, inclusive, and 5-year period for the years as from 2001) except when tax losses have occurred or tax benefits have been granted, or tax inspections, claims or refutations are in progress, in which cases and depending on the circumstances, the deadlines are delayed or suspended. Therefore, the tax declarations of the Group Companies since 2005 are still subject to review.

The Board of Directors of CIN believes that eventual corrections following such revisions/inspections by the tax authorities will not have significant effect on the consolidated financial statements as of 31 December 2008.

In accordance with the applicable legislation in Portugal and Spain, tax losses can be carried forward for a period of six years and fifteen years, respectively, after their occurrence and subject to deduction to tax profits realised during that period. In France, tax losses can be carried forward without any time limit.

As of 31 December 2008, the following Group companies had tax losses that can be carried forward, as follows (in accordance with the respective delivered tax returns):

Barnices Valentine		
Year	Amount	Compensation deadline
2008	8,467,773	2023
	8,467,773	

Proitesa		
Year	Amount	Compensation deadline
2004	143,761	2019
2005	1,583,106	2020
2006	887,467	2021
2008	495,840	2023
	3,110,174	

Cin Canárias		
Year	Amount	Compensation deadline
1999	337,303	2014
	337,303	

Cin Inmuebles		
Year	Amount	Compensation deadline
2004	2,080	2019
2008	57,244	2023
	59,324	

Aerminium	
Year	Amount
2008	3,554
	3,554

Artilin	
Year	Amount
2006	183,310
2007	402,880
2008	707,519
	1,293,709

Only the tax losses carried forward generated by the subsidiaries located in Spain in 2008 were considered for the calculation and recognition of deferred tax assets.

As of 31 December 2008 and 2007, the tax rates used to calculate the assets and liabilities for deferred taxes can be detailed as follows:

	Tax rates	
	31.12.2008	31.12.2007
Country of origin of the subsidiary:		
Portugal	26.5%	26.5%
Spain	30.0%	30.0%
Luxembourg	29.63%	29.63%
Angola	35.0%	35.0%
Mozambique	32.0%	32.0%
France	33.3%	33.3%

In accordance with article 81 of Corporate Income Tax Code ("Código do Imposto sobre o Rendimento das Pessoas Colectivas"), CIN and its subsidiaries with headquarters in Portugal are also subject to an autonomous taxation over a group of expenses at the rates defined in the referred article.

Tax benefits and exemptions

(i) Portugal

In 2003, CIN has reflected the tax benefit established by Decree-Law 23/2004, of January 23, which originated a Corporate Income Tax saving of, approximately, Euro 556,000. This amount was recorded against a decrease of the caption "Income tax" in the statement of profit and loss as of 31 December 2003.

As to fulfill the requirements defined in article 9 of the above mentioned Decree-Law, CIN's Board of Directors created a special reserve amounting to the deduction mentioned above (included in the net equity's caption "Other Reserves"). This special reserve can only be distributed to the shareholders at the end of the fifth year after its constitution. Therefore, as of 31 December 2008, the special reserve amounts to 396,532 Euro and is included in the net equity's caption "Other reserves".

(ii) Spain – Canaries

According to Spanish legislation, namely "Ley 19/1994, of 6 July – Modificación del Régimen Económico y Fiscal de Canarias", production companies located in Canarias are able to take full advantage of a 50% benefit over Income Tax on beneficiary activities. CIN Canarias was adopted this tax benefit in 2005. Additionally, in order to fulfill the necessary requirements established by this legislation, CIN Canarias created a special reserve amounting to Euro 3,096,371, which is included in the net equity's caption "Other reserves". To be able to take full advantage of the referred tax benefit, this subsidiary has made investments in fixed assets in accordance with the applicable legislation.

(iii) Angola

Cin Angola's investment project related with the construction of new production facilities in the province of Benguela (Angola) was approved by ANIP – Agência Nacional para o Investimento Privado da República de Angola (National Agency for Foreign Investment in the Republic of Angola).

Following this approval, the following tax and customs benefits were granted (according to "Lei nr. 17/03", of 25 July):

- Three years customs rights payments exemption;
- Eight years Industrial Tax payments exemption;
- Five years Capital Gains Tax payments exemption.

12. OTHER NON CURRENT ASSETS

As of 31 December 2008 and 2007, this caption was made up as follows:

	31.12.2008	31.12.2007
Barnices Valentine's land disposal	-	24,720,000
Others	612,072	438,526
	612,072	25,158,526

The above included amount as of 31 December 2007 refered to the pending receivable amount from the disposal of Barnice's Valentine land, which will be collected in 12 June 2009. This amount is now recorded under the caption "Other current assets" as of 31 December 2008. Moreover, this amount is guaranted by the acquirer.

