Semapa

# Half-yearly Accounts

# 1st Half 2015

# *Half-yearly Accounts*



Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Public Company
Av. Fontes Pereira de Melo, nº 14,10º, 1050-121 Lisboa
Companies Registry and Corporate Person no.: 502 593 130
Share Capital: € 81,645,523

# PART 1

# MANAGEMENT REPORT

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# 1. Main events and subsequent events

- In February 2015, Portucel S.A. purchased 99.87% of the tissue producing company, AMS BR – Star Paper S.A., a tissue producer located in Vila Velha de Ródão, Portugal. With a current output capacity of 30,000 tons of tissue paper and 50,000 tons of converting, and 146 employees, a plan is underway to double the tissue paper production capacity, which should be completed by September this year. Total investment in AMS, including disbursements required to increase current output capacity, stands at approximately 80 million euros. This new subsidiary is fully consolidated since 1 January 2015, reason by which the comparability of the indicators pertaining to the Pulp and Paper segment is affected in relation to the same period of the previous year.
- During the month of April 2015, Supremo Cimentos, S.A. completed the construction of a new integrated clinker and cement plant in Adrianópolis, in the State of Paraná, Brazil. With this new manufacturing unit in operation, which only just started, Supremo's total installed cement capacity reaches two million tons.
- At the end of April 2015, N.S.O.S.P.E. Empreendimentos e Participações S.A. (NSOSPE), a company incorporated under Brazilian law held jointly by Semapa and Secil - Companhia Geral de Cal e Cimento, S.A., signed an agreement for the acquisition of 50% stake of the share capital of the Brazilian undertaking Supremo Cimentos, S.A. owned by third parties. The transaction was carried out and amounted to approximately 290 million brazilian reais (equity) and its effectiveness was dependant on the verification of a set of standard preliminary conditions for similar operations that were met by 24 June 2015. With this acquisition, the Semapa Group now holds the entire share capital of Supremo.
- Already in July 2015, Semapa sold its stake in NSOSPE to Secil; this company now directly and indirectly holds 100% of Supremo.
- The proposal for the reduction of the share capital of Semapa from 118,332,445 euros to 106,510,000 euros, in the amount of 11,822,445 euros, through the cancellation of 11,822,445 of its own shares, was approved at Semapa's Annual General Meeting on 30 April 2015.
- In May 2015, Portucel paid dividends and distributed reserves totalling 310.5 million euros, corresponding to 0.433 euros/share.
- In May 2015, Semapa SGPS distributed dividends with a total value of 39.9 million euros, corresponding to 0.375 euros/share.
- On 25 May 2015, Semapa published the preliminary announcement for the launch of the public exchange offer, covering all of the ordinary shares of Semapa that were not held by Semapa or by persons that are related to them in one of the situations set out in paragraph 1 of Article 20 of the Portuguese Securities Code, subject to the approval of the decision to reduce the share capital of this company and to acquire own shares.
- On 23 June 2015 took place the Extraordinary General Meeting of Semapa, where the only two proposals submitted by shareholder Sodim, SGPS, S.A. were adopted by votes corresponding to 98.6 % of the share capital present or represented: (a) Acquisition of a maximum of 48,461,924 own shares by Semapa, for the purpose of reduction of capital referred to in the following sub-paragraph, by way of public offer for all of Semapa's shares which are not owned by it or by any person who is in any of the situations foreseen in paragraph 1 of Article 20 of the Portuguese Securities Market Code, in return for Portucel shares owned by Semapa. Each shareholder who accepted this offer received 3.40 shares of PORTUCEL for each SEMAPA share owned by it, under the conditions laid down in the relevant proposal, and (b) Reduction of the share capital

of Semapa, by 48,461,924 euros, through the cancellation of up to 48,461,924 own shares purchased according to the terms laid down in the preceding paragraph and to changes in the articles of association. The shareholders of 79,848,372 shares, corresponding to 798,381 votes and 74.97% of the share capital of Semapa, were present or represented at the shareholders' meeting.

- Following the closing of the takeover offer for the acquisition, in the form of an exchange offer, of Semapa shares, registered at the Securities Market Commission and whose offer period took place between 6 and 24 July 2015, Semapa acquired 24,864,477 shares, which have been cancelled through of the reduction of the share capital upon settlement of the Offer. Following the exchange of shares, Semapa has reduced its share capital to 81,645,523 euros, which is now represented by 81,645,523 shares and reduced its stake in Portucel to 497,617,299 shares, representing 64.836% of the share capital, corresponding to 69.402% of non-suspended voting rights.
- At the beginning of 2015, several North American pulp and paper producers lodged a complaint with the International Trade Commerce, in relation to anti-dumping practices against several countries, including Australia, Brazil, China, Indonesia and Portugal. On 20 August 2015, the U.S Department of Commerce published the preliminary results of the process having determined preliminary margins with regard to the several exporters concerned. Regarding Portucel the determined preliminary margin is 29.53%. This measure will remain in force for four months, until the final dumping margin that will replace the provisional one is determined. Portucel points out that part of the Department's calculation involved the use of adverse inferences as a substitute for certain information it claims was missing from Portucel's responses. The Company disagrees with this approach and is already providing the necessary explanations to the Department of Commerce, demonstrating its reason and is convinced that will demonstrate that the above-referred margin is incorrect. Portucel emphasizes that has been developing its business activity in the US over the last 15 years and the success of its strategy has been sustained by sales to the premium paper segment, with average prices more than 10% above the benchmark of the North American market.
- In the meeting of the Company's Board of Directors held on 1 July 2015, and taking effect on that date, it was approved to co-opt Engineer João Nuno de Sottomayor Pinto de Castello Branco, to act as member of the Board of Directors of the company, thus occupying the vacant seat, and change the composition of the Executive Board of the company, on the appointment of Engineer João Nuno de Sottomayor Pinto de Castello Branco as Chairman of the Executive Board, following the resignation of Mr. Pedro Mendonça de Queiroz Pereira to the referred position.
- On 2 July 2015, Mr. Duarte Nuno d'Orey da Cunha resigned as member of the Audit Board of the Company, having been replaced, in the exercise of those functions under the legal terms, by the Alternate Member of the Audit Board, Mr. José Manuel Oliveira Vitorino.

# 2. Overview of Semapa Group Operations

**Comparison of leading business indicators with the same period in 2014:**

- **Turnover: 1,029.7 million euros ↑ 5.4%**
- **Exports and foreign sales: 772.3 million euros - 75% of Turnover**
- **Total EBITDA: 224.0 million euros ↑ 13.8%**
- **EBITDA Margin: 21.8% ↑ 1.6 p.p.**
- **EBIT: 143.8 million euros ↑ 18.8%**
- **Net Income: 51.2 million euros ↑ 7.1%**
- **Net Debt: 1,780.5 million euros ↑ 394.8 million euros** (*vs*. December 2014)

# Business Indicators

| IFRS - accrued amounts (million euros) | Q1 2015 | Q2 2015 | H1 2015 | Q1 2014 | Q2 2014 | H1 2014 | Q1 15/14 | Q2 15/14 | H1 15/14 |
|---|---|---|---|---|---|---|---|---|---|
| **Turnover** | **493.5** | **536.2** | **1,029.7** | **468.9** | **508.0** | **976.9** | **5.2%** | **5.6%** | **5.4%** |
| Other income | 9.1 | 19.4 | 28.5 | 13.4 | 5.2 | 18.6 | -31.9% | >100% | 53.7% |
| Costs and losses | (405.6) | (428.6) | (834.2) | (388.5) | (410.1) | (798.6) | -4.4% | -4.5% | -4.5% |
| **Total EBITDA** | **97.0** | **127.0** | **224.0** | **93.8** | **103.1** | **196.9** | **3.4%** | **23.2%** | **13.8%** |
| Recurrent EBITDA | 96.8 | 126.9 | 223.7 | 93.6 | 102.8 | 196.5 | 3.4% | 23.4% | 13.8% |
| Depreciation and impairment losses | (49.1) | (41.2) | (90.3) | (40.4) | (40.7) | (81.1) | -21.6% | -1.0% | -11.3% |
| Provisions (increases and reversals) | 5.0 | 5.0 | 10.0 | (0.4) | 5.6 | 5.3 | >100% | -10.7% | 89.6% |
| **EBIT** | **52.9** | **90.9** | **143.8** | **53.1** | **68.0** | **121.0** | **-0.3%** | **33.7%** | **18.8%** |
| Net financial profit | (26.5) | (23.8) | (50.4) | (26.3) | (28.9) | (55.3) | -0.8% | 17.7% | 8.9% |
| **Profit before taxes** | **26.4** | **67.1** | **93.4** | **26.7** | **39.1** | **65.8** | **-1.3%** | **71.7%** | **42.0%** |
| Income tax | 1.6 | (22.6) | (21.0) | (0.6) | 2.8 | 2.2 | >100% | <-100% | <-100% |
| Retained profits for the period | 28.0 | 44.4 | 72.4 | 26.1 | 41.9 | 68.0 | 7.2% | 6.0% | 6.5% |
| **Attributable to Semapa shareholders** | **20.2** | **31.1** | **51.2** | **17.5** | **30.3** | **47.8** | **15.2%** | **2.4%** | **7.1%** |
| Attributable to non-controlling interests | 7.8 | 13.4 | 21.1 | 8.6 | 11.6 | 20.1 | -9.3% | 15.4% | 4.9% |
| Cash-flow | 72.1 | 80.5 | 152.6 | 66.8 | 77.0 | 143.8 | 7.9% | 4.6% | 6.1% |
| **EBITDA margin (% Sales)** | **19.7%** | **23.7%** | **21.8%** | **20.0%** | **20.3%** | **20.2%** | **-0.3 p.p.** | **3.4 p.p.** | **1.6 p.p.** |
| EBIT margin (% Sales) | 10.7% | 16.9% | 14.0% | 11.3% | 13.4% | 12.4% | -0.6 p.p. | 3.6 p.p. | 1.6 p.p. |
| | **31-03-2015** | | **30-06-2015** | | | **31-12-2014** | **Mar15 vs. Dec14** | | **Jun15 vs. Dec14** |
| Equity (before NCI) | 928.9 | | 911.2 | | | 900.4 | 3.2% | | 1.2% |
| **Net debt** | **1,418.9** | | **1,780.5** | | | **1,385.7** | **2.4%** | | **28.5%** |

Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash flow = retained earnings for the period + depreciation and impairment losses + provisions (increase and reversal)
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents – securities held (Financial assets at fair value through profit or loss and Available-for-sale assets)

## Breakdown by Business Segment (IFRS)

| IFRS - accrued amounts (million euros) | Paper and Pulp | | Cement | | | Environment | | Holdings | | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Secil | | Supremo | | | | | |
| | H1 2015 | H1 15/14 | H1 2015 | H1 15/14 | H1 2015 | H1 2015 | H1 15/14 | H1 2015 | H1 15/14 | H1 2015 |
| **Sales** | **794.9** | **6.4%** | **222.2** | **2.3%** | **-** | **12.6** | **0.7%** | **-** | **-** | **1,029.7** |
| **Total EBITDA** | **184.5** | **16.6%** | **43.4** | **7.3%** | **-** | **3.5** | **52.1%** | **(7.3)** | **-83.5%** | **224.0** |
| Recurrent EBITDA | 184.4 | 16.6% | 43.1 | 8.5% | - | 3.5 | 52.1% | (7.3) | -83.5% | 223.7 |
| Depreciation and impairment losses | (68.5) | -15.0% | (20.2) | -0.4% | - | (1.4) | -16.1% | (0.1) | 33.8% | (90.3) |
| Provisions (increases and reversals) | 6.0 | -0.1% | (1.5) | -103.3% | - | (0.0) | 380.6% | 5.5 | - | 10.0 |
| **EBIT** | **122.0** | **16.6%** | **21.7** | **10.9%** | **-** | **2.0** | **92.7%** | **(1.9)** | **54.3%** | **143.8** |
| Net financial profit | (17.8) | -11.1% | (6.0) | 22.5% | (5.6) | (0.4) | 26.1% | (20.5) | 27.9% | (50.4) |
| **Pre-tax profits** | **104.2** | **17.6%** | **15.6** | **33.0%** | **(5.6)** | **1.6** | **250.7%** | **(22.4)** | **31.2%** | **93.4** |
| Tax on profits | (9.2) | -175.5% | (6.3) | -466.0% | - | (0.3) | -475.0% | (5.3) | 178.5% | (21.0) |
| **Retained profits for the period** | **94.9** | **11.4%** | **9.4** | **-11.9%** | **(5.6)** | **1.3** | **224.1%** | **(27.7)** | **-7.1%** | **72.4** |
| **Attributable to Semapa equity holders** | **77.1** | **11.4%** | **6.1** | **-6.8%** | **(5.6)** | **1.3** | **224.1%** | **(27.7)** | **-7.1%** | **51.2** |
| Attributable to minority interests | 17.9 | 11.3% | 3.3 | -20.0% | - | - | - | - | - | 21.1 |
| **Cash-flow** | **157.4** | **13.4%** | **31.1** | **-1.4%** | **(5.6)** | **2.7** | **68.1%** | **(33.1)** | **-28.8%** | **152.6** |
| EBITDA margin (% Sales) | 23.2% | 2.0 p.p. | 19.5% | 0.9 p.p. | - | 27.5% | 9.3 p.p. | | | 21.8% |
| EBIT margin (% Sales) | 15.3% | 1.3 p.p. | 9.8% | 0.8 p.p. | - | 15.8% | 7.6 p.p. | | | 14.0% |
| **Net debt*** | **558.6** | **104.1%** | **231.9** | **30.0%** | **163.2** | **18.9** | **23.2%** | **807.9** | **-12.0%** | **1,780.5** |

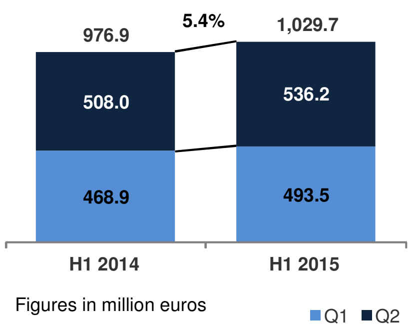
* For the purpose of calculating the change in net debt the values of 31.12.2014 are used

Notes:

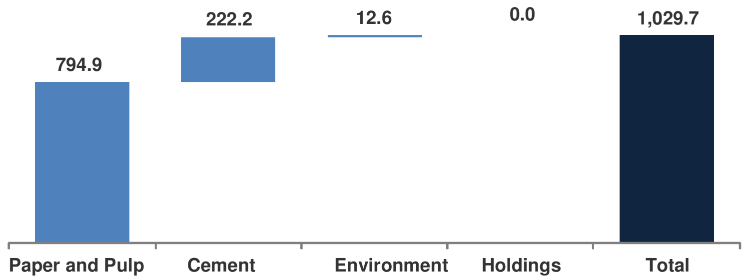
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
- The integration of the Supremo Group in the Semapa consolidated financial statements for the first semester of 2015, taking into account that the acquisition of the remaining 50% of the Group that forced the full consolidation occurred at the end of the month of June, had the following impact: 50% of the results of the first half were integrated using the equity method and the balance position was fully consolidated (100%) with reference to 30 June.

**Consolidated Turnover: 1,029.7 million euros ↑ 5.4%**

**Evolution**




**Breakdown by Business Area**



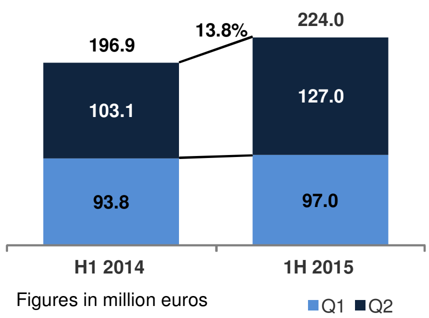

In the first half of 2015 the Semapa Group recorded a consolidated turnover of 1,029.7 million euros, an increase of 5.4% over the same period, with the following breakdown by business area:

- Paper and Pulp: 794.9 million euros, + 6.4% in relation to the first half of 2014.
- Cement and Derivatives[1]: 222.2 million euros, up by 2.3% in relation to the same period in the previous year.
- Environment: 12.6 million euros, up by 0.7% on the same period in the previous year.