13. INVENTORIES

As of 31 December 2008 and 2007, the caption "Inventories" was made up as follows:

	31.12.2008	31.12.2007
Raw, subsidiary and consumable materials	10,463,480	11,016,035
Merchandise	2,886,734	10,845,088
Finished and intermediate goods	33,296,004	16,891,022
	46,646,217	38,752,145
Accumulated impairment losses on inventory (Note 27)	(2,675,156)	(2,551,323)
	43,971,061	36,200,822

The cost of goods sold and consumed for the years ended as of 31 December 2008 and 2007 were computed as follows:

	31.12.2008	31.12.2007
Opening balances:		
Raw, subsidiary and consumable materials	11,016,035	9,803,926
Merchandise	10,845,088	8,640,286
Changes in perimeter	717,505	972,069
Purchases	110,797,924	109,515,195
Inventory adjustments	(5,506,005)	(740,908)
Closing balances:		
Raw, subsidiary and consumable materials	(10,463,480)	(11,016,035)
Merchandise	(2,886,734)	(10,845,088)
	114,520,333	106,329,445

Part of the inventory adjustments – Merchandise – refers to tangible equipment transfers – tintometric systems, as these equipments are being used by Group's stores and delegations (Note 6).

The variation in production for the years ended as of 31 December 2008 and 2007, was computed as follows:

	31.12.2008	31.12.2007
Closing balances	33,296,004	16,891,022
Inventory adjustments	(3,998,404)	1,704,455
Changes in perimeter	-	(117,354)
Opening balances	(16,891,022)	(17,821,586)
	12,406,578	656,538

Additionally, the captions "Inventory adjustments" (goods and finished products) include an amount of Euro 5,034,185 related with a reclassification made between those items.

14. CUSTOMERS

As of 31 December 2008 and 2007, this caption was made up as follows:

	31.12.2008	31.12.2007
Customers, current accounts	49,130,263	51,049,317
Customers, notes receivable	7,489,914	7,381,766
Customers, doubtful accounts	14,131,612	12,813,944
	70,751,789	71,245,027
Accumulated impairment losses on costumers (Note 27)	(16,624,902)	(15,205,877)
	54,126,887	56,039,150

The Group's exposure to credit risk is mainly attributable to the accounts receivable resulting from its operating activities. The amounts presented in the balance sheet are net of accumulated impairment losses for doubtful accounts that were estimated by the Group, in accordance with its experience and based on the analysis of the economic environment. The Board of Directors believes that the net accounting values of the accounts receivable from customers are similar to their respective fair value. The Group has not a significant concentration of credit risk, as this risk is diluted within a vast number of customers.

In accordance with the information of the Group's balance sheet, the aging of accounts receivable from customers can be summarised as follows:

	31.12.2008	31.12.2007
Not due	36,079,312	37,188,228
Due and not provided for:		
0-30 outstanding days	10,407,768	10,890,763
30-90 outstanding days	6,392,071	4,882,862
More than 90 outstanding days	1,247,735	3,077,297
Due and provided for:		
0-90 outstanding days	592,768	168,211
90-180 outstanding days	1,000,985	464,645
180-360 outstanding days	2,691,942	1,101,160
More than 360 outstanding days	12,339,207	13,471,862
	70,751,789	71,245,027

15. OTHER DEBTORS

As of 31 December 2008 and 2007, this caption was made up as follows:

	31.12.2008	31.12.2007
State and other public entities	3,232,262	3,021,143
Bank deposits and guarantees	162,724	839,653
Suppliers debtors balances	620,977	372,695
Personnel	248,505	283,465
Advances to suppliers and suppliers of fixed assets	254,652	41,972
Other debtors	1,984,809	1,820,538
Accumulated impairment losses (Note 27)	(437,403)	(823,579)
	6,066,526	5,555,887

16. OTHER CURRENT ASSETS

As of 31 December 2008 and 2007, this caption was made up as follows:

	31.12.2008	31.12.2007
Barnices Valentine's land disposal (Notes 6 and 12)	24,720,000	-
Suppliers' bonuses receivable	1,210,866	1,020,307
Other	896,070	893,348
	26,826,936	1,913,655

17. CASH AND CASH EQUIVALENTS

As of 31 December 2008 and 2007, the caption “Cash and cash equivalents” was as follows:

	31.12.2008	31.12.2007
Cash and cash equivalents:		
Cash	119,075	37,455
Bank deposits on demand	5,428,591	15,415,541
Securities	23,944,803	43,597,965
Cash equivalents	42,303	62,988
	29,534,772	59,113,949

Securities correspond to bank term deposits made by several companies included in consolidation which mature within less than three months and bear interest at normal market rates.

The Company and its subsidiaries have credit facilities amounting to Euro 84,217,000, available for future operating activities and to meet financial commitments, without any restriction to its use.

Payments relating to financial investments

During the years ended as of 31 December 2008 and 2007, the payments relating to financial investments were as follows:

	31.12.2008	31.12.2007
Martolar – Materiais de Construção, S.A. share capital acquisition (100%)	-	1,849,996
Boero Bartolomeo shares acquisition (Note 10)	-	1,587,456
Artilin share capital additional acquisition	-	221,400
Call option exercise of 40% of Jorges & Mineiro share capital	-	107,628
Other	148,230	26,540
	148,230	3,793,020

Collections relating to financial investments disposal

During the years ended as of 31 December 2008 and 2007, the collections relating to the disposal of financial investments were as follows:

	31.12.2008	31.12.2007
Disposal of investments measured at fair value through profit and loss	-	20,336,388
Others	259,488	-
	259,488	20,336,388

18. SHARE CAPITAL

As of 31 December 2008, CIN – Corporação Industrial do Norte, S.A.’s fully subscribed and paid up capital consisted of 25,000,000 bearer shares, with a nominal value of 1 Euro each.

As of 31 December 2008, 'SF – Sociedade de Controlo, S.A., SGPS' owned 100% of the Company's share capital.

19. NET EQUITY

Dividends

In accordance with the decision of the Extraordinary General Shareholders Meeting held on 20 May 2008, CIN distributed dividends to its single shareholder amounting to Euro 7,500,000, corresponding to a dividend of Euro 0.3 per share.

Legal reserve

Portuguese commercial legislation determines that at least, 5% of annual net profit must to be allocated to the legal reserve until it represents 20% of a company's share capital. This reserve can not be distributed to shareholders unless the company is to be liquidated. This reserve can be used to compensate accumulated losses provided that all other reserves are used first and can be incorporated into share capital.

Revaluation reserves

The revaluation of reserves may not be distributed to shareholders unless they are fully depreciated or if the property subject to reassessment has been sold.

Currency conversion reserves

The currency conversion reserves reflect the exchange rate changes occurred in the transposition of the financial statements of subsidiaries in currencies other than Euro and cannot be distributed or used to absorb losses.

Fair value reserves

The fair value reserves reflect the changes in fair value of financial instruments available for sale and cannot be distributed or used to absorb losses.

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of CIN, presented according to the Plano Oficial de Contabilidade (POC, Portuguese GAAP).

20. MINORITY INTERESTS

The variation occurred in this caption during the year ended as of 31 December 2008 resulted from the acquisition of the remaining share capital of Artilin, S.A. (Note 5).

21. BANK LOANS

Bank loans

As of 31 December 2008, the detail of bank loans (except for commercial paper programs) was made up as follows:

	31.12.2008					
Company	Plafond	Amount in use	Current	Non-current	Interest rate	Installments period
Barnices Valentine	62,929,109	55,566,322	55,566,322	-	Market	-
CIN	24,548,798	19,040,719	19,040,719	-	Market	-
CIN Canárias	2,346,000	264,458	264,458	-	Market	-
Proitesa	194,447	4,447	4,447	-	Market	-
Artilin	454,317	453,266	178,627	274,639	Market	-
Cin Internacional BV	3,500,000	-	-	-	Market	-
Martolar	75,000	75,000	75,000	-	Market	-
Tintas CIN Angola	3,203,991	1,785,249	1,194,108	591,142	Market	Semester
	97,251,662	77,189,461	76,323,681	865,781		

The foreign subsidiary non-current bank loans include the following operations:

(i) a bank loan of USD 2,500,000 celebrated by subsidiary 'CIN Angola' in 2006 to finance the construction of a new factory in Benguela. After a grace period of two years this loan started to be reimbursed during 2008 through half year installments, of which last one will occur in 18 December 2010. Interest is paid on a monthly basis for a five year period. The first installment were due in 2008.

The other bank loans referred above bear interest at market rates.

As of 31 December 2008, the projected reimbursement schedule of non-current loans and interests payment was as follows:

	Average effective interest rate	2009	2010	2011	2012	Total
Repayment		-	702,847	87,933	75,000	865,781
Interest	5.33%	46,145	35,800	2,256	938	85,140
		46,145	738,647	90,189	75,938	950,920

Other loans

As of 31 December 2008, the other bank loans correspond to Commercial Paper Programs and can be detailed as follows:

		31.12.08					
Issuance	Program total amount	Nominal value	Current	Non-current	Interest	Maturity	Interest rate
CIN- Corporação Industrial do Norte, S.A							
Contract (Euro 7,500,000)							
36th Issuance	7,500,000	3,750,000	-	3,750,000	2,237	07-Jan-09	Market
37th Issuance	7,500,000	1,650,000	-	1,650,000	984	07-Jan-09	Market
Contract (Euro 15,000,000)							
With no issuance	15,000,000	n.a.	n.a.	n.a.	n.a.	n.a.	Market
Contract (Euro 10,000,000)							
105th Issuance	10,000,000	5,500,000	-	5,500,000	2,959	05-Jan-09	Market
Contract (Euro 50,000,000)							
51th Issuance	50,000,000	10,000,000	-	10,000,000	6,840	05-Jan-09	Market
Contract (Euro 25,000,000)							
12th Issuance	25,000,000	11,500,000	-	11,500,000	515,082	23-Nov-09	Market
21th Issuance	25,000,000	5,000,000	-	5,000,000	3,077	06-Jan-09	Market
22 th Issuance	25,000,000	8,500,000	-	8,500,000	5,190	07-Jan-09	Market
CIN Industria, S.A.							
Contract (Euro 5,000,000)							
106 th issuance	5,000,000	2,500,000	-	2,500,000	1,356	06-Jan-09	Market
	112,500,000	48,400,000	-	48,400,000	537,733		
Commercial Paper net book value (interest paid up-front)					48,385,623		

Commercial Paper Program balances have the following underlying contracts:

Company	Program total amount	Beginning date	Maturity
CIN – Corporação Industrial do Norte, S.A.	15,000,000	March 2004	March 2009
CIN – Corporação Industrial do Norte, S.A.	10,000,000	August 2005	January 2010
CIN – Corporação Industrial do Norte, S.A.	50,000,000	December 2007	December 2012
CIN – Corporação Industrial do Norte, S.A.	25,000,000	September 2008	September 2013
CIN – Corporação Industrial do Norte, S.A.	7,500,000	June 2005	June 2010
CIN Industria, S.A.	5,000,000	November 2007	January 2010

In accordance with these contractual terms, the Commercial Paper Programs issuances can be made up to one year, up to the agreed limit. The financial institutions have committed themselves to the full distribution of every issuance.

CIN's Board of Directors intends to use the above mentioned programs within more than one year.

As of 31 December 2008, Commercial Paper Programs classified as non-current had the following projected repayment and interest payment plan:

	Average effective interest rate	2009	2010	2011	2012	2013 and following	Total
Repayment		-	13,400,000	-	10,000,000	25,000,000	48,400,000
Interest	3.69%	1,786,928	1,382,191	1,299,700	1,271,804	606,150	6,346,773
		1,786,928	14,782,191	1,299,700	11,271,804	25,606,150	54,746,773

Interest rate risk

As of 31 December 2008, CIN Group hedging financial instruments refer to interest rate “swaps” (“cash-flow hedges”).

As of the balance sheet date, these interest rate hedging instruments are recorded by their corresponding fair value, determined by valuations performed by the Group. This fair value of these financial investments was determined by updating, as of the balance sheet date, the future “cash-flows” resulting from the difference between the agreed fixed interest rate (interest rate agreed with the bank institution with whom the hedging instrument was contracted) and the agreed indexed interest rate (interest rate agreed with the entity that has granted the loan).

The Group hedging principles defined for the engagement of these financial hedging instruments are as follows:

- “Matching” between paid and received cash-flows, e.g., there is a proximity between the interest payment dates and the maturity dates of the derivative instruments;
- “Matching” between indexes: the reference index for the hedging financial instrument and for the loan to which the derivative is underlying is coincident.

In a scenario of increase or extreme decrease of interest rates, the maximum cost of the loan is perfectly limited and calculated.

The counterparts of the hedging instruments are limited to credit institutions with high credit quality and reputation. It is Group’s policy to contract these instruments with the financial institutions also involved in its financing operations.

As of 31 December 2008, the fair value of the interest rate derivatives, amounting to Euro 100,395, is recorded in the attached consolidated Balance sheet in the non-current assets caption "Derivative instruments”, against the net equity caption "Hedging reserves" and the liability caption “Liabilities for deferred taxes”. The notional value underlying this hedging instruments amounts to Euro 25,000,000.

The fair value of financial instruments mentioned above were recorded in the equity caption "Fair value reserve", as the Board of Directors believes that these derivative financial instruments meet the requirements of hedge accounting.

These interest rate derivatives were valued at fair-value based on valuations performed within the Group. The fair value of the swaps was calculated, with reference to the balance sheet date, based upon the discounted cash flow by using the Par Swap Rates, quoted in the interbank market, and available on the Bloomberg pages for relevant periods, and calculated their rate forwards and discount factors, which serve to discount the cash flows, the fixed and the variable. The sum of the two cash flows determines the net present value of future cash flows, ie, the fair value of the derivatives.