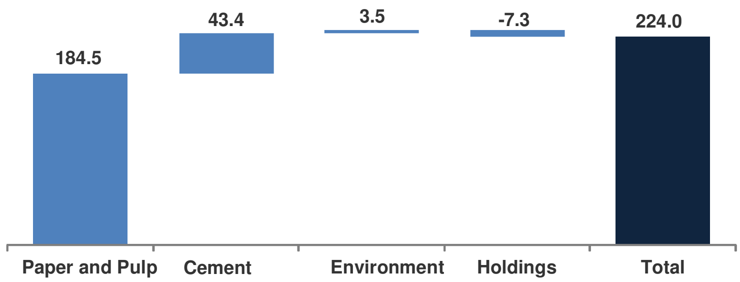
**Total Consolidated EBITDA: 224.0 million euros ↑ 13.8%**

**Consolidated EBITDA Margin: 21.8% ↑ 1.6 p.p.**

**Evolution**




**Breakdown by Business Area**




Total EBITDA for the first half of 2015 grew by 13.8% in relation to the same period in the previous year, standing at 224.0 million euros. The consolidated margin stood at 21.8%, 1.6 p.p. up from that recorded in the first half of 2014. Below is the EBITDA evolution and breakdown by business area:

- Paper and Pulp: 184.5 million euros, up by 16.6% compared to that of the first half of 2014.

[1] The Cement segment includes 100% of the Secil Group + Supremo Group. The integration of the Supremo Group in the Semapa consolidated financial statements for the first semester of 2015, taking into account that the acquisition of the remaining 50% of the Group that forced the full consolidation occurred at the end of the month of June, had the following impact: 50% of the results of the first half were integrated using the equity method and the balance position was fully consolidated (100%) with reference to 30 June.

- Cement and Derivatives[2]: 43.4 million euros, up by 7.3% in relation to the same period in the previous year.
- Environment: 3.5 million euros, up by 52.1% on the same period in the previous year.
- Holdings: -7.3 million euros, down by 83.5% in relation to the first half of 2014.

**Financial Results: -50.4 million euros ↑ 8.9%**

In the first half of 2015 financial results amounted to a negative figure of 50.4 million euros, an improvement of 4.9 million euros in relation to the figure recorded in the same period in the previous year.

**Consolidated Net Income: 51.2 million euros ↑ 7.1%**

Consolidated net income for the first half of 2015 totalled 51.2 million euros, representing an increase of 7.1% in relation to the same period in the previous year.

**Consolidated Net Debt: 1,780.5 million euros ↑ 394.8 million euros**

At 30 June 2015, consolidated net debt stood at 1,780.5 million euros, representing an increase of 394.9 million euros from the figure recorded at year-end 2014.

[2] The Cement segment includes 100% of the Secil Group + Supremo Group. The integration of the Supremo Group in the Semapa consolidated financial statements for the first half of 2015, taking into account that the acquisition of the remaining 50% of the Group that forced the full consolidation occurred at the end of the month of June, had the following impact: 50% of the results of the first half were integrated using the equity method and the balance sheet position was fully consolidated (100%) with reference to 30 June.

# 3. Paper and Paper Pulp Business Area – Portucel Soporcel GROUP

## 3.1. Leading Business Indicators

| IFRS - accrued amounts (million euros) | H1 2015 | H1 2014 | Var. |
|---|---|---|---|
| **Sales** | **794.9** | **747.2** | **6.4%** |
| Other income | 12.7 | 3.0 | 319.8% |
| Costs and losses | (623.1) | (592.0) | -5.3% |
| **EBITDA** | **184.5** | **158.2** | **16.6%** |
| Recurrent EBITDA | 184.4 | 158.1 | 16.6% |
| Depreciation and impairment losses | (68.5) | (59.6) | -15.0% |
| Provisions (increases and reversals) | 6.0 | 6.0 | -0.1% |
| **EBIT** | **122.0** | **104.6** | **16.6%** |
| Net financial profit | (17.8) | (16.1) | -11.1% |
| **Pre-tax profit** | **104.2** | **88.6** | **17.6%** |
| Tax on profts | (9.2) | (3.4) | -175.5% |
| Retained profits for the period | 94.9 | 85.2 | 11.4% |
| **Attributable to Portucel shareholders *** | **94.9** | **85.2** | **11.4%** |
| Attributable to non-controlling interests (NCI) | 0.0 | 0.0 | -29.1% |
| **Cash-Flow** | **157.4** | **138.8** | **13.4%** |
| **EBITDA margin (%)** | **23.2%** | **21.2%** | **2.0 p.p.** |
| EBT margin (%) | 15.3% | 14.0% | 1.3 p.p. |
| | **30-06-2015** | **31-12-2014** | **Jun15 vs. Dec14** |
| Equity (before NCI) | 1,074.0 | 1,327.8 | -19.1% |
| **Net debt** | **558.6** | **273.6** | **104.1%** |

* Of which 81.19% is attributable to Semapa in 2015 and 81.18% in 2014.

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

## 3.2. Overview of Operations of the Portucel Soporcel Group

Given a favourable environment of pulp prices and as a result of the appreciation of the US dollar against the euro, Portucel Group registered a turnover growth of 6.4% in the first half of 2015. The total value of sales amounted to approximately 794.9 million euros, including printing and writing paper (74%), energy (13%), eucalyptus pulp (8%) and tissue paper (4%).

The operational performance of the uncoated woodfree **paper** for printing and writing (UWF) in the first half of 2015 evolved favourably, with an increase of 1.0% in the production volume and of 0.7% in sales, reaching a turnover of approximately 587.2 million euros. The reduction of apparent consumption of paper in Europe (approximately 2.6%) and the appreciation of the US dollar against the euro has led a significant number of producers to seek out more profitable business opportunities outside of Europe, resulting in a significant increase in exports during the first six months of the year. Portucel was responsible for 42% of these paper exports, having increased its sales outside Europe by around 40 thousand tonnes with an order book which compares favourably with previous years. The average selling price of the Group had a very positive evolution, registering a growth of 3.4% compared to the first half of 2014. In the same period, the benchmark index in Europe, PIX A4- Copy B fell 1.8%.

The evolution of the bleached eucalyptus **pulp** (BEKP) business maintained very positive throughout the semester, essentially sustained by a strong demand from the Chinese market. The good market conditions have allowed the continuation of price rise, the index in USD evolved favourably, with an average price of 765 USD/ton, which compares with 760 USD/ton for the same period last year. The exchange rate effect contributed to the sharp rise in the prices in Euros, and the reference index PIX BHKP reached an average of 684.3 euros/ton in the first half of the year, an increase of 23.3% compared to the same period in the previous year. This evolution of the price of pulp allowed an increase of 8.2% in the value of the Group's sales, reaching approximately 63.8 million euros despite the decrease of approximately 12.6% in quantity sold. This semester, there has been a reduction in the availability of pulp for sale, due to the planned maintenance stoppage at the Group's plants, and also due to the stoppage of the Cacia mill, while working on the capacity expansion project.

It is important to highlight that this project, which took place during the last 15 months, had its final phase of assembly and interconnection in June, during its annual stoppage, minimizing the loss of production resulting from this investment. The plant started in the last days of June, the majority of the changes made and the new equipment accompanied the start-up. The levels of production have followed the learning curve established, while the plant has gained stability to reach the new production levels aimed at by this project, 350 000 tons per year of BEKP, which correspond to an increase of 20% of capacity.

The production and sale of **energy** were also affected by the maintenance stoppages mentioned above. In addition, there was a prolonged review of one of the Cacia mill turbine generators, which significantly affected the energy balance of this unit. Despite this, the gross production of the Group in the first six months was 0.5% above the value of the same period in 2014. There is, however, a reduction of 4.2% in electricity sales, reaching a turnover of approximately 107.1 million euros. The reduction in the price of Brent and the euro/USD exchange rate also influenced the reduction in energy prices of the natural gas co-generation plants.

As reported in the disclosure of the first quarter, the activity of AMS - Star Paper was included in the universe of the Group's consolidation, representing 29 million euros in sales, or about 3.7% of the turnover of Portucel in the first half of 2015. The sales volume of finished product increased by around 9.3 %, the sales price also showed a favourable evolution, up by 3.6 %. Tissue output is expected to increase from the third quarter of the year, after the start-up of the second line, currently under construction and nearing completion at the Vila Velha de Ródão mill. With an annual capacity of 30,000 tons, this second production line will allow AMS to double its annual production capacity to 60,000

tons of tissue.

The Portucel Group's EBITDA has evolved favourably to 184.5 million euros in the first half of 2015, which represents an increase of 16.6% compared to the same period of the previous year. In addition to the results generated by the Group's current operations, the figure for EBITDA also includes a surplus of 3.8 million euros on AMS' operations and also a negative figure of approximately 2.6 million euros relating to the impact of future business operations - the project in Mozambique and the pellets project in the United States, both at the investment phase.

In the first semester of 2015, the EBITDA margin stood at 23.2%, 2 p.p. up from that recorded for the same period in the previous year. This evolution reflects the positive impact of the increase in selling prices for paper and pulp, which has already been mentioned. On the production factors side, raw material costs have improved significantly. After the exceptionally high level of wood imports in the first quarter, which impacted average purchase costs negatively, the supply mix in the second quarter featured a larger share of locally-sourced timber, and a corresponding reduction in the level of imports. The average purchase cost for wood in the first six months of 2015 performed well in relation to the first half of 2014, thanks largely to logistical gains resulting from management of timber yards in Portugal and Spain.

An increase of approximately 10.4 million euros in personnel costs was due essentially to additional redundancy settlements under the workforce rejuvenation program, adjustment of the cost estimate for the 2015 performance bonus and inclusion of AMS personnel costs.

Operating results represented a clear improvement on the same period in the previous year, growing by 16.6% to € 122.0 million.

The financial results amounted to a negative € 17.8 million, which compares with a negative value of € 16.1 million in the first half of 2014. This was mainly due to the reduction in the remuneration of surplus cash and the cost of operations of exchange coverage contracted for 2015 (€ 3.1 million), which more than offset the decrease in the cost of financing. The underlying derivatives were negotiated to protect sales against adverse foreign exchange movements, reflecting of course the strong rise in the US dollar over the period.

The consolidated net income for the period stood at € 94.9 million, representing growth of 11.4% in relation to the first half of 2014.

## 3.3. Business Review

### 3.3.1. Market Analysis

Figures for the first half of 2015 point to a decline in apparent consumption of uncoated woodfree **paper** (UWF) in Europe of 2.6% in relation to the same period in 2014, whilst the main benchmark index for UWF prices (PIX A4-Copy B) was down year-on-year by 1.8%. In this environment, as already observed in the first quarter, the weakness of the euro against the US dollar drove the European industry to look for more profitable opportunities, boosting the volume of exports and consequently reducing the volume sold to the European market. The production capacity utilization rate stood at close to 95%, two percentage points up from the same period in the previous year, whilst in late June order books in the industry were 18% fuller than in the first half of 2014, and 2% fuller than at the end of May.

In the US, apparent consumption of UWF paper dropped by 3.6% in the first five months of the year, and by 3.2% in the case of cut-size. The leading price index for the sector (Risi 20lb A4) fell by 1.1% in the first half of 2015 in relation to the same period in the previous year.

In this context, the Group achieved growth in sales to export markets of 18.9%, with continued expansion into new

regions and growing penetration in Latin America and the Middle East. Sales in Europe were cooler, as a result of slowing consumption and the search for higher returns in USD-denominated markets. As usual, the Group continued to operate at 100% of its capacity, with order books at fairly comfortable levels in comparison with the previous year. The Navigator brand remained the Group's top performer, achieving growth of 2% and maintaining levels of penetration and brand recognition unrivalled in the industry. The Portucel Group has lead a price increase movement in Europe in UWF paper prices which was implemented in two stages, the first in later March and the second in early June. Already in July, Portucel announced a further price increase in Europe due to be implemented as of September.

As was to be expected, the recovery of the bleached eucalyptus **pulp** (BEKP) business which started in the 4th quarter of 2014 continued into the first half of 2015, thanks to a combination of various factors in the market: new capacity coming online at a slower pace, a reduction in supply due to the traditional maintenance stoppages at this time of year and strong demand, mainly from the Chinese market.

This market evolution has favoured the continuation of the price rise, average PIX reference index rose from USD 760, in the second half of the previous year to USD 765 in the semester under review. In euros, and influenced by the exchange rate effect motivated by the deterioration of the euro against the dollar, the price increase was more significant, rising from 554 Euros in the first half of 2014 to 683 Euros in the first half of this year.

As reported above, the Chinese market remains the main driving force behind demand. PPPC W-20 figures for pulp sales to this market up to June 2015 point to an overall increase of 11.8%, with eucalyptus pulp growing by 16.9%. April 2015 was the best month ever in terms of total pulp imports into China, at 1,774 million tons, breaking the previous record set in December 2014.

The Portucel Group's BEKP pulp sales totalled approximately 118 thousand tons in the first half of 2015, with an improved position in the decorative and special papers segment, which accounted for more than 70%.

### 3.3.2. Development

Over the course of the first half, the Group stepped up its efforts to pursue alternative areas of growth, making significant progress on its development projects. As such, capital expenditure registered during the first half of 2015 totalled approximately 77 million euros, including, besides 31 million euros in the pulp and paper business, 33 million euros in tissue expansion capacity at Vila Velha de Ródão mill, 10 million euros in the Mozambique project and 3 million euros in the construction of the pellet mill in the United States.

Considerable progress was made over the first half on plans for building a **pellets** factory in the US; the project team was expanded, with expatriate staff and local recruits, and is now working in loco, in Greenwood, South Carolina. A contract was awarded for the first phase of the civil construction works, which started up on 3 February 2015. Earthworks and site preparation works are nearing completion, which will allow the second phase of the civil construction works to get under way. Work has also been completed on awarding the contracts for the detailed designs and civil construction, and contracts have been adjudicated for approximately 90% (in value) of the main plant.

As reported at the end of the first quarter, organic growth in the **tissue** segment will be achieved by applying a business model based on direct integration of pulp into tissue manufacture, and by locating the converting lines close to the destination markets. The Cacia site is well placed to develop tissue production capacity and preliminary assessments were accordingly conducted during the first half to verify the feasibility of a project of this kind. The pre-engineering studies are about to be concluded.

In **Mozambique**, after an initial phase centred primarily on trials to select the best genetic material for producing raw material for processing into paper pulp and energy, operations were stepped up significantly in 2015 as the Group

pressed ahead with its new forestry plantations, to ensure future supplies for its industrial facilities.

In an important milestone, Portucel Moçambique successfully obtained the environmental license needed for forestry operations in Zambezia and Manica provinces.

No less significant was the completion of construction work on the Luá Nurseries, in Zambezia province, despite the devastating floods experienced in the region at the start of the year. These nurseries will produce cloned saplings on an industrial basis, with capacity for 6 million plants a year, set to double in the near future.

The overall requirements for the forestry project in Zambezia province, which by the end of the year will rise to 24 million plants a year, will be met in part by a number of smaller satellite nursery facilities.

The excellent relationship achieved with local communities in the area is a valuable asset of great importance for the sustainability of the project. In order to consolidate this relationship, Portucel Moçambique will invest, among other things, in a Social Development Plan (PDSP) geared to food security and increasing income, in opportunities for growth and in improvements to the quality of life. The PDSP will involve all communities in the areas under the management of Portucel Moçambique over the next seven years.