22. OTHER NON-CURRENT LIABILITIES

As of 31 December 2008 and 2007 this caption was made up as follows:

	31.12.2008	31.12.2007
Commitments assumed by Barnices Valentine with the swap of land	-	3,683,706
Consulting services related to Barnices Valentine land disposal	-	589,269
Others	182,214	186,840
	182,214	4,459,815

23. PENSION COMMITMENTS

CIN Pension Fund:

The CIN Pension Fund, which was created by public deed on 31 December 1987 and is managed by “SGF - Sociedade Gestora de Fundos de Pensões, S.A.”, was set up to provide employees retired as from that date, due to age or disability, the right to a monthly pension complement. This pension complement is calculated at the rate of 0,5% per year of employment, up to a maximum of 12,5% of the employee’s gross salary at the date of retirement.

In accordance with an actuarial valuation performed by the Fund manager, the present value of the liabilities for past services of retired and current employees as of 31 December 2008 and 2007 was as follows:

	2008	2007
Current employees	4,877,943	4,494,287
Retired employees	1,709,902	1,692,841
	--------------	--------------
	6,587,845	6,187,128
	=======	=======

Those liabilities were calculated using the "Projected Unit Credit" method and the mortality table TV 88/90 and disability table SR (Suisse Re). In addition to the technical parameters referred to above, the valuation was made assuming annual salary increases of 3%, a rate of return for the fund of 5.5%, zero rate of increase of the pensions on payment, technical interest rate of 4.5% and personnel "turnover" computed in accordance with the average historical data of the Company.

The movement in the liabilities for past services between 1 January 2008 and 31 December 2008 was as follows:

Liabilities for past services as of 1 January 2008	6,187,128
Current services cost	231,780
Interest cost	321,340
Actuarial losses (gains)	38,417
Retirement complements paid	(190,820)
Liabilities for past services as of 31 December 2008	6,587,845

During the year 2008, the movement in the net assets of the Fund was as follows:

Balance as of 1 January 2008	5,879,937
Contributions to the Fund in 2008	750,000
Net fund income	(798,659)
Retirement complements paid	(190,820)
Estimated balance as of 31 December 2008	5,640,458

In accordance with "Directriz Contabilística nº 19/97", the Company maintains recorded in "Accrued costs" the amount necessary to cover the liabilities for past services not covered by the net assets of the Fund in accordance with the actuarial study reported as of 31 December 2008, totalling the balance of this caption Euro 947,387 as of 31 December 2008, with an increase in financial year 2008 of Euro 1,377,588, as detailed below:

Current services cost	231,780
Interest	321,340
Fund income, net	798,659
Other changes	(23,367)
Actuarial losses (gains)	38,417
Cost of past service ("Deferred costs")	10,759
	1,377,588

Consequently, the movement occurred during the year ended of 31 December 2008 on the caption "Accrued costs" for retirement benefits not covered by the net assets of the Pension Fund was as follows:

Balance as of 31 December 2007	307,190
Personnel costs	1,377,588
Contributions to the Pension Fund in 2008	(750,000)
Other changes	23,367
Deferred costs in 2008	(10,759)
Balance as of 31 December 2008	947,387

In accordance with "Directriz Contabilística nº 19/97", the Company deferred actuarial gains or losses related with changes in criteria in the actuarial estimate of remaining employees active period, which currently amounts to 22 years.

Thus, the cost of past services computed in 2003, comprising mainly the effects associated with changes in the universe of workers included in the Pension Fund, was recorded in the caption as "Deferred costs" (Note 52).

Movements in the caption "Deferred costs" in 2008 related to pension benefits was made up as follows:

Balance as of 31 December 2007	180,766
Amortization of past service cost in 2008	(10,759)
Balance as of 31 December 2008 (Note 52)	170,007

Barnices Valentine's Convention:

The subsidiary Barnices Valentine has assumed through a collective convention with its workers, the commitment to grant an indemnity ("Prémio por Jubilación") to all its employees that have joined the company before 1 January 1982 and that end their labour contracts after reaching 60 years of age.

Barnices Valentine has set up, in previous years, an insurance with an external entity, bound to cover the responsibilities resulting from the above referred convention. As of 31 December 2008, all responsibilities determined in accordance with an actuarial study are fully covered by the referred insurance. The actuarial study assumed the mortality table PERM/F-2000P and a technical interest rate of 4.2%.

24. SUPPLIERS

As of 31 December 2008 and 2007 this caption refers to accounts payable for acquisitions resulting from the normal course of the Group's activities, and has the following composition:

	31.12.2008	31.12.2007
Suppliers – current accounts	23,301,502	27,841,922
Suppliers – outstanding bills	492,021	661,963
Others	907	907
	23,794,430	28,504,791

As of 31 December 2008 and 2007, payables to suppliers are due within four months or less.

25. OTHER CREDITORS

As of 31 December 2008 and 2007, this caption was made up as follows:

	31.12.2008	31.12.2007
State and other public entities:		
Corporate Income Tax	3,977,406	8,489,022
Value Added Tax	1,023,145	1,358,935
Social Security contributions	948,281	881,692
Income taxes withheld	577,422	599,982
Others	629,145	-
	7,155,399	11.329,631
Personnel	266,698	293,379
Client's credit balances	1,382,468	1,661,024
Suppliers of fixed assets	7,155,022	6,361,683
Others	3,372,840	4,732,077
	19,332,427	24,377,794

26. OTHER CURRENT LIABILITIES

As of 31 December 2008 and 2007, this caption was made up as follows:

	31.12.2008	31.12.2007
Accrued costs:		
Accrued payroll	4,489,650	4,782,191
Rappel	381,051	420,135
Employees' bonuses	674,833	1,341,983
Accrued insurances	372,076	112,208
Accrued interest	108,845	63,110
Advertising	143,305	568,113
Obligations assumed in Barnices Valetine land exchange agreement (Note 6)	2,313,228	-
Others	2,048,727	1,316,911
	10,531,715	8,604,651
Deferred income:		
Subsidies for investments	283,210	40,272
Other deferred income	6,340	103,122
	289,550	143,394
	10,821,265	8,748,045

27. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The movement occurred in provisions and accumulated impairment losses for the years ended as of 31 December 2008 and 2007 was as follows:

2008						
Captions	Opening balances	Changes in consolidation perimeter	Increases	Decreases	Transfers	Closing balances
Impairment losses in accounts receivable (Notes 14 and 15)	16,029,456	665,316	2,257,513	(1,889,977)	-	17,062,305
Impairment losses in inventories (Note 13)	2,551,323	-	354,121	(230,287)	-	2,675,156
Impairment losses in available for sale Investments (Note 10)	161,666	-	18,205	(68,572)	-	111,030
Impairment losses in tangible assets (Note 6)	1,610,798	-	-	(1,244,881)	(365,917)	-
Provisions	9,535,815	32,000	2,708,403	(2,935,994)	-	9,340,164

	2007					
Captions	Opening balances	Changes in consolidation perimeter	Increases	Decreases	Transfers	Closing balances
Impairment losses in accounts receivable	15,571,498	(102,508)	1,833,936	(1,273,470)	-	16,029,456
Impairment losses in inventories	2,363,717	70,371	687,428	(570,194)	-	2,551,323
Impairment losses in available for sale Investments	141,061	71,676	-	(51,071)	-	161,666
Impairment losses in tangible assets	1,890,926	-	-	(280,128)	-	1,610,798
Provisions	9,691,966	92,228	1,725,183	(1,973,562)	-	9,535,815

The "Accumulated impairment losses" are recorded in the attached consolidated balance sheet as a deduction to the corresponding asset.

As of 31 December 2008 and 2007, the liabilities' caption "Provisions" may be detailed as follows:

	31.12.2008	31.12.2007
Land dismantling and decontamination provision (Note 6)	5,717,534	6,347,715
Judicial proceedings in progress	-	840,600
Accrued employees' bonus	1,397,665	1,230,000
Proitesa provisions	475,858	442,796
Descontinued products provisions	650,000	-
Other provisions	1,099,107	674,704
	9,340,164	9,535,815

The above referred provision amounting to Euro 5,717,534 corresponds to an estimate of the Board of Directors in relation with the costs and expenses to be incurred by the subsidiary Barnices Valentine regarding the decontamination and dismantlement of the disposed land (Note 6).

Additionally, the increase in the provision for "Accrued employees' bonus" amounting to Euro 1,397,665 was recorded against the profit and loss statement's caption "Payroll expenses".

28. SALES AND SERVICES RENDERED BY GEOGRAPHIC MARKETS

Sales and services rendered by geographic markets during 2008 and 2007 were as follows:

	31.12.2008	31.12.2007
Domestic market	202,467,472	209,097,318
Foreign market	14,525,633	12,938,565
	216,993,105	222,035,883

29. FINANCIAL RESULTS

As of 31 December 2008 and 2007, the financial results were as follows:

	31.12.2008	31.12.2007
Financial expenses:		
Interest	5,215,839	3,321,433
Other financial expenses	1,006,988	931,027
	6,222,827	4,252,460
Financial results	(4,676,518)	(1,451,415)
	1,546,309	2,801,045
Proveitos e ganhos:		
Interest	741,879	2,097,427
Other financial income	804,430	703,618
	1,546,309	2,801,045

30. CORPORATE INCOME TAX

The Corporate Income Tax recorded in the years ended as of 31 December 2008 and 2007 can be detailed as follows:

	31.12.2008	31.12.2007
Current tax	2,671,231	9,359,432
Net deferred taxes (Note 11)	(6,085,605)	(5,589,815)
	3,414,374	3,769,617

31. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 31 December 2008, CIN, the holding company of the Group, had assumed responsibilities for guarantees granted to third parties as follows:

Vêtejo – Soc. Imob. Aquisições Patrimoniais, S.A.	432,000
Alfandega de Leixões	50,000
Others	206,239

Additionally, the subsidiary Barnices Valentine has made a guarantee of payment amounting to Euro 5,000,000 through a financial institution, in favour of the acquirer of the land, as a guarantee of the commitment to dismantle and decontaminate the disposed land (Note 6).