# 4. Cement and Derivatives Business Area – Secil Group

## 4.1. Leading Business Indicators

| IFRS - accrued amounts (million euros) | H1 2015 | H1 2014 | Var. |
|---|---|---|---|
| **Sales** | **222.2** | **217.3** | **2.3%** |
| Other income | 15.7 | 14.7 | 6.4% |
| Costs and losses | (194.5) | (191.6) | -1.5% |
| **EBITDA** | **43.4** | **40.4** | **7.3%** |
| Recurrent EBITDA | 43.1 | 39.7 | 8.5% |
| Depreciation and impairment losses | (20.2) | (20.1) | -0.4% |
| Provisions (increases and reversals) | (1.5) | (0.7) | -103.3% |
| **EBIT** | **21.7** | **19.5** | **10.9%** |
| Net financial profit | (6.0) | (7.8) | 22.5% |
| **Pre-tax profit** | **15.6** | **11.8** | **33.0%** |
| Tax on profits | (6.3) | (1.1) | -466.0% |
| Retained profits for the period | 9.4 | 10.7 | -11.9% |
| **Attributable to Secil equity holders** | **6.1** | **6.6** | **-6.8%** |
| Attributable to non-controlling interests (NCI) | 3.3 | 4.1 | -20.0% |
| **Cash-flow** | **31.1** | **31.5** | **-1.4%** |
| **EBITDA Margin (%)** | **19.5%** | **18.6%** | **0.9 p.p.** |
| EBIT Margin (%) | 9.8% | 9.0% | 0.8 p.p. |
| | **30-06-2015** | **31-12-2014** | **Jun15 vs. Dec14** |
| Equity (before NCI) | 523.8 | 506.3 | 3.5% |
| **Net debt** | **231.9** | **178.4** | **30.0%** |

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

## 4.2. Business Overview: Secil Group

In the first half of 2015, turnover in the Cement business area totalled 222.2 million euros, up by 2.3% over the same period in the previous year. This growth was mostly due to the successful performance of the ready-mixed business unit in Portugal, where turnover grew by 61.7% in relation to the same period in the previous year, and operations in Angola, which recorded a growth of 21.2% in relation to 2014.

Following the increase of the turnover of the Group, EBITDA was also higher than the first half of the previous year. EBITDA reached 43.4 million euros, up by 7.3%.

Operating income stood at 21.7 million euros, comparing favourably with 19.5 million euros recorded in the same period of the previous year.

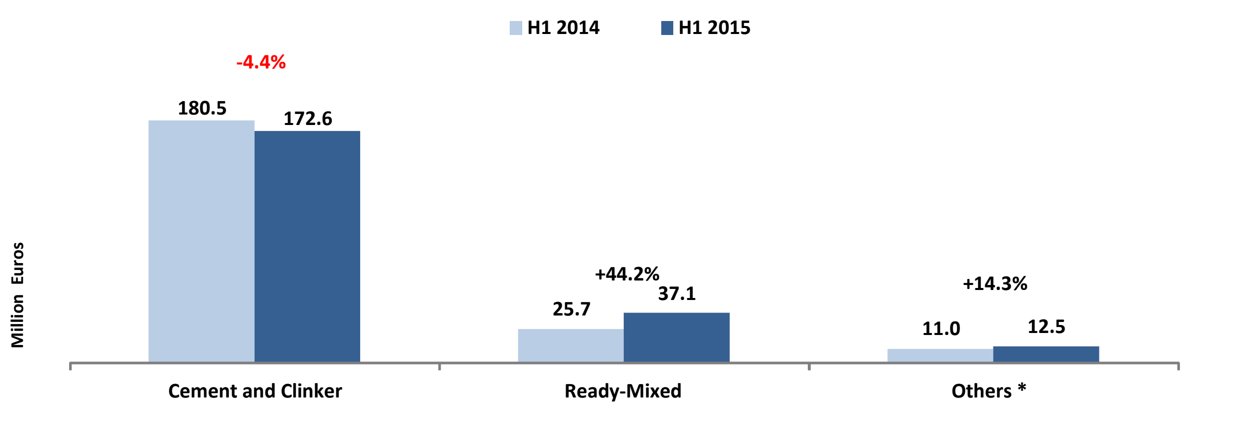
The financial results have improved in comparison with the same period in the previous year, amounting to a negative 6 million euros compared with 7.8 million euros in the first half of 2014. This improvement is mainly due to exchange rate differences, which in the first half of 2015 registered a positive value of around 1.3 million euros, while in the first half of 2014 showed a negative value (186 thousand euros). Also the net cost of financing decreased by around 500 thousand euros, a decrease that occurred mainly in Portugal, resulting from the reduction of indexers and spreads.

The increase in the tax heading of the period is mainly due to the fact that, in the same period of 2014, this heading is positively influenced by the reduction in the rate for deferred taxes allocated to Tunisia, in so far as the tax rate in this country was reduced by the government from 30% to 25%. The impact in the first half of 2014 amounted to approximately 4.4 million euros.

The net profit attributable to shareholders in this business area registered a decrease, in absolute terms, in comparison to the first half of 2014 and amounted to 6.1 million euros *vs*. 6.6 million euros on the same period in the previous year.

## 4.3. Business Review

### Turnover by Segment

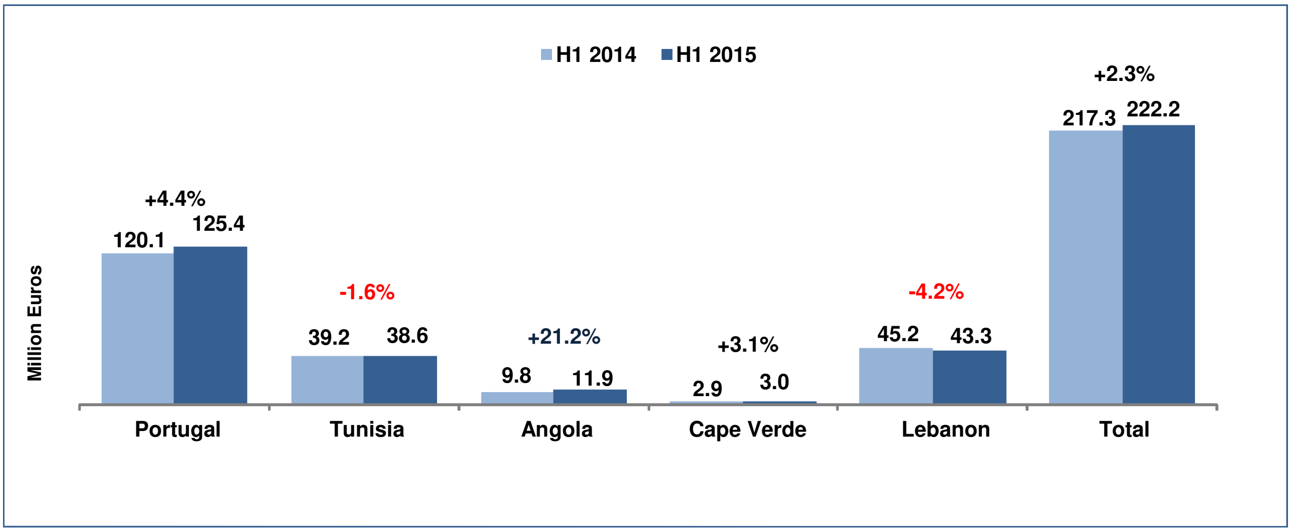



* Includes Aggregates, Mortars and Pre-Cast

The turnover of the Cement and Clinker segment decreased by 4.4% compared to the first half of 2014. The ready-

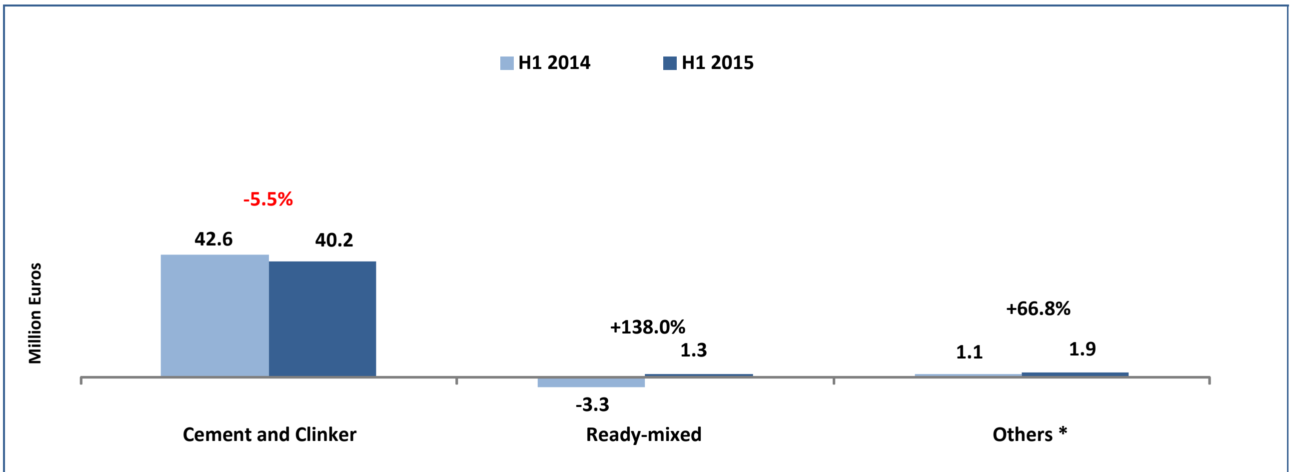
mixed concrete segment represented a larger relative share of total operations carried on by the cement business unit (16.7% in the first 6 months of 2015 vs. 11.8% in the same period of 2014), in line with the first quarter of 2015.

## Turnover by Geography




The turnover of Portugal represented a larger relative share in the overall business segment, rising from 55.3% in the first half of 2014, to 56.4% in the same period of 2015, while maintaining the same trend as in the first quarter, followed by Lebanon with 19.5% and Tunisia with 17.4%.

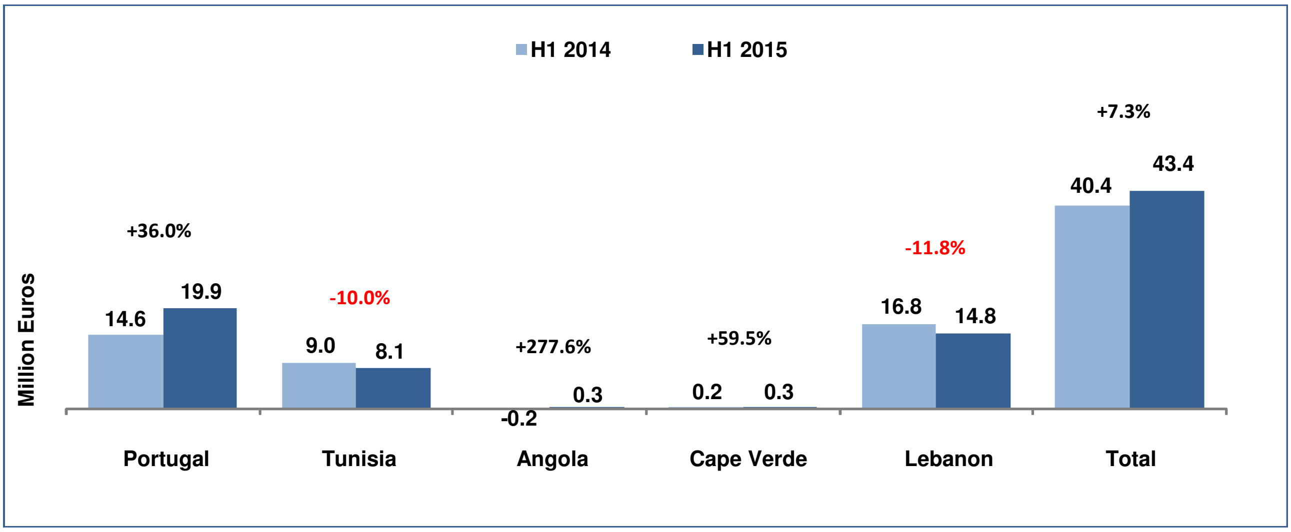
## EBITDA by Segment




* Includes Aggregates, Mortars and Pre-Cast

In the first half of 2015, EBITDA from the Cement and Clinker segment was down by 5.5% on the same period in the previous year, standing at 40.2 million euros. The Cement and Clinker segment reduced its share in all operations carried out by the Secil Group, in comparison with the first half of 2014.

## EBITDA by Geography




The geographical breakdown shows that EBITDA was more heavily concentrated than in the previous year, with the operations in Portugal accounting for 45.8% of total EBITDA in the first half of 2015 vs. 36.1% registered in the first half of 2014, as a result of the decrease observed in Tunisia and Lebanon.

## 4.3.1. Portugal

According to the latest figures available from FEPICOP – the Portuguese Construction and Public Works Industry Federation, in the first quarter of 2015, building investment grew 8.5% year on year. While the core indicators in the housing segment recovered in the first quarter, public works showed an inverse trend and dropped by 41%.

The Construction Production Index (INE – the Indices of Production, Employment and Remuneration in Construction – May 2015) was down by 1.1% in May 2015, on a year-on-year basis. The Building Construction and Civil Engineering sectors both registered a slower decline in the aggregate index, presenting a drop of 1% and 1.4%, respectively.

According to available data, in Portugal in the first half of 2015 cement consumption recorded a year-on-year growth of 5%, for the first time since 2008.

In this environment, turnover for overall operations in Portugal during the first half of 2015 was up by 4.4% compared to the previous year, totalling approximately 125.4 million euros, along the same lines as in the first quarter of 2015.

Cement business in Portugal, including sales in Portugal and exports recorded turnover of 83.9 million euros, down by 8% in relation to figures for the first half of the previous year. In spite of the 7% growth in sales volume, turnover in the domestic market dropped slightly (-0.4%) on the figure recorded in the first half of 2014.

In the foreign markets, sales for export declined in the first half of 2015, in relation to the same period of the previous year, but are still above figures in the first half of 2013. This development was driven by the increase in demand in the Mediterranean region compared to 2014, the subsequent rise in competition and the slower growth in construction activity in countries dependant on revenues from fossil fuels, namely Algeria. 804 thousand tons were sold, amounting to less 134 thousand tons in relation to the first half of 2014. This was mostly due to a drop in cement sales, whereas clinker sales were similar year on year.

In the other business segments with operations based in Portugal (ready-mixed concrete, aggregates, mortars, pre-cast and others), turnover in the first half of 2015 stood at approximately 41.3 million euros, up by 44.4% in relation to

the same period of the previous year. It should be mentioned the good performance registered by the ready-mix concrete business unit which grew by 61.7% in comparison to the first half of 2014, with turnover amounting to 29.4 million euros.

EBITDA for total operations in Portugal was up by 36.0% year on year, at 19.9 million euros vs. 14.6 million euros in the first half of 2014.

The cement business unit in Portugal recorded EBITDA of 17.3 million euros, down by 0.9% on the figure recorded in the first half of 2014. It should be noted that EBITDA for the first half of 2014 was positively affected by sales of surplus $CO^2$ licenses valued at 1.5 million euros, and no part of such surplus licences was sold in 2015. Excluding that effect, EBITDA of this business unit grew approximately 1.5 million euros, in relation to the same period of the previous year.

The EBITDA increase is due essentially to the ongoing drop in operating costs, namely thermal energy costs, as a result of the increase in the rate of use of alternative fuels, which rose from 40% in the first half of 2014 to 44% in 2015. Electricity costs also decreased, as a result of both the lower cost of electricity, and of energy gains from cement production, which helped reduce consumption of Kwh/ton.

The mortars, ready-mixed concrete and aggregates business units performed significantly better than in the first half of 2014, having grown from a negative EBITDA of around 2.8 million euros to 2.6 million euros positive in the first half of 2015, thanks to (i) an increase in the volume of sales and its average selling prices, (ii) the promotion of products with increased value added, as in the case of mortars, and (iii) operational streamlining, as in the case of mortar and ready-mixed concrete.

### 4.3.2. Tunisia

In Tunisia, after the political transition, the economic transformation required to ensure sustained growth remains to be concluded. This semester was marked by an ongoing political instability, and an exacerbation of trade union claims and terrorist attacks which hampers economic recovery.

In 2014, especially from June onwards, cement demand in the local market contracted, due to the recession in the public works sector, and in the residential and commercial construction sector. This trend worsened in the first half of 2015 and the market is estimated to have decreased by approximately 6.4%. The Tunisian market competition is becoming increasingly pronounced and pressure on sale prices is high, with the consequent drop in local market prices.

Turnover for combined operations in Tunisia in the first half of 2015 stood at approximately 38.6 million euros, down by 1.6% on a year-on-year basis, thus reversing the trend recorded in the first quarter.