32. OPERATING LEASES

During the year ended as of 31 December 2008, the Group incurred in costs amounting to Euro 2,750,000 (Euro 1,955,240 in 2007) relating to operating lease contracts. These costs were recorded in the profit and loss statement.

Additionally, as of the balance sheet date, irrevocable operating lease contracts were in place, which had the following renting payments:

	31.12.08	31.12.07
Due in 2008	-	1,712,589
Due in 2009	2,447,116	1,109,088
Due in 2010	1,823,159	704,364
Due in 2011	1,244,276	293,209
Due after 2011	2,540,679	293.209
	8,055,679	3,819,250

The above mentioned operating lease contracts refer essentially to the following situations:

- Leasing of vehicles to serve the Group's sales network, technical services and other employees and directors, whose average duration is 3 years;
- Leasings/ rentals of own shops, whose average duration is 10 years, that can be renewed for further periods by the will of the parties;
- Rentals/ leasings of equipment/ tintometric systems that serve the preparation, at sales points, of paint from a range of colors defined, and whose average duration is 5 years.

33. SEGMENT INFORMATION

As of 31 December 2008 and 2007, the principal geographic segments were:

- Portugal;
- Spain;
- Angola;
- Mozambique;
- Others.

The business segments (secondary) were divided among industrial and non-industrial area.

By geographic market	2008 Portugal	Spain	Angola	Mozambique	Others	Eliminations	Consolidated figures
Sales and services rendered	122,142,861	69,473,141	20,486,991	2.292,471	2,597,643	-	216,993,105
Inter-segmental sales	24,374,797	2,157,833	-	-	89,286	(26,621,916)	-
Total of sales and services rendered	**146,517,658**	**71,630,974**	**20,486,991**	**2,292,471**	**2,686,929**	**(26,621,916)**	**216,993,105**
Segment operational result	**15,886,933**	**(3,604,614)**	**4,655,838**	**182,027**	**(697,607)**	**90,948**	**16,513,525**
Net interests	**(2,380,207)**	**(2,133,134)**	**(267,451)**	**(3,230)**	**255,202**	**-**	**(4,528,820)**
Net profit in associated companies	**-**	**2,654,410**	**-**	**-**	**865,590**	**(3,520,000)**	
Income tax	**(2,328,161)**	**5,808,299**	**154,161**	**(88,424)**	**(131,501)**	**-**	**3,414,375**
Net result for the year	**11,178,565**	**2,724,961**	**4,542,548**	**90,373**	**291,685**	**(3,429,052)**	**15,399,080**
Assets:							
Fixed asset	63,265,235	65,880,169	4,341,500	174,249	26,178,489	(40,845,645)	118,993,997
Inventories	22,378,973	13,923,993	8,488,200	868,097	810,299	(2,498,501)	43,971,061
Other segment assets	67,189,407	59,453,451	3,510,982	1,204,485	7,365,690	(8,375,806)	130,348,207
	152,833,615	**139,257,613**	**16,340,682**	**2.246,831**	**34,354,478**	**(51,719,952)**	**293,313,267**
Liabilities:							
Segment liabilities	102,801,801	93,461,001	5,742,583	1,551,318	3,153,300	(7,906,646)	198,803,357
	102,801,801	**93,461,001**	**5,742,583**	**1,551,318**	**3,153,300**	**(7,906,646)**	**198,803,357**

By business area

Sales and services rendered:	Consolidated figures
Non industrial business área	153,002,779
Industrial business area	63,990,328
	216,993,105

Assets and net investments	Assets	Investments
Non industrial business área	99,010,460	18,468,953
Industrial business área	24,012,685	534,196
Non allocated assets	170,290,120	6,310,902
	293,313,267	**25,314,051**

By geographic market	2007 Portugal	Spain	Angola	Mozambique	Others	Eliminations	Consolidated figures
Sales and services rendered	121,575,033	79,191,097	15,826,995	2,334,891	3,107,868	-	222,035,883
Inter-segmental sales	22,290,540	1,550,780			-	(23,841,320)	-
Total of sales and services rendered	**143,865,573**	**80,741,877**	**15,826,995**	**2,334,891**	**3,107,868**	**(23,841,320)**	**222,035,883**
Segment operational result	**16,061,872**	**4,089,669**	**2,213,458**	**272,998**	**(355,964)**	**(555,569)**	**21,726,464**
Net interests	**(1,036,682)**	**(512,315)**	**(204,846)**	**-**	**231,772**	**-**	**(1,522,071)**
Net profit in associated companies	**27,975,854**	**3,734,170**	**-**	**-**	**28,415,830**	**(60,125,854)**	**-**
Income tax	**(2,963,769)**	**(500,223)**	**-**	**(118,544)**	**(187,081)**	**-**	**(3,769,617)**
Net result for the year	**40,037,275**	**6,811,301**	**2,008,612**	**154,454**	**28,104,557**	**(60,681,423)**	**16,434,778**
Assets:							
Fixed asset	60,037,012	50,204,508	4,123,342	133,956	26,718,092	(40,499,842)	100,717,068
Inventories	20,125,356	10,363,085	6,213,616	953,460	289,676	(1,744,371)	36,200,822
Other segment assets	84,205,038	69,493,559	2,734,340	1,082,976	5,791,060	(7,465,280)	155,841,693
	164,367,406	**130,061,152**	**13,071,298**	**2,170,392**	**32,798,828**	**(49,709,493)**	**292,759,584**
Liabilities:							
Segment liabilities (excluding minority interests)	112,811,644	87,565,425	7,496,604	1,576,789	3,126,537	(7,562,974)	205,014,024
	112,811,644	**87,565,425**	**7,496,604**	**1,576,789**	**3,126,537**	**(7,562,974)**	**205,014,024**

By business área

Sales and services rendered:	**Consolidated figures**
Non industrial business área	163,239,848
Industrial business área	58,796,036
	222,035,884

Assets and net investments	**Assets**	**Investments**
Non industrial business área	92,170,931	2,455,200
Industrial business área	28,751,753	2,003,818
Non allocated assets	171,836,900	26,786,474
	292,759,583	**31,245,492**

34. EARNINGS PER SHARE

The earnings per share, basic and diluted, are calculated dividing the consolidated net result by the average number of existing shares during the period.

35. CONTINGENT ASSETS AND LIABILITIES

Tax Payments:

In December 2002, in the context of the Special Regime for the Settlement of Debts to the Tax Authorities and Social Security (“Regime Excepcional de Regularização de Dívidas ao Fisco e Segurança Social” - Decree Law 248-A/2002, of 14 November) CIN settled previously claimed additional liquidations of Corporate Income Tax (“Imposto sobre o Rendimento de Pessoas Colectivas”) in the amount of Euro 288,575. This amount was recorded as a debit balance in the caption “Other receivables” and the Company did not create any provision to face the risk of recovery of the amount paid since the Board of Directors believes that the outcome from the claim will be favourable to the Company.

36. STATUTORY BODIES' MEMBERS REMUNERATION

As of 31 December 2008 and 2007, CIN attributed to its statutory bodies' members the following remuneration:

	31.12.2008	31.12.2007
Board of Directors	736,400	1,243,700
Statutory Auditor	15,500	15,500

37. NUMBER OF PERSONNEL

As of 31 December 2008 and 2007, the number of employees of the companies included in consolidation was 1,384 and 1,342, respectively.

38. FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved by the Board of Directors and authorized for issuance as of 26 March 2009. Additionally, the attached financial statements as of 31 December 2008 are pending approval by the General Assembly of Shareholders. However, the Board of Directors believes that they will be approved without significant changes.

39. ENVIRONMENTAL AREA INFORMATION

The Group takes the necessary measures regarding the environmental area, in order to comply with the prevailing legislation.

In relation with this matter, it is important to highlight that CIN Group is currently monitoring and taking the necessary measures to comply with the rules set forth in Decree-Law n.º 181/2006, of 6 September, namely the limitation of the volatile organic compounds ("VOC") emissions from paints and varnishes (that are responsible for the formation of tropospheric ozone) and consequently prevent or reduce atmospheric pollution.

The Board of Directors of CIN Group believes that there are no risks associated to environmental protection and improvement, and confirms that no communication or sanction related with these matters was received during 2008.

40. SUBSEQUENT EVENTS

As mentioned in the Management Report, the Company will incorporate by merger the subsidiaries Lacose-Sotinco and Nitin through the global transfer of those companies' assets and liabilities at their net book value, in accordance with the public deed held on 31 December 2008. The merger will produce accounting effects as from 1 January 2009.

41. EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IFRS/IAS), some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Maia, 26 March 2009

THE ACCOUNTANT number 63002

Paula Macedo

THE BOARD OF DIRECTORS

João Manuel Fialho Martins Serrenho
President

Maria Francisca Fialho Martins Serrenho Bulhosa
Member

Ângelo Barbedo César Machado
Member

Maria João Serrenho dos Santos Lima
Member

Manuel Fernando de Macedo Alves Monteiro
Member