The cement business unit recorded turnover of approximately 34.5 million euros, 2.0% lower than recorded in the same period of the previous year. Performance in the export market was strong, with 48.9% growth of turnover year on year, which resulted in 6.5 million euros. Increased competition caused amounts sold to drop by 16.3% in the domestic market, which resulted in less 9.2% turnover, amounting to 28.0 million euros.

EBITDA from business operations in the first half of 2015 stood at 8.1 million euros, down by 10.0% in comparison with the first half of the previous year.

In the first half of 2015, the cement unit recorded EBITDA of 7.9 million euros, 9.2% lower than recorded in the same period of the previous year. Although the first half of 2015 recorded a reduction in clinker external purchases and the energy gains obtained, with a positive impact on EBITDA, the decrease in domestic sales and the increase in sales in the external markets with lower margins resulted in a drop of EBITDA outlined above.

## 4.3.3. Lebanon

Lebanon is still feeling the impact of the global slowdown and regional instability, especially of the situation in Syria. As regards cement consumption, the first half of 2015 showed a significant decrease. The market fell 18.6% in relation to the first half of 2014, as a result of the slowdown in the construction sector due to the unstable environment in the region, and the adverse weather conditions in the first quarter of 2015. The construction business, according to the data available (Blominvest Bank), dropped 19.26% in the first five months of 2015, a trend that has been ongoing since 2011 and which was aggravated by the political instability and insecurity.

Turnover on combined operations in Lebanon stood at approximately 43.3 million euros, representing a drop of 4.2% in relation to the first half of the previous year, but already recovering from some of the drop registered in the first quarter of 2015 (down by 11.9% year on year).

The cement business unit recorded turnover in the first half of 2015 of 39.5 million euros, 4.8% down on that recorded in the same period in the previous year, due essentially to a decrease of 20.8% in the sales volume, as a result not only of the slowdown in the construction business mentioned above, but also due to adverse weather conditions in the first quarter of 2015. It should be noted that this unit's turnover was brought up by around 7.6 million euros following the currency appreciation of the US dollar.

Total EBITDA from operations in the first half of 2015 stood at 14.8 million euros, representing a drop of 11.8% in relation to the first half of the previous year.

The cement unit reached an EBITDA of 14.5 million euros, 11.9% lower than that recorded in the first half of 2014, as a result of the decrease in the turnover mentioned above, since production costs remained stable. The expected decrease in thermal energy costs because of the overall decrease in fuel costs produced a moderate impact on production costs, due to existing stock consumption. However, it should be noted that EBITDA in the first half of 2015 was brought up by around 2.7 million euros, following the currency appreciation of the US dollar.

## 4.3.4. Angola

In Angola, the high dependence of the economy on oil revenues, and should oil price continue to decline, this will certainly limit the country's performance and impact the core economic and financial variables. Economic activity is estimated to have slowed down in the first half of 2015, as a result of the drop in oil sales price. The impact on local producers' sales will, however, be offset through the Joint Executive Decree No. 01/15 of 05 January, adopted by the Government, which established a cap for all cement imports since the beginning of the year.

The Angolan cement market grew year on year approximately 2.5% in the first half of 2015, in contrast to the macroeconomic environment in the country. This growth was due to the extension in 2015 of some of the public works approved in 2014 and a fairly intense rainy season (which caused damage to houses and roads), whereas in the second half of 2014, the cement market dropped 19.1%.

In this context, the activity developed by Secil Group in Angola during the first half of 2015 was clearly superior to that in the same period of the previous year, while turnover totalled about 11.9 million euros, which resulted in a growth of 21.2% in comparison with the first half of 2014, in line with that registered in the first quarter of 2015, in relation to the same period of the previous year. This performance was due primarily to the increase in turnover, which reached 95 thousand tonnes, 10.6% up on the first half of the previous year, which allowed to compensate for the drop in average selling prices in local currency. It should also be noted that the currency appreciation had a positive impact of around 1.1 million euros in turnover for the first half of 2015.

EBITDA from operations in Angola increased to 311 thousand euros in the first half of 2015, essentially due to an

increase in the amounts sold and the positive effect of exchange rate appreciation.

## 4.3.5. Brazil[3]

The economy of Brazil was significantly affected by the political instability, tax adjustments and a number of proceedings/inquiries which received plenty of media coverage in the first half of 2015. The main commercial banks, and the Central Bank of Brazil, according to its latest projections for the Brazilian economy this year, are foreseeing a contraction of around 2%, due to less public and private investment and a drop in private consumption (arising from higher unemployment, steep rise in the interest rate and increasing taxes). Recent IMF projections also point at a contraction of the Brazilian economy of 1.5%.

To stimulate the economy and drive investment, the Government approved a package of concessions/privatisations which are expected to generate investments estimated to amount to 190 billion Brazilian reais, focused centrally on ports, roads, railways, waterways and airports. However, the effects thereof will be felt only from 2016 onwards.

There is currently no available information about the cement market in 2015. Besides the economic situation and the decrease in investment mentioned before, the entry of new operators will make the market even more competitive.

In the first half of 2015, total operations by the Supremo Group generated turnover of 27.2 million euros, representing an increase of around 1.7% in relation to the same period in the previous year. Limited production capacity in the first three months of the year and problems in importing cement precluded higher growth in sales. Such constraints were offset in May when the Adrianópolis plant began production and average daily sales volume increased.

In Brazil, the Supremo Group's operations during the first half of 2015 generated negative EBITDA of 3.7 million euros, down by 224% in relation to the same period in the previous year. This decrease was mainly driven by the start-up of the plant in Adrianópolis and the fixed costs concerned.

Similarly to some operational costs, the financing costs (interest on loans) which were being capitalised, after the plant began operating, and in conformity with the applicable accounting standards, were also directly recognised in the results with the corresponding (negative) impact on the financial results of the Supremo Group. Therefore, the financial results were less 8.7 million euros at the end of the first half of 2015, vs. 1.7 million euros negative over the same period.

Consequently, net income for the first half of 2015 totalled the negative figure of 11.1 million euros, as compared with the loss of 1.5 million euros in the first half of the previous year.

[3] In relation to the integration of the Supremo Group in Semapa's Consolidated Financial Statements of June and considering that the purchase which forced the full integration that took place in the end of June, 50% of the income in the first half was included using the equity method, and the balance sheet position was fully consolidated (100%) on 30 June. Consequently, the core economic and financial indicators are presented separately.

# 5. Environment Business Area – ETSA Group

## 5.1. Leading Business Indicators

| IFRS - accrued amounts (million euros) | H1 2015 | H1 2014 | Var. |
|---|---|---|---|
| **Sales** | **12.6** | **12.5** | **0.7%** |
| Other income | 0.1 | 0.7 | -84.2% |
| Costs and losses | (9.2) | (10.9) | 15.7% |
| **EBITDA** | **3.5** | **2.3** | **52.1%** |
| Recurrent EBITDA | 3.5 | 2.3 | 52.1% |
| Depreciation and impairment losses | (1.4) | (1.2) | -16.1% |
| Provisions (increases and reversals) | (0.0) | 0.0 | -380.6% |
| **EBIT** | **2.0** | **1.0** | **92.7%** |
| Net financial profit | (0.4) | (0.6) | 26.1% |
| **Pre-tax profit** | **1.6** | **0.4** | **250.7%** |
| Tax on profits | (0.3) | (0.0) | -475.0% |
| Retained profits for the period | 1.3 | 0.4 | 224.1% |
| **Attributable to ETSA shareholders *** | **1.3** | **0.4** | **224.1%** |
| Attributable to non-controlling interests (NCI) | - | - | - |
| **Cash-Flow** | **2.7** | **1.6** | **68.1%** |
| **EBITDA margin (%)** | **27.5%** | **18.2%** | **9.3 p.p.** |
| EBIT margin (%) | 15.8% | 8.3% | 7.6 p.p. |
| | **30-06-2015** | **31-12-2014** | **Jun15 vs. Dec14** |
| Equity (before NCI) | 60.0 | 55.7 | 7.9% |
| **Net debt** | **18.9** | **15.4** | **23.2%** |

* Of which 99.989% is attributable to Semapa.

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

## 5.2. BUSINESS OVERVIEW: ETSA GROUP

The ETSA Group (services and sales) recorded turnover of 12.6 million euros in the first half of 2015, up by around 0.7 % on the same period of the previous year, thus reversing the trend recorded in the first quarter of 2015.

This positive development was essentially caused by an increase of approximately 32.6% in the consolidated provision of services, mostly due to (i) approximately 15.8% increase in the amounts of animal carcasses collected, under the SIRCA service delivered to the Portuguese government, and (ii) the increase in the average value of contracts per store, compared to the same period in 2014 for collection of animal by-products from hypermarkets in Portugal. The amount of consolidated sales during the same period dropped around 13.2%, mostly due to the decrease in class 3 fat sales volume of approximately 4.4% and around 23.7% less in the value of sales, essentially arising from a reduction of 26.9% in the average sale price, compared to the same period in 2014. The sale of fish sub-products increased by approximately 7.2%, most of which addressed at the domestic market.

EBITDA for the ETSA Group totalled 3.5 million euros in the first half of 2015, representing an increase of about 52.1% in comparison with the same period of the previous year. This is explained fundamentally by the reduction in the cost of goods sold per ton of raw material, arising from the progressive adjustment of the commercial margins due to the stabilisation of the consolidated turnover.

The overall reduction in the cost of thermal fuels and mineral fuels used in the industrial conversion process and transport of by-products, respectively, as a result of the investment made by the ETSA Group and of the drop in oil prices produced a positive impact on the period's performance.

The EBITDA margin stood at 27.5%, up by around 9.3 p.p. on the margin for the same period of 2014, improving the trend seen in the first quarter of 2015.

Operating income stood at 2.0 million euros, above the 1.0 million euros recorded in the first half of the previous year.

Financial results represented an improvement on the same period in the previous year, growing from less 0.6 million euros to less 0.4 million euros, arising particularly from the repricing of the applicable loan terms.

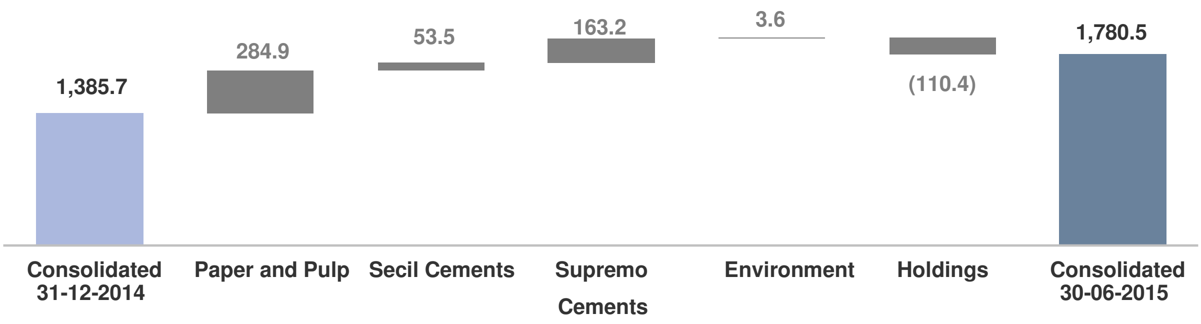
The combined impact of these factors resulted in Consolidated Net Income of the ETSA Group in the first half of 2015 of approximately 1.3 million euros, well above that recorded in the same period in the previous year (0.4 million euros).

# 6. *Semapa Group – Financial Area*

## 6.1. INDEBTEDNESS

**Consolidated Net Debt Evolution**

| (million euros) | 30-06-2015 | 31-12-2014 | Var. |
|---|---|---|---|
| Paper and Pulp | 558.6 | 273.6 | 284.9 |
| Cements - Secil | 231.9 | 178.4 | 53.5 |
| Cements - Brazil | 163.2 | *n.a.** | 163.2 |
| Environment | 18.9 | 15.4 | 3.6 |
| Holdings | 807.9 | 918.3 | -110.4 |
| **Total** | **1,780.5** | **1,385.7** | **394.8** |




* On 31.12.2014, the Supremo Group was not fully consolidated by the Semapa Group.

At 30 June 2015, consolidated net debt stood at 1,780.5 million euros, representing an increase of 394.8 million euros from the figure recorded at year-end 2014, essentially due to cash flow generated by its subsidiaries and the following:

- Pulp and paper: + 284.9 million euros; Portucel paid dividends and reserves totalling 310.5 million in May and disbursed approximately 77.2 million euros for its investment plan. It should be noted that the amount as of 30 June 2015 includes the value of 29.6 million euros relating to AMS debt;
- Cement – Secil: + 53.5 million euros, resulting essentially from investments in Brazil;
- Cement – Brazil: + 163.2 million euros, resulting from the full consolidation of Supremo Group debt (on 31 December 2014 the Supremo Group was consolidated using the equity method);
- Environment: +3.6 million euros;
- Holdings: - 110.4 million euros, essentially due to the net effect of the dividends of around 252 million euros received from Portucel, the dividends paid totalling 39.9 million euros, and the investment of 57.5 million euros made in the holdings operating in Brazil.

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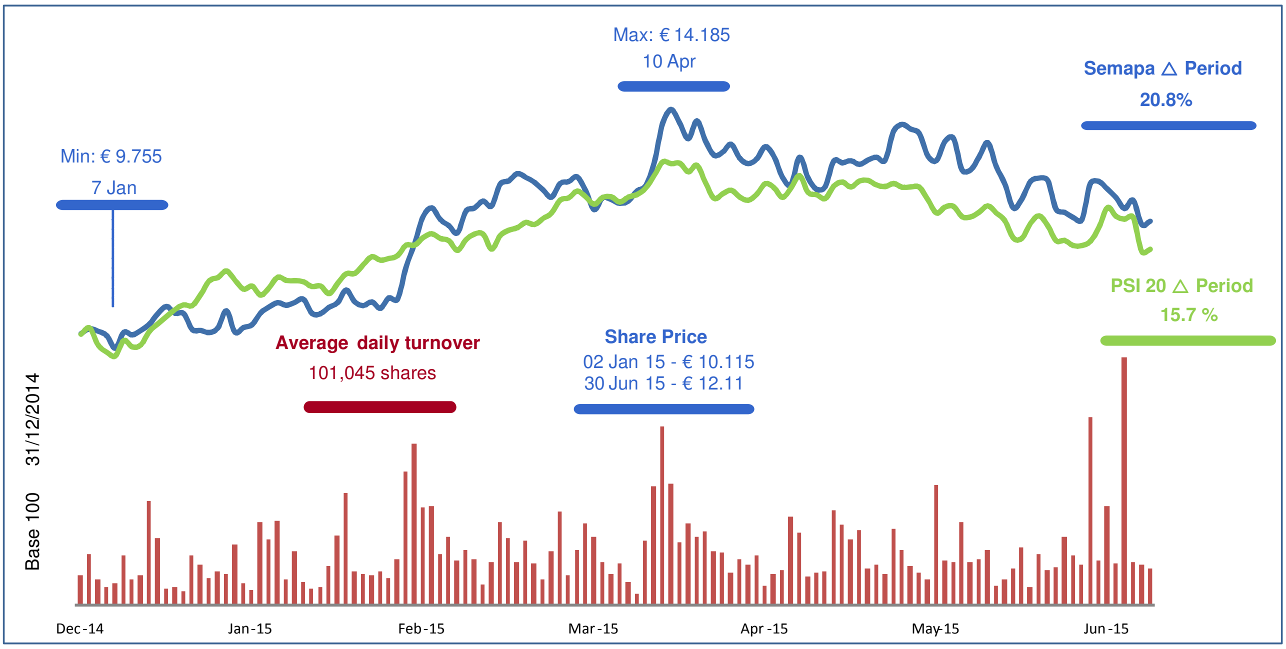
## 6.3. NET INCOME: FIRST 6 MONTHS OF 2015

Consolidated net income for the first half of 2015 totalled 51.2 million euros, representing an increase of 3.4 million euros up by 7.1% in relation to the same period in the previous year. This change was due essentially to the combined effect of the following factors:

- An increase in total EBITDA of approximately 27.1 million euros;
- An increase in depreciation and impairment losses of 9,1 million euros;
- A reduction of provisions with a value of 4.7 million euros, due essentially to the release of provisions which proved to be unnecessary;
- An increase in net financial results by approximately 4.9 million euros, on a year-on-year basis;
- Increase of taxes on profits of approximately 23.3 million euros, due to the reversal of deferred taxes on the tax losses incurred by Semapa.

## 6.3. LISTED SHARE PRICE

**Share Price Performance – 1st Half 2015**

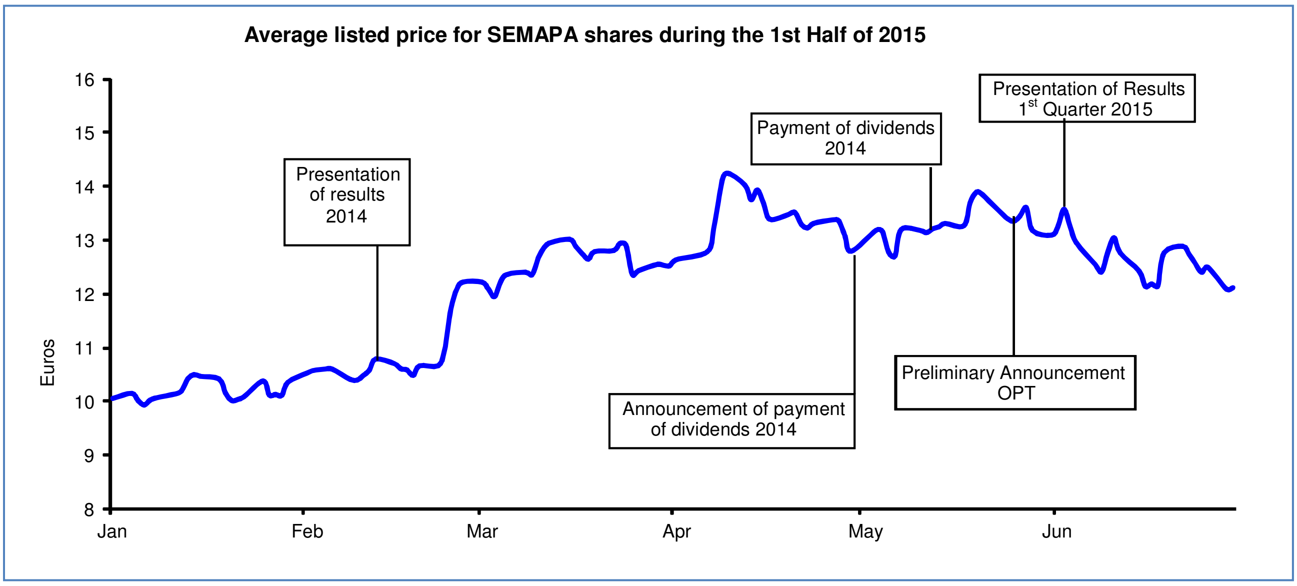



Note: Closing quotes

The positive trends observed in most stock exchanges over the first few months of the year went into reverse in the second quarter, with markets being particularly hard hit at the end of June as a result of the stand-off between Greece and its creditors. Despite these adjustments, the main market indexes in Europe closed the first half with gains in excess of 10%. The Portuguese index (PSI20) led the way, up by 15.7%, followed by the French and German indexes, with gains of 12.1% and 11.6%, respectively.

Semapa also recorded positive gains, up by 20.8% over the period, outperforming the PSI20. Semapa's stock price

reached a maximum of 14.185 euros on 10 April and a minimum of 9.755 euros on 7 January.



# 7. Outlook

Most projections continue to point to economic growth in 2015 below the level recorded in 2014, although there is an expectation of a gradual upturn in the more developed economies, despite slower growth in emerging markets.

Fears of an economic downturn in the United States, which emerged at the end of the first quarter in the wake of figures suggesting sluggish growth, have been swept aside over the last few months, thanks to improving conditions in the labour market, recovery in the Real Estate market and a more favourable financing environment.

The economic recovery in the Euro zone also appears to be holding firm, as internal demand has been stronger overall and price indexes have started to edge upwards. Projections for growth in a large part of the euro region have been revised upwards, although uncertainty persists in relation to a number of countries, due essentially to possible impacts from the crisis in Greece.

A downturn is expected in the emerging economies in the wake of falling prices for most commodities and more restrictive financial conditions.

This mostly positive outlook can be affected by the impact of the devaluation of the Chinese currency that took place recently, which could have a negative influence in the international commercial flows.

**Paper and Pulp**

The **pulp** business is at present in a good phase with good prices for manufacturers. Strong demand, particularly in the Chinese market, combined with the managed entry of new capacity onto the market should continue to benefit pulp manufacturers for the rest of the year, especially if the current exchange rate situation is maintained between the US dollar and the euro.

Expectations of the tissue **paper** segment remain positive, with interesting levels of growth in the emerging economies such as China, Turkey and Latin America, which should help to maintain a dynamic pulp market.

As already mentioned, the evolution of the euro/US dollar exchange rate in 2015 has been a crucial factor in making European countries more competitive, especially for exporter companies. The Portucel Group has been able to take advantage of the strong US dollar, finding more lucrative sales opportunities for its UWF products.

Over the course of the first half, a number of manufacturers announced increases in paper prices, in response to pressure from production costs, especially for pulp. As reported above, the Portucel Group has lead this movement, having informed its European clients of a two-stage increase in its UWF paper prices, which were raised first as from the end of March, and then again in early June. At the end of July, Portucel announced another price increase of approximately 4 to 8% on its reel products sold to the Middle East and Northern Africa, due to be implemented as from 1 September and a further price increase in Europe for all UWF products due to be implemented as of 18 September.

As a result of the strategic development plan announced in early 2015, the Portucel Group focused on the implementation of the various projects announced, intensifying the work already underway and following up on new operations.

Organic growth in the tissue segment will be achieved by applying a business model based on direct integration of pulp into tissue manufacture, and by locating the converting lines close to the destination markets. The Cacia site is well placed to develop tissue production capacity and preliminary assessments were accordingly conducted during the first half to verify the feasibility of a project of this kind. The pre-engineering studies are about to be concluded.

Considerable progress was made over the first half on plans for building a pellets factory in the US, including the expansion of the project team. Earthworks and site preparation works are nearing completion, which will allow the

second phase of the civil construction works to get under way. Work has also been completed on awarding the contracts for the detailed designs and civil construction, and contracts have been adjudicated for approximately 90% (in value) of the main plant.

In Mozambique, after an initial phase centered primarily on trials to select the best genetic material for producing raw material for processing into paper pulp and energy, operations were stepped up significantly in 2015 as the Group pressed ahead with its new forestry plantations, to ensure future supplies for its industrial facilities.

**Cement**

For Portugal, Secil's Group main market, the projections of growth in GDP in 2015, the recovery in domestic demand and investment, with a reversal in the licensing of home construction and an increase in construction productivity, allow it to predict a change in the trend of development in the construction market and in cement consumption in 2015. The expected recovery in the domestic market, combined with good performance in foreign markets and with savings and gains achieved through the streamlining measures implemented in previous years, offers the prospect of an improvement in results in comparison with 2014.

For Tunisia, the latest IMF figures point to expectations that the economy will grow by 3%. However, economic growth prospects remain very uncertain due to recent events and the unstable environment. Competition should continue intense and increased pressure on sales prices is expected (in the domestic and foreign markets).

For Lebanon, despite the significant downturn in the cement market in early 2015, cement consumption is expected to increase during the second half, albeit at a lower level compared to 2014, as a result of the slowdown in the construction business and lower levels of investor confidence. Continuation of a challenging and competitive environment with impact on sales prices is expected. However, these negative effects may be partly compensated by the reduction in energy costs following the reduction in the price of oil. Block sales should rise in the coming months, as the new plant that was completed in 2014 is receiving more orders and is beginning to build a customer portfolio.

The outlook for 2015 for Angola is uncertain. The negative effects of recent oil price developments will still be felt during this year and cuts in current expenditure and Government investment, as announced, combined with the difficulties felt since the end of 2014 in processing payments abroad as a result of the foreign-exchange restrictions imposed by the National Bank of Angola, paint a rather negative image for the construction and public works sector.

The political instability observed in Brazil, associated with the downfall of some economic indicators and the need for tax adjustments as a means to improve public accounts have deteriorated the expectations of economic agents for 2015.

Following the completion of the construction of the new integrated factory of clinker and cement from Supremo Cimentos referred to above, cement sales are expected to gradually increase over the current year. Since the factory only began operating in April, this year’s EBITDA will be significantly below its potential.

As mentioned before, in the first half of 2015 the results of the Supremo Group are reflected using the equity method, and the balance sheet items were fully integrated on 30 June.

Therefore, due to the effects of (i) EBITDA mentioned above and (ii) financial costs associated with the acquisition of Supremo and Supremo's own debt, which is significant, the Net Income of Secil Group for 2015 is expected to be penalized by these two effects.

**Environment**

Considering the current macroeconomic, financial and sectoral context, slight improvements are envisaged in the medium term in the sector operated by the ETSA Group, insofar as boosting consumption of foodstuffs (due to effective increase or simply to changes in the average shopping basket) results directly in an increase in the animal

slaughter rate, after a period of reinvestment in the main collection centers and especially after the implementation of gradual import replacement mechanisms which, consequently, albeit differed and still uncertain, will allow an increase in the volume of by-products generated. Notwithstanding, competition between operators in obtaining supplies of raw materials is expected to remain fierce, due to overcapacity in industrial processing.

Lisbon, 27 August 2015

The Board of Directors

Chairman

Pedro Mendonça de Queiroz Pereira

Members

João Nuno de Sottomayor Pinto de Castello Branco

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana-Baptista

Francisco José Melo e Castro Guedes

Manuel Custódio de Oliveira

Vítor Manuel Galvão Rocha Novais Gonçalves

Vítor Paulo Paranhos Pereira

# PART 2

## DECLARATION REQUIRED UNDER ARTICLE 246.1 C) OF THE SECURITIES CODE

# *Declaration required under Article 246.1 c) of the Securities Code*

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

> *"I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code that, to the best of my knowledge, the condensed financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the first half of 2015, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of the said company and other companies included in the consolidated accounts, and that the interim management report sets out faithfully the information required by Article 246.2 of the Securities Code."*

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

| **Name** | **Office** |
|---|---|
| Pedro Mendonça de Queiroz Pereira | Chairman of the Board of Directors |
| João Nuno de Sottomayor Pinto de Castello Branco | Member of the Board of Directors |
| José Miguel Pereira Gens Paredes | Member of the Board of Directors |
| Paulo Miguel Garcês Ventura | Member of the Board of Directors |
| Ricardo Miguel dos Santos Pacheco Pires | Member of the Board of Directors |
| António Pedro de Carvalho Viana-Baptista | Member of the Board of Directors |
| Francisco José Melo e Castro Guedes | Member of the Board of Directors |
| Manuel Custódio de Oliveira | Member of the Board of Directors |
| Vítor Manuel Galvão Rocha Novais Gonçalves | Member of the Board of Directors |
| Vítor Paulo Paranhos Pereira | Member of the Board of Directors |
| Miguel Camargo de Sousa Eiró | Chairman of the Audit Board |
| Gonçalo Nuno Palha Picão Caldeira | Member of the Audit Board |
| José Manuel Oliveira Vitorino | Alternate Member of the Audit Board in substitution of Full Member |

# Part 3

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

# *Disclosures required by sub-paras. a) and c) of Article 9.1 and Article 14.7 of Securities Market Commission (CMVM) Regulation no. 5/2008 (with reference to the first half of 2015)*

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

- Pedro Mendonça de Queiroz Pereira – 134,422 shares in Sodim, SGPS, S.A.
- José Miguel Pereira Gens Paredes –1 bond issued by Portucel, S.A. and 50 bonds *"Obrigações SEMAPA 2014/2019"*
- Duarte Nuno d'Orey da Cunha – 2,907 shares in the company, 65 bonds *"Obrigações SEMAPA 2014/2019"*, 16,000 shares in Portucel, S.A. and 1 bond issued by Portucel, S.A.
- Undivided inheritance of Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira – 16,464 shares in the company

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

The following company officers no longer hold the bonds *"Obrigações SEMAPA 2012/2015"* bellow mentioned due to the reimbursement of said bond loan on 30 March 2015:

- José Miguel Pereira Gens Paredes –205 bonds *"Obrigações SEMAPA 2012/2015"*
- Paulo Miguel Garcês Ventura – 125 bonds *"Obrigações SEMAPA 2012/2015"*
- Ricardo Miguel dos Santos Pacheco Pires – 14 bonds *"Obrigações SEMAPA 2012/2015"*
- Vítor Manuel Galvão Rocha Novais Gonçalves – 50 bonds *"Obrigações SEMAPA 2012/2015"*
- Miguel Camargo de Sousa Eiró – 50 bonds *"Obrigações SEMAPA 2012/2015"*
- Duarte Nuno d'Orey da Cunha - 50 bonds *"Obrigações SEMAPA 2012/2015"*

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(*) *The bonds issued by Semapa with the name "Obrigações SEMAPA 2012/2015" correspond to company bonds with a flat rate of 6.85% per annum and maturity in 2015.*
*The bonds issued by Semapa with the name "Obrigações SEMAPA 2014/2019" correspond to company bonds with a variable rate corresponding to the 6 months EURIBOR rate, listed on the following working day TARGET immediately prior to the date of beginning of each interest period, added 3.25% per year and maturity in 2019.*
*The bonds of the company Portucel S.A. correspond to the bonds with the name "Obrigações Portucel € 350,000,000 5.375% Senior Notes due 2020".*

# 3. List of qualifying holdings, indicating the number of shares held and the corresponding percentage of voting rights, calculated in accordance with article 20 of the Securities Code (with reference to the date of this report):

| | Entity | No. shares | % capital and voting rights | % non-supended voting rights |
|---|---|---|---|---|
| **A -** | Sodim, SGPS, S.A. | 15,252,726 | 18.682% | 18.683% |
| | Directors of Sodim | | | |
| | Mafalda Mendes de Almeida de Queiroz Pereira Sacadura Botte | 400 | 0.000% | 0.000% |
| | Lua Mónica Mendes de Almeida de Queiroz Pereira | 400 | 0.000% | 0.000% |
| | Undivided inheritance of Maria Rita C.M.A. de Queiroz Pereira | 16,464 | 0.020% | 0.020% |
| | Cimigest, SGPS, S.A. | 3,185,019 | 3.901% | 3.901% |
| | Cimo - Gestão de Participações, SGPS, S.A. | 16,199,031 | 19.841% | 19.842% |
| | Longapar, SGPS, S.A. | 22,225,400 | 27.222% | 27.224% |
| | OEM - Organização de Empresas, SGPS, S.A. | 535,000 | 0.655% | 0.655% |
| | Sociedade Agrícola da Quinta da Vialonga, S.A. | 625,199 | 0.766% | 0.766% |
| | Total: | 58,039,639 | 71.087% | 71.092% |
| **B -** | Bestinver Gestión, S.A. SGIIC | - | - | - |
| | Bestinver Empleo, F.P. | 13,930 | 0.017% | 0.017% |
| | Bestinver Bolsa, F.I.M. | 2,319,127 | 2.840% | 2.841% |
| | Bestinver Ahorro Fondo de Pensiones | 198,347 | 0.243% | 0.243% |
| | Bestinver Empleo III Fondo de Pensiones | 2,221 | 0.003% | 0.003% |
| | Bestinver Hedge Value Fund, FIL | 1,503,046 | 1.841% | 1.841% |
| | Bestinver Global F.P. | 405,052 | 0.496% | 0.496% |
| | Bestinver Mixto, F.I.M. | 195,019 | 0.239% | 0.239% |
| | Bestvalue F.I. | 519,214 | 0.636% | 0.636% |
| | Bestinver Prevision F.P. | 38,849 | 0.048% | 0.048% |
| | Divalsa de Inversiones SICAV | 13,543 | 0.017% | 0.017% |
| | Bestinver SICAV - Bestinfund | 79,928 | 0.098% | 0.098% |
| | Bestinver Empleo II, F.P. | 3,571 | 0.004% | 0.004% |
| | Bestinver Futuro EPSV | 6,607 | 0.008% | 0.008% |
| | Bestinver SICAV - Iberian | 229,426 | 0.281% | 0.281% |
| | Bestinver Renta F.I.M. | 177,186 | 0.217% | 0.217% |
| | Bestinver Consolidacion EPSV | 1,975 | 0.002% | 0.002% |
| | Bestinfond, F.I.M. | 1,459,715 | 1.788% | 1.788% |
| | Total: | 7,166,756 | 8.778% | 8.778% |

| | Entity | No. shares | % capital and voting rights | % non-supended voting rights |
|---|---|---|---|---|
| **C -** | Santander Asset Management España, S.A., S.G.I.I.C. | | | |
| | Laredo Fondo, F.I. | 3,000 | 0.004% | 0.004% |
| | Santander Acciones Españolas, F.I. | 2,072,457 | 2.538% | 2.539% |
| | Santander Small Caps España, F.I. | 192,889 | 0.236% | 0.236% |
| | Total: | 2,268,346 | 2.778% | 2.778% |

Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. holds 5,530 own shares, corresponding to 0.005% of its share capital.

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

Sodim, SGPS, S.A. exchanged, on 31 March 2015, 404,779 company shares, without a defined price. It is hereby clarified that internally the nominal value set per share by that company was of €12.51, since that was the closing market price of those shares on 30 March 2015.

# Part 4

## Consolidated Financial Statements

# CONSOLIDATED INCOME STATEMENT
## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 AND 2014

| Amounts in Euro | Note | 1st Semester 2015 | 1st Semester 2014 | 2nd Quarter 2015 | 2nd Quarter 2014 |
|---|---|---|---|---|---|
| | | | | *(unaudited)* | *(unaudited)* |
| **Revenues** | | | | | |
| Sales | 4 | 1,012,392,680 | 959,691,122 | 527,999,588 | 500,385,266 |
| Services rendered | 4 | 17,313,875 | 17,207,789 | 8,210,045 | 7,628,174 |
| **Other income** | | | | | |
| Gains on disposal of non-current assets | 5 | 329,121 | 389,465 | 94,436 | 226,588 |
| Other operating income | 5 | 26,602,444 | 18,171,904 | 17,734,024 | 4,959,380 |
| **Change in fair value of biological assets** | | (341,896) | 1,205,774 | (994,450) | 4,223 |
| **Costs, expenses and losses** | | | | | |
| Cost of inventories sold and consumed | 6 | (423,835,315) | (411,409,233) | (197,916,073) | (205,916,749) |
| Variation in production | 6 | 15,356,714 | 6,913,107 | (9,639,969) | (7,604,275) |
| Cost of materials and services consumed | 6 | (290,681,354) | (279,685,802) | (149,756,564) | (144,900,310) |
| Payroll costs | 6 | (113,365,032) | (99,325,784) | (59,349,663) | (49,394,405) |
| Other costs and losses | 6 | (19,743,684) | (16,279,528) | (9,392,922) | (2,319,791) |
| Provisions | 6 | 10,012,906 | 5,282,460 | 5,037,375 | 5,643,187 |
| **Depreciation, amortisation and impairment losses** | 8 | (90,258,240) | (81,114,231) | (41,151,672) | (40,726,893) |
| **Operational results** | | **143,782,219** | **121,047,043** | **90,874,155** | **67,984,395** |
| Group share of (loss)/gains of associated companies and joint-ventures | 9 | (4,343,583) | (1,666,567) | (3,407,519) | (1,790,639) |
| Net financial results | 10 | (46,015,913) | (53,607,064) | (20,408,466) | (27,140,452) |
| **Profit before tax** | | **93,422,723** | **65,773,412** | **67,058,170** | **39,053,304** |
| Income tax | 11 | (21,044,724) | 2,208,560 | (22,642,260) | 2,837,287 |
| **Net profit for the period** | | **72,377,999** | **67,981,972** | **44,415,910** | **41,890,591** |
| **Net profit for the period** | | | | | |
| **Attributable to Semapa shareholders** | | **51,244,338** | **47,841,016** | **31,056,023** | **30,316,022** |
| Attributable to non-controlling interests | 13 | 21,133,661 | 20,140,956 | 13,359,887 | 11,574,569 |
| **Earnings per share** | | | | | |
| Basic earnings per share, Eur | 12 | 0.481 | 0.424 | 0.275 | 0.269 |
| Diluted earnings per share, Eur | 12 | 0.481 | 0.424 | 0.275 | 0.269 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 AND 2014

| Amounts in Euro | Note | 1st Semester 2015 | 1st Semester 2014 | 2nd Quarter 2015 | 2nd Quarter 2014 |
|---|---|---|---|---|---|
| | | | | *(unaudited)* | *(unaudited)* |
| **Net profit for the period without non-controlling interests** | | **72,377,999** | **67,981,972** | **44,415,910** | **41,890,591** |
| **Items that may subsequently be reclassified to the income statement** | | | | | |
| Derivative financial instruments | | | | | |
| Fair value changes | 34 | 1,352,571 | 2,149,914 | 5,250,273 | 1,226,680 |
| Tax on items above when applicable | 28 | 629,213 | 67,450 | (1,619,411) | (33,851) |
| Currency translation differences | 27 | 14,003,412 | (6,663,533) | (13,458,118) | (12,461,662) |
| Share of other comprehensive income of associates | | - | - | - | 896,527 |
| **Items that will not be reclassified to the income statement** | | | | | |
| Remeasurements of pensions and other post-employment benefit | | | | | |
| Actuarial gains / (losses) | 29 | (13,525,505) | 2,432,278 | (3,855,195) | 1,332,416 |
| Tax on items above when applicable | 28 | 874,383 | (546,264) | 848,207 | (377,672) |
| **Other comprehensive income for the period** | | **3,334,074** | **(2,560,155)** | **(12,834,244)** | **(9,417,562)** |
| **Total comprehensive income for the period** | | **75,712,073** | **65,421,817** | **31,581,666** | **32,473,029** |
| **Attributable to:** | | | | | |
| Semapa's shareholders | | 50,733,923 | 44,366,797 | 22,256,229 | 20,011,520 |
| Non-controlling interests | | 24,978,150 | 21,055,020 | 9,325,437 | 12,461,509 |
| | | **75,712,073** | **65,421,817** | **31,581,666** | **32,473,029** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS OF 30 JUNE 2015 AND 31 DECEMBER 2014

| Amounts in Euro | Note | 30/06/2015 | 31/12/2014 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 15 | 371,030,653 | 296,680,236 |
| Other intangible assets | 16 | 312,746,199 | 279,829,481 |
| Property, plant and equipment | 17 | 2,432,389,801 | 2,009,740,138 |
| Investment properties | | 1,263,805 | 1,408,751 |
| Biological assets | 18 | 113,627,527 | 113,969,423 |
| Investment in Associates | 19 | 3,347,346 | 87,086,273 |
| Financial assets at fair value through profit or loss | 20 | 404,081 | 451,485 |
| Available-for-sale financial assets | 21 | 229,136 | 229,136 |
| Deferred tax assets | 28 | 64,095,454 | 59,717,547 |
| Other non-current assets | | 7,254,534 | 4,914,177 |
| | | **3,306,388,536** | **2,854,026,647** |
| **Current assets** | | | |
| Inventories | 23 | 319,402,911 | 285,676,152 |
| Receivable and other current assets | 24 | 305,544,416 | 283,512,404 |
| State and other public entities | 25 | 104,869,759 | 77,343,459 |
| Non current assets held for sale | 33 | 1,224,600 | 1,114,053 |
| Cash and cash equivalents | 2.1.3 and 31 | 193,322,725 | 602,971,772 |
| | | **924,364,411** | **1,250,617,840** |
| **Total Assets** | | **4,230,752,947** | **4,104,644,487** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Share capital | 26 | 106,510,000 | 118,332,445 |
| Treasury shares | 26 | (53,116) | (108,444,835) |
| Share premiums | | 3,923,459 | 3,923,459 |
| Translations reserves | 27 | (39,184,787) | (46,975,997) |
| Fair value reserves | 27 | (7,671,413) | (10,076,983) |
| Other reserves | 27 | 1,009,751,663 | 1,033,462,266 |
| Retained earnings | 27 | (213,326,955) | (202,619,762) |
| Profit for the period | | 51,244,338 | 112,797,846 |
| **Consolidated Shareholder's equity** | | **911,193,189** | **900,398,439** |
| Non-controlling interests | 13 | 298,309,436 | 336,424,414 |
| **Total Equity** | | **1,209,502,625** | **1,236,822,853** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 28 | 331,918,493 | 293,334,065 |
| Pensions and other post-employment benefits | 29 | 5,241,273 | 2,512,719 |
| Provisions | 30 | 78,801,821 | 81,935,468 |
| Interest-bearing liabilities | 31 | 1,312,565,114 | 1,276,083,559 |
| Other non-current liabilities | 32 | 40,915,444 | 38,551,650 |
| | | **1,769,442,145** | **1,692,417,461** |
| **Current liabilities** | | | |
| Interest-bearing liabilities | 31 | 661,271,030 | 712,556,265 |
| Payables and other current liabilities | 32 | 443,161,971 | 343,558,899 |
| State and other public entities | 25 | 147,293,828 | 119,204,285 |
| Liabilities held for sale | 33 | 81,348 | 84,724 |
| | | **1,251,808,177** | **1,175,404,173** |
| **Total Liabilities** | | **3,021,250,322** | **2,867,821,634** |
| **Total equity and liabilities** | | **4,230,752,947** | **4,104,644,487** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 AND 2014

| Amounts in Euro | Note | Share Capital | Treasury Shares | Share Premiums | Fair value reserves | Other reserves | Translation reserves | Retained earnings | Net profit for the period | Total | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Equity as of 1 January 2015** | | **118,332,445** | **(108,444,835)** | **3,923,459** | **(10,076,983)** | **1,033,462,267** | **(46,975,997)** | **(202,619,762)** | **112,797,846** | **900,398,440** | **336,424,414** | **1,236,822,853** |
| Application of 2014 profit of the year: | | | | | | | | | | | | |
| - Transfer to reserves | | - | - | - | - | 72,858,671 | - | - | (72,858,671) | - | - | - |
| - Dividends paid | 14 | - | - | - | - | - | - | - | (39,939,176) | (39,939,176) | - | (39,939,176) |
| Extinction of treasury shares | 26 | (11,822,445) | 108,391,719 | - | - | (96,569,274) | - | - | - | - | - | - |
| Dividends paid by subsidiaries to non-controlling interests | 13 | - | - | - | - | - | - | - | - | - | (63,059,496) | (63,059,496) |
| Income and expenses recognized directly in equity* | | - | - | - | 2,405,570 | - | 7,791,210 | (10,707,193) | - | (510,413) | 3,844,487 | 3,334,074 |
| Other movements | | - | - | - | - | - | - | - | 2 | 2 | (33,630) | (33,629) |
| Net profit for the period | | - | - | - | - | - | - | - | 51,244,338 | 51,244,338 | 21,133,661 | 72,377,999 |
| **Equity as of 30 June 2015** | | **106,510,000** | **(53,116)** | **3,923,459** | **(7,671,413)** | **1,009,751,664** | **(39,184,787)** | **(213,326,955)** | **51,244,339** | **911,193,191** | **298,309,436** | **1,209,502,625** |

** Net of deferred taxes*

| Amounts in Euro | Note | Share Capital | Treasury Shares | Share Premiums | Fair value reserves | Other reserves | Translation reserves | Retained earnings | Net profit for the period | Total | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Equity as of 1 January 2014 (Restated)** | | **118,332,445** | **(47,164,986)** | **3,923,459** | **(14,243,578)** | **924,814,439** | **(49,274,921)** | **(201,788,562)** | **146,125,472** | **880,723,768** | **329,273,818** | **1,209,997,586** |
| Application of 2013 profit of the year | | | | | | | | | | | | |
| - Transfer to retained earnings | | - | - | - | - | 108,647,828 | - | - | (108,647,828) | - | - | - |
| - Dividends/Reserves paid | 14 | - | - | - | - | - | - | - | (37,477,644) | (37,477,644) | - | (37,477,644) |
| Dividends paid by subsidiaries to non-controlling interests | 13 | - | - | - | - | - | - | - | - | - | (40,048,592) | (40,048,592) |
| Income and expenses recognized directly in equity* | | - | - | - | 2,250,189 | - | (7,465,049) | 1,740,631 | - | (3,474,229) | 914,074 | (2,560,155) |
| Differences in non controlling interests acquisitions | | - | - | - | - | - | - | (804,967) | - | (804,967) | (1,662,829) | (2,467,796) |
| Other movements | | - | - | - | - | - | - | (28) | - | (28) | (65,203) | (65,231) |
| Net profit for the period | | - | - | - | - | - | - | - | 47,841,016 | 47,841,016 | 20,140,956 | 67,981,972 |
| **Equity as of 30 June 2014** | | **118,332,445** | **(47,164,986)** | **3,923,459** | **(11,993,389)** | **1,033,462,267** | **(56,739,970)** | **(200,852,926)** | **47,841,016** | **886,807,916** | **308,552,224** | **1,195,360,140** |

** Net of deferred taxes*

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 AND 2014

| Amounts in Euro | Notes | 1st Semester 2015 | 1st Semester 2014 | 2nd Quarter 2015 | 2nd Quarter 2014 |
|---|---|---|---|---|---|
| | | | | *(unaudited)* | *(unaudited)* |
| **OPERATING ACTIVITIES** | | | | | |
| Receipts from customers | | 1,059,111,389 | 1,056,477,119 | 538,591,393 | 543,670,960 |
| Payments to suppliers | | (850,500,380) | (826,307,866) | (445,188,247) | (426,200,539) |
| Payments to personnel | | (89,904,983) | (91,058,817) | (56,775,617) | (37,269,870) |
| Cash flow from operations | | 118,706,026 | 139,110,436 | 36,627,529 | 80,200,551 |
| Income tax received / (paid) | | (1,332,948) | (5,792,356) | (816,573) | (7,426,833) |
| Other receipts / (payments) relating operating activities | | 37,475,333 | 38,157,830 | 71,498,584 | 26,164,664 |
| **Cash flow from operating activities (1)** | | **154,848,411** | **171,475,910** | **107,309,540** | **98,938,382** |
| **INVESTING ACTIVITIES** | | | | | |
| **Inflows:** | | | | | |
| Financial investments | | 88,766 | - | 38,866 | - |
| Property, plant and equipment | | 1,240,531 | 1,249,851 | 1,189,257 | 50,889 |
| Interest and similar income | | 2,031,811 | 2,709,327 | 794,549 | 1,250,869 |
| Dividends | | 1,505,827 | 115,854 | 1,356,063 | - |
| | | 4,866,935 | 4,075,032 | 3,378,735 | 1,301,758 |
| **Outflows:** | | | | | |
| Financial investments | | (147,875,305) | (18,111,798) | (110,516,065) | (3,197,498) |
| Cash and cash equivalents - changes in consolidation perimeter | | 11,620,134 | - | 1,926,505 | - |
| Property, plant and equipment | | (34,351,261) | (12,654,235) | (18,969,680) | (5,389,250) |
| Other assets | | - | - | - | 750,000 |
| | | (170,606,432) | (30,766,033) | (127,559,240) | (7,836,748) |
| **Cash flow from investing activities (2)** | | **(165,739,497)** | **(26,691,001)** | **(124,180,505)** | **(6,534,990)** |
| **FINANCING ACTIVITIES** | | | | | |
| **Inflows:** | | | | | |
| Proceeds from borrowings | | 2,178,198,392 | 664,951,871 | 1,302,377,382 | 280,712,612 |
| | | 2,178,198,392 | 664,951,871 | 1,302,377,382 | 280,712,612 |
| **Outflows:** | | | | | |
| Repayments of borrowings | | (2,431,138,052) | (906,831,994) | (1,431,916,420) | (511,144,973) |
| Repayment of financial leases | | (431,519) | (439,707) | 2,213,194 | (237,685) |
| Interest and similar expenses | | (49,833,257) | (54,473,900) | (33,182,010) | (32,117,417) |
| Dividends | 13 and 14 | (102,693,570) | (76,354,551) | (102,623,552) | (76,151,936) |
| | | (2,584,096,398) | (1,038,100,152) | (1,565,508,788) | (619,652,011) |
| **Cash flow from financing activities (3)** | | **(405,898,006)** | **(373,148,281)** | **(263,131,406)** | **(338,939,399)** |
| **CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)** | | **(416,789,092)** | **(228,363,372)** | **(280,002,371)** | **(246,536,007)** |
| EXCHANGE GAINS/(LOSSES) ON CASH AND CASH EQUIVALENTS | | 7,140,045 | 508,109 | (3,305,556) | (198,725) |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **31** | **602,971,772** | **649,479,098** | **476,630,652** | **668,358,567** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **31** | **193,322,725** | **421,623,835** | **193,322,725** | **421,623,835** |

# INDEX TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2015

(Translation of a report originally issued in Portuguese)

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

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

**Head Office:** Av. Fontes Pereira de Melo, 14, 10th floor, Lisbon
**Share Capital**: Euro 106,510,000
**Corporate body no.:** 502 593 130

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

These consolidated financial statements were approved by the Board of Directors on 27 August 2015.

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

## 1. *Summary of the principal accounting policies*

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

### 1.1 Basis of preparation

The interim consolidated financial statements for the six months period ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting and with the International Financial Reporting Standards adopted by the European Union (IFRS – formerly referred to as the International Accounting Standards - IAS ) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC) in force on the date of preparation of the mentioned financial statements.

The accompanying interim consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 43), and under the historic cost convention, except for biological assets, financial assets at fair value through profit and loss, available-for-sale financial assets and financial instruments, which are recorded at fair value (Notes 18, 20, 21 and 34). Plant, property and equipment acquired previously to 1 January 2004 are measured under its revalued amount.

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

## 1.2 Additional disclosure

*Accounting policies*

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent to those used in the preparation of the financial statements as of 31 December 2014 and stated in the respective attached notes.

*Comparability*

At the end of June 2015, the Brazilian subsidiary, NSOSPE, SA, acquired 50% of the share capital of Supremo Cimentos S.A. and obtained control of 100% of this subsidiary (until then the control was jointly shared with three Brazilian shareholders). Thus, the Group assessed the acquisition differences as at 30 June.

Therefore, the financial position of Supremo was incorporated in the Consolidated Statement of Financial Position as of 30 June 2015 using the full consolidation method. In the consolidated income statement, taking into account that the acquisition differences assessment was performed with reference to June 30, no results of operations of this subsidiary were incorporated under the full consolidation method (line by line). The first semester results were recognised by the equity accounting method (applicable throughout the first semester of 2015).

Additionally, in February 2015, the Group acquired 99.89% of AMS which is integrated in this consolidated financial statements by the full method with reference to January 1, 2015.

## 1.3 Basis of Consolidation

### 1.3.1 Subsidiaries

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

These company's shareholders equity and net income/loss, corresponding to the third-party investment in such companies, are presented under the caption non-controlling interests respectively in the Consolidated statement of financial position, in a separate component of shareholders' equity, and in the Consolidated income statement. Companies included in the consolidated financial statements are detailed in Note 43.

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

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

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

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

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

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

### 1.3.2 Associates

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

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

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

An evaluation of investments occurs when there are signs that the asset could be impaired, and any identified impairment losses are recorded under the same caption. With the exception of goodwill, when the impairment losses recognised in prior years no longer exist, they are reversed.

When the Group's share in the associate's losses is equal to or exceeds its investment in the associate, the Group ceases to recognise additional losses, except where it has assumed liability or made payments in the associate's name. Unrealised gains on transactions with associates are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

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

### 1.3.3 Joint Ventures

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

Jointly-controlled entities are included in the consolidated financial statements under the equity method, recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' equity (including net income/loss) and by dividends received.

## 1.4 Segmental reporting

An operating segment is a component of an entity:

a) that engages in business activities that may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

b) whose operating results are regularly reviewed by the chief operating decision maker of the entity for the purposes of making decisions about allocating resources to the segment and assessing its performance; and

c) for which separate financial information is available.

Operating segments are consistently disclosed with the internal model of management information provided to the chief operating decision maker of the entity (CODM-Chief Operating Decision-Maker). The CODM is responsible for allocating resources to the segment and assess its performance, as well as for the strategic decision making.

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

*Pulp and paper*

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

*Cement and derivatives*

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

The Group holds 100% interests in Supremo Cimentos, S.A., a cement company on the south of Brazil (State of Santa Catarina), with a fully integrated mill of clinker and cement in Pomerode, as well as aggregate and concrete operations.

*Environment*

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

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

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

## 1.5 Foreign currency translation

### 1.5.1 Functional and reporting currency

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

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

### 1.5.2 Balances and transactions expressed in foreign currencies

All the Group's assets and liabilities denominated in foreign currencies were converted into Euro using the exchange rates ruling at the statement of financial position.

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

### 1.5.3 Group companies

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

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

The resulting exchange rate differences are recognised as a separate component of shareholders' equity, under the caption Translation reserve;

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

## 1.6 Intangible assets

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

### 1.6.1 CO2 Emission rights

The CO2 emission rights attributed to the Group at no cost within the PNALE II (national plan for the assignment of CO2 emission rights), are recognised at fair value under the caption Intangible assets on the assignment date, with a corresponding liability being recorded under Deferred income – grants, for the same amount.

The Group records as an operating cost with a corresponding liability and an operating income as a result of the recognition of the proportion of the corresponding grant relating to the Group's CO2 emissions.

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

At the date of the consolidated statement of financial position, CO2 emission rights' portfolio valued at the lower of the assumed acquisition cost or their market value. On the other hand, liabilities due for those emissions are valued at market value at the same date.

### 1.6.2 Brands

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

On subsequent measurement, brands are stated in the Group's consolidated financial statements at cost less accumulated amortization and impairment losses.

## 1.7 *Goodwill*

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

Goodwill is not amortised and is subject to impairment tests at least once a year. Impairment losses relating to Goodwill cannot be reversed. Gains or losses arising from the sale of an entity include the amount of the corresponding Goodwill.

## 1.8 Property, Plant and Equipment

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

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

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

Subsequent costs are included in acquisition cost of the asset or recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the company and the respective cost can be reliably measured. Other repairs and maintenance costs are recognised as a cost in the period they are incurred.

Depreciation is calculated over the acquisition cost, using the straight-line method since the asset is available for use and using the rates that best reflect their estimated useful life, as follows:

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

The residual values of the assets and respective useful lives are reviewed and adjusted when necessary at the statement of financial position date. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is booked (Note 1.10).

Gains or losses arising on the write off or disposal represent the difference between the proceeds received on disposal less costs to sell and the asset's carrying amount, and are recognised in the income statement as other operating income or expenses.

## 1.9 Investment properties

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

## 1.10 Impairment of non-current assets

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

Impairment losses are recognised as the amount of the excess of the asset's carrying value over its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell amount and the value in use.

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

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

The reversal of impairment losses is recognised in the income statement as other operating income, unless the asset has been revalue in which case the reversal corresponds to an additional revaluation. However, the reversal of the impairment loss is reversed only up to the limit of the amount that would have been recognised (net of amortization or depreciation) had the impairment loss not been recorded in previous years.

## 1.11 Biological assets

Biological assets are measured at fair value, less estimated costs to sell at harvest. The Group's biological assets comprise the forests held for the production of timber, suitable for incorporating in the production process of BEKP, including other species like pine and oak forest.

When calculating the fair value of the forests, the Group used the discounted cash flows method, based on a model developed in house that is subject to periodical reviews by external and independent experts, which considers assumptions about the nature of the assets being valued, namely, the expected yield of the forests, the timber selling price deducted by costs relating to harvest and transportation the rents of the woodlands (own and rented) and also plantation costs, maintenance costs and a discount rate.

The costs incurred to prepare land for first afforestation are considered as a tangible asset, depreciated over their expected useful life.

The discount rate was determined on the basis of the Group's expected rate of return on its forests and the related risks.

Fair value adjustments resulting from changes in estimates of growth, growth period, price, cost and other assumptions are recognised as changes in fair value of biological assets on the income statement.

At the time of harvest, wood is recognised at fair value less estimated costs at point of sale, within today correspond to the unit factories.

## 1.12 Financial investments

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

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

Financial investments are initially recorded at the acquisition cost, and the fair value is equal to the price paid, including transaction expenses except for the assets at fair value through profit and loss. The subsequent measurement depends on the category the investment falls under, as follows:

*Loans granted and receivables*

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

*Financial assets at fair value through profit and loss*

A financial asset is classified under this category if primarily acquired for the purpose of being sold in the short-term or if so designated by management. Assets in this category are classified as current if held for trading or if they are realisable in a period of up to 12 months of the statement of financial position date. These investments are measured at fair value through the income statement (Note 20).

*Investments held to maturity*

Investments held to maturity are non-derivative financial assets, with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold to maturity. Investments in this category are recorded at amortised cost using the effective interest rate method.

*Available for sale financial assets*

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

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

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

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

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

An impairment loss recognised on available-for-sale financial assets is reversed if the loss was caused by specific external events of an exceptional nature that are not expected to recur but which subsequent external events have reversed. For equity investments hold by third parties classified under this category, the reversal does not affect the income statement and the assets subsequent increase in value is thus taken to the fair value reserve.

## 1.13 Derivative financial instruments and hedge accounting

*Derivative financial instruments*

The Group uses derivative financial instruments to manage the financial risks to which it is exposed.

Although the derivative financial instruments contracted represent effective economic hedging instruments, not all of them qualify as hedging instruments in accordance with the rules and requirements of IAS 39. Derivative financial instruments, which do not qualify as hedging instruments, are stated on the balance sheet at fair value and changes in fair value are recognised in gains and losses in financial instruments (Note 10).

Whenever possible, the fair value of derivatives is estimated based on quoted instruments. In the absence of market prices, the fair value of derivatives is estimated based on the discounted cash flow method and option valuation models, in accordance with the assumptions generally used in the market. The fair value of derivative financial instruments is mainly included in the captions receivables and other-current assets and payables and other-current liabilities.

The derivative financial instruments used for hedge purposes may be classified as hedge instruments whether they fulfil all of the following conditions:

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

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

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

iv) For cash flow hedge operations, the hedging should be highly probable.

Whenever expectations of changes in interest or exchange rates justify it, the Group seeks to hedge against adverse movements through derivative instruments, such as interest rate swaps (IRS), exchange an interest rate collars, exchange forwards, etc.

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

*Coverage of cash flows (interest rate and exchange risk rate)*

In order to manage the risk of interest and exchange rates, the Group enters into cash flow hedge.

Those transactions are recorded in the consolidated statement of financial position at their fair value and, to the extent that they are considered effective hedging's, changes in fair value are initially recorded in shareholder's equity and recycled to financial results under the caption gains / (losses) in derivative financial instruments at the settlement date.

If the hedge instruments present ineffectiveness, that inefficiency is immediately recognised in profit and loss. As so, net expenses associated to the hedged interest-bearing liabilities are deferred in accordance with the hired hedging instrument inherent rate.

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

*Net investment hedging (exchange rate risk)*

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

Those exchange rate forwards, hired as hedging derivative financial instruments over foreign subsidiaries, are recorded at their fair value in the consolidated statement of financial position. As long as they meet the conditions to be considered effective, changes in fair value of the exchange rate forwards are recorded directly on equity, as translation reserves. Gains and losses accumulated in those reserves are recycled to the income statement when the foreign subsidiaries are disposed.

## 1.14 Corporate income tax

Corporate income tax comprises current and deferred tax.

*Current income tax*

Current income tax is calculated based on net income, adjusted in conformity with tax legislation in force at the consolidated statement of financial position date.

*Deferred tax*

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

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

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

*Tax business group*

Group Semapa is subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code (CIT code).

Since 1 January 2014, Secil Group and Portucel Group were included in the tax business group led by Semapa as the dominant society in addition to the subsidiaries that already complied with the requirements and therefore were already within the tax consolidation perimeter.

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise income tax (CIT) as though they were taxed on an individual basis. However the liabilities are recognised as due to the dominant entity of the tax business group, currently Semapa, SGPS, S.A. which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

## 1.15 Inventory

Inventories are valued in accordance with the following criteria:

i) Goods and raw materials

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

ii) Finished products and work in progress

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

The net realisable value corresponds to the estimated selling price after deducting estimated completion and selling costs. Differences between costs and net realisable value, if lower, are recorded under the caption Inventories consumed and sold.

## 1.16 Receivables and other current assets

Debtors' balances and other current assets are recorded at fair value and are subsequently recognised at their amortised cost, net of impairment losses, so as to state them at their expected net realisable value (Note 24).

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

## 1.17 Cash and cash equivalents

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

## 1.18 Share capital and treasury shares

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

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

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

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

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

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

## 1.19 Interest-bearing liabilities

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

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

## 1.20 Borrowing costs

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

Borrowing costs directly related to the acquisition, construction or production of fixed assets are capitalised when their construction period exceeds one year, and form part of the asset's cost.

Capitalization of these charges commences after the start of the asset's preparation or development activities and ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed or when the relevant project is suspended or substantially concluded.

Any financial income directly related to a specific investment is deducted from the borrowing costs of the referred asset.

## 1.21 Provisions

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

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

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimizing energy consumption, atmospheric emissions, the production of residues and noise, those established for the execution of plans for visual and landscaping

rehabilitation), are capitalised when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to prolong life expectancy, increase capacity or improve the safety or efficiency of other assets owned by the Group (Notes 30 and 37).

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

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

## 1.22 Pensions and other post-employment benefits

### 1.22.1 Pensions obligations –defined benefit plans

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

As referred to in Note 29, the Group constituted autonomous Pension Funds as a means of funding a part of the commitments for such payments. According to IAS 19, companies with pension plans recognise the costs with the granting of these benefits as and when the services are rendered by the beneficiary employees. In this manner, the Group's total liability is estimated at least every six months at the date of the interim and annual financial statements, for each plan separately by an independent and specialised entity in conformity with the projected unit credit method.

The costs relating to past liabilities, which result from the implementation of a new plan or additional benefits granted, are recognised immediately in situations in which the benefits are being paid or are overdue. The calculated liability is presented in the Consolidated statement of financial position after deducting the market value of the funds constituted, under the caption Pensions and other post-employment benefits included in non-current liabilities.

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

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

### 1.22.2 Pension obligations – defined contribution plans

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

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

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

### 1.22.3 Holidays pay, allowances and bonuses

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

According to the current Performance Management System ("Sistema de Gestão de Desempenho"), employees have the right to a bonus based on annually-defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

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

## 1.23 Payables and other current liabilities

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

## 1.24 Non-current assets held for sale and discontinued operations

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

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

From the moment that certain tangible assets are considered as "held for sale", depreciation ceases, and the assets are classified as non-current assets held for sale.

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

## 1.25 Government grants

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

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

Government grants that the Group receives to compensate its capital expenditures are reported under the caption Payables and other current liabilities and are recognised in the income statement during the estimated useful life of the granted asset, by deducting the value of its amortisation.

## 1.26 Leases

Fixed assets acquired under leasing contracts, as well as the corresponding liabilities, are recorded using the financial method. According to this method, the asset's cost is recorded in property, plant and equipment and the

corresponding liability is recognised under the caption interest- bearing liabilities- financial leases, while the interest included in the instalments and the asset's depreciation, calculated as described in Note 1.8, are recorded as costs in the income statement of the period to which they relate.

Leases, under which a significant part of the risks and benefits of the property is assumed by the lessor, with the Group being the lessee, are classified as operating leases. Payments made under operating leases, net of any incentives received by the lessee, are recorded in the income statement during the period of the lease (Note 39).

Leases included in contracts according to IFRIC 4

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

## 1.27 Dividends distribution

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

## 1.28 Revenue recognition and accrual basis

Revenue recognition

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

Sales are recognised net of taxes, discounts and other costs associated with their realisation, at the fair value of the amount received or receivable.

The income derived from the services rendered is recognised in the consolidated income statement with reference to the stage of completion of the services rendered at the consolidated statement of financial position date.

Accrual accounting principle

Interest received is recognised in accordance with the principle of accrual accounting, taking into consideration the amount of debt and the effective rate of interest during the period to maturity.

The Group companies record their costs and income in accordance with the accrual accounting principle, in terms of which costs and income are recognised as and when generated, irrespective of the moment in which they are received or paid. The differences between the amounts received and paid and the respective costs and income are recognized in the Receivables and other current assets and Payables and other current liabilities headings (Notes 24 and 32, respectively).

## 1.29 Contingent assets and liabilities

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

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

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

### 1.30 Subsequent events

Events after balance sheet date which provide additional information about the conditions prevailing at the date of the balance sheet are reflected in the consolidated financial statements. Subsequent events which provide information about conditions which occur after the balance sheet date are disclosed in the notes to the consolidated financial statements, if material.

### 1.31 New standards, changes and interpretation of existing standards

The application of the interpretations and amendments to the standards mentioned below, are mandatory by the IASB for the financial years that begin on or after 1 January 2015:

| New standards, mandatory in 30 June 2015 | Effective date * |
|---|---|
| Improvements to standards 2011-2013 | 1 January 2015 |
| IFRIC 21 - Levies | 1 January 2015 |
| Improvements to standards 2010-2012 | 1 February 2015 |
| IAS 19 - Employee benefits | 1 February 2015 |

** Periods beggining in or after*

The adoption of these standards did not have any relevant impact in the Group's consolidated financial statements beside the previous identified in this report namely regarding IFRS 11 (Note 1.2).

#### New standards and interpretations not mandatory as at 30 June 2015:

There are new standards, interpretations and amendments of existing standards, that despite having already been published, they are only mandatory for the periods starting after 1 January 2015, which the Group decided not to early adopt in the current period, as follows:

| Standards effective after 1 July 2015, not yet aproved by EU | Effective date * |
|---|---|
| IAS 1 – Presentation of Financial Statements (amendment): Review of disclosures | 1 January 2016 |
| IAS 16 – Property, Plant and equipment and IAS 38 – Intangible assets (amendment): Acceptable methods of depreciation and amortisation | 1 January 2016 |
| IAS 16 – Property, Plant and Equipment e IAS 41 – Agriculture (amendment): plants that produce consumable biological assets | 1 January 2016 |
| IAS 27 – Separate Financial Statements (amendment): equity accounting method in the separate financial statements | 1 January 2016 |
| Amendment to IFRS 10 and IAS 28: sale or contribution of assets between an investor and his Associate or Joint Venture | 1 January 2016 |
| Amendment to IFRS 10 and 12 and IAS 28: Investment entities: application of the exemption from the obligation to consolidate | 1 January 2016 |
| IFRS 11 – Joint arrangements (amendment): accounting for acquisitions of interests in joint operations | 1 January 2016 |
| Improvements to standards 2012-2014 | 1 January 2016 |
| IFRS 9 - Financial instruments | 1 January 2018 |
| IFRS 14 - Regulatory Deferral Accounts | 1 January 2016 |
| IFRS 15 - Revenue from contracts with customers | 1 January 2017 |

** Periods beggining in or after*

The Group will adopt the new standards in the years in which they become of effective implementation. Up to the date of issuing this report, the Group had not yet assessed the effects of any changes arising from the adoption of these standards.

## 2. *Risk management*

### 2.1 Financial risk factors

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

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

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

### 2.1.1 Currency risk

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

Regarding the Pulp and Paper segment a significant portion of its sales is denominated in currencies other than Euro. Thus, its development could have a significant impact on future sales of the Company mainly regarding USD exposure. Also sales in GBP, PLN and CHF have some expression, as sales in other currencies are less significant.

Purchases of certain raw materials are made in USD, particularly the share of imports of wood pulp and softwood; therefore variations in this currency may have an impact on acquisition values.

Furthermore, once a sale is made in a currency other than the Euro, the Group takes on an exchange risk up to the time it receives the proceeds of that sale, if no hedging instruments are in place. Therefore, the Group is permanently exposed to currency risk trough a significant amount of receivables and, albeit with lesser significance, payables.

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

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

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

The Group's exposure to foreign exchange rate risk as of 30 June 2015, based on the financial assets and liabilities comprises within the consolidated financial position that amount to a net active figure of Euro 9,829,051 (31 December 2014: Euro 89,305,838 liability position) converted at the exchange rate as of that date is detailed as follows:

| Amounts in Foreign Currency | United States Dollar | British Pound | Polish Zloty | Swedish Frona | Turkish libra | Swiss Franc | Danish Krone | Brazilian Real |
|---|---|---|---|---|---|---|---|---|
| **As of 30 June 2015** | | | | | | | | |
| **Assets** | | | | | | | | |
| Cash ans cash equivalents | 69,055,143 | 1,936,362 | 70,291 | 30,322 | 65,834 | 248,630 | 66,972 | 13,442,997 |
| Receivables | 54,169,571 | 13,994,920 | 2,510,153 | 501,224 | - | 2,548,413 | 147,353 | 502,492 |
| Joint Ventures | - | - | - | - | - | - | - | 17,691,101 |
| Other assets | 786,587 | - | - | - | - | - | - | 28,136,768 |
| **Total Financial Assets** | **124,011,301** | **15,931,282** | **2,580,444** | **531,546** | **65,834** | **2,797,043** | **214,325** | **59,773,358** |
| **Liabilities** | | | | | | | | |
| Bearing liabilities | (6,613,157) | - | - | - | - | - | - | 832,825,375 |
| Payables | (6,910,881) | (304,499) | (2,044) | (20,971) | (23,774) | (6,261) | - | 222,096,297 |
| **Total Financial Liabilities** | **(13,524,039)** | **(304,499)** | **(2,044)** | **(20,971)** | **(23,774)** | **(6,261)** | **-** | **1,054,921,672** |
| Derivative financial instruments | **(313,910,000)** | **(5,175,000)** | **-** | **-** | **-** | **-** | **-** | **(128,100,000)** |
| Net financial position | **(203,422,738)** | **10,451,783** | **2,578,399** | **510,575** | **42,060** | **2,790,782** | **214,325** | **986,595,030** |
| **As of December 2014** | | | | | | | | |
| Total Financial Assets | 187,786,189 | 9,092,628 | 3,785,505 | 1,318,718 | - | 3,520,448 | 654,083 | 340,646,028 |
| Total Financial Liabilities | (71,874,589) | (149,781) | (2,044) | (215,408) | - | - | - | (153,447,068) |
| Derivative financial instruments | **(234,880,000)** | **(7,100,000)** | **-** | **-** | **-** | **-** | **-** | **(128,100,000)** |
| Net financial position | **(118,968,400)** | **1,842,847** | **3,783,461** | **1,103,310** | **-** | **3,520,448** | **654,083** | **59,098,960** |

| Amounts in Foreign Currency | Australian Dollar | Norwegian Kroner | Mozambican Metical | Moroccan Diram | 000 Lebanese Pounds | Tunisian Dinar | Angolan Kwanza |
|---|---|---|---|---|---|---|---|
| **As of 30 June 2015** | | | | | | | |
| **Assets** | | | | | | | |
| Cash ans cash equivalents | - | 54,839 | 39,933,756 | 386,195 | 33,828,590 | 31,677,787 | 1,499,491,458 |
| Receivables | 20,058 | 1,070,894 | 50,281 | - | 24,135,509 | 29,477,352 | 226,580,355 |
| Joint Ventures | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | 6,832,709 | - |
| **Total Financial Assets** | **20,058** | **1,125,733** | **39,984,037** | **386,195** | **57,964,098** | **67,987,849** | **1,726,071,814** |
| **Liabilities** | | | | | | | |
| Bearing liabilities | - | - | (12,400,000) | - | (9,040,404) | (67,431,052) | (1,581,921,632) |
| Payables | - | - | (38,093,463) | (107,059) | (28,843,424) | (28,378,866) | (91,603,665) |
| **Total Financial Liabilities** | **-** | **-** | **(50,493,463)** | **(107,059)** | **(37,883,828)** | **(95,809,918)** | **(1,673,525,297)** |
| Derivative financial instruments | - | - | - | - | - | - | - |
| Net financial position | **20,058** | **1,125,733** | **(10,509,426)** | **279,136** | **20,080,270** | **(27,822,069)** | **52,546,516** |
| **As of December 2014** | | | | | | | |
| Total Financial Assets | - | 2,188,146 | 14,967,238 | 152,654 | 95,534,540 | 55,037,837 | 1,392,206,768 |
| Total Financial Liabilities | (13,029) | - | (19,081,477) | (59,798) | (42,244,853) | (92,434,420) | (1,340,808,332) |
| Derivative financial instruments | - | - | - | - | - | - | - |
| Net financial position | **(13,029)** | **2,188,146** | **(4,114,239)** | **92,856** | **53,289,688** | **(37,396,583)** | **51,398,436** |

The exchange rate derivative financial instruments aim hedge the currency risk of future transactions in foreign currency.

### 2.1.2 Interest rate risk

A significant share of the Group's financial liabilities costs are indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Company's earnings. Where the Board considers appropriate, the Group relies on the use of derivative financial instruments, including interest rate swaps and collars to manage the interest rate risk, and these tools aim to fix the interest rate on loans it obtains, within certain parameters.

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

During 2009 Semapa SGPS, S.A. contracted three interest rate collar structures over two bond loans maturing in 2016, in order to fix the interest costs within a certain limit of payments.

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

On 30 June 2015 and 31 December 2014, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturities and the next re-pricing, was as follows:

| Amounts in Euro | Until 1 month | 1-3 months | 3-12 months | 1-5 years | + 5 years | Total |
|---|---|---|---|---|---|---|
| As of 30 June 2015 | | | | | | |
| **Assets** | | | | | | |
| Non-current | | | | | | |
| Other non-current assets | - | - | - | - | - | - |
| Current | | | | | | |
| Cash and cash equivalents | 166,574,753 | 26,097,224 | - | - | - | 192,671,977 |
| **Total financial assets** | **166,574,753** | **26,097,224** | **-** | **-** | **-** | **192,671,977** |
| **Liabilities** | | | | | | |
| Non-current | | | | | | |
| Interest bearing liabilities | 180,234,074 | 68,499,295 | 625,099,657 | 444,315,864 | 758,105 | 1,318,906,996 |
| Other liabilities | - | - | - | - | - | - |
| Current | | | | | | |
| Interest bearing liabilities | 377,192,051 | 27,852,447 | 248,132,661 | 5,332,550 | - | 658,509,709 |
| **Total financial liabilities** | **557,426,125** | **96,351,742** | **873,232,318** | **449,648,414** | **758,105** | **1,977,416,705** |
| **Difference** | **(390,851,372)** | **(70,254,518)** | **(873,232,318)** | **(449,648,414)** | **(758,105)** | **(1,784,744,728)** |

| Amounts in Euro | Until 1 month | 1-3 months | 3-12 months | 1-5 years | + 5 years | Total |
|---|---|---|---|---|---|---|
| As of 31 December 2014 | | | | | | |
| **Assets** | | | | | | |
| Non-current | | | | | | |
| Other non-current assets | - | - | - | - | - | - |
| Current | | | | | | |
| Cash and cash equivalents | 580,329,895 | 22,641,877 | - | - | - | 602,971,772 |
| **Total financial assets** | **580,329,895** | **22,641,877** | **-** | **-** | **-** | **602,971,772** |
| **Liabilities** | | | | | | |
| Non-current | | | | | | |
| Interest bearing liabilities | 14,688,934 | 143,667,656 | 337,261,905 | 436,307,115 | 350,897,437 | 1,282,823,047 |
| Other liabilities | - | - | - | - | - | - |
| Current | | | | | | |
| Interest bearing liabilities | 121,411,381 | 109,648,649 | 474,039,763 | 6,726,530 | - | 711,826,323 |
| **Total financial liabilities** | **136,100,315** | **253,316,305** | **811,301,668** | **443,033,645** | **350,897,437** | **1,994,649,370** |
| **Difference** | **444,229,580** | **(230,674,428)** | **(811,301,668)** | **(443,033,645)** | **(350,897,437)** | **(1,391,677,598)** |

Semapa uses the sensibility analysis technique to measure impacts on earnings and equity of increase or decrease on interest rates maintaining the other variables constant. This analysis is only for theoretical reasons since changes in interest rates rarely occur in isolation from changes in other market factors.

The sensitivity analysis is based on the following assumptions:

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

### 2.1.3 Credit risk

The Group is exposed to credit risk in the credit it grants to its customers and, accordingly, it has adopted a policy of managing such risk within present limits, by serving insurance policies with a specialized independent company.

The deterioration in global economic conditions or adverse situations which only affect economies at the local level could give rise to situations in which customers are unable to meet their commitments stemming from the sales of products.

Credit insurance has been one of the instruments adopted by the Semapa Group to mitigate the negative impact of this type of risk. Sales that are not covered by credit insurance are subject to rules which ensure that sales are made to customers with a satisfactory credit history and are within reasonable exposure limits and approved for each costumer.

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

As of 30 June 2015 and 31 December 2014, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances before impairment charges:

| | | | | Total | |
|---|---|---|---|---|---|
| Amounts in Euro | Paper | Cement | Environment | 30-06-2015 | 31-12-2014 |
| Not overdue | 195,115,345 | 39,640,442 | 3,337,259 | 238,093,046 | 190,024,674 |
| 1 to 90 days | 4,493,120 | 15,077,844 | 2,043,267 | 21,614,231 | 32,830,877 |
| 91 to 180 days | 1,020,976 | 1,782,518 | 1,333,198 | 4,136,692 | 3,149,781 |
| 181 to 360 days | 962,538 | 2,889,518 | 58,397 | 3,910,453 | 2,097,724 |
| 361 to 540 days | 258,531 | 1,119,235 | 15,878 | 1,393,644 | 1,661,527 |
| 541 to 720 days | 363,248 | 1,019,997 | 118,102 | 1,501,347 | 1,267,191 |
| more than 721 days | 100,269 | 12,205,727 | 765,814 | 13,071,810 | 12,657,902 |
| | **202,314,026** | **73,735,281** | **7,671,915** | **283,721,222** | **243,689,676** |
| Litigation - doubtful debts | 1,264,587 | 9,691,786 | - | 10,956,373 | 11,557,198 |
| Impairments (Note 22) | (1,092,372) | (24,178,390) | (629,009) | (25,899,771) | (26,440,980) |
| **Net clients balance (Note 24)** | **202,486,241** | **59,248,677** | **7,042,906** | **268,777,824** | **228,805,894** |

The presented amounts correspond to the open items by the contracted due dates. Despite some delays in the liquidation of those amounts, that does not result, in accordance with the available information, in the identification of impairments further than the ones considered through the respective losses.

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

The table below represents the quality of the Group's credit risk, as of 30 June 2015 and 31 December 2014, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| AA- | 25,264,331 | 49,279,195 |
| A+ | 21,329 | 100,064,147 |
| A | 33,434,347 | 82,591,756 |
| A- | 97,081 | 55,460 |
| BBB+ | 1,268,037 | 77,881 |
| BBB | 641,829 | 20,109,900 |
| BBB- | 819,199 | 27 |
| BB | 1,919,771 | 80,758,978 |
| BB- | 6,752,169 | 152,144,881 |
| B+ | 7,440,018 | 39,907,523 |
| B | - | 52,664 |
| Others | 115,013,866 | 77,517,989 |
| | 192,671,977 | 602,560,401 |

The caption others relates mainly to short-term investments with Angola's financial institutions, relatively to which it was not possible to obtain the ratings with reference to the presented dates.

The ageing analysis of receivables already overdue is as follows:

| Amounts in Euro | 30-06-2015 | | 31-12-2014 | |
|---|---|---|---|---|
| | Gross amount | Fair value of Credit Insurance | Gross amount | Fair value of Credit Insurance |
| Accounts receivable overdue but not impaired | | | | |
| Overdue - less than 3 months | 21,509,628 | 5,286,292 | 33,774,424 | 14,974,534 |
| Overdue - more than 3 months | 9,002,933 | 2,167,948 | 5,582,994 | 1,506,206 |
| | 30,512,561 | 7,454,240 | 39,357,418 | 16,480,740 |
| Accounts receivable overdue and impaired | | | | |
| Overdue - less than 3 months | 104,603 | - | 47,944 | - |
| Overdue - more than 3 months | 25,967,384 | - | 26,334,037 | - |
| | 26,071,987 | - | 26,381,981 | - |

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for all accounts receivable from customers and has the procedure of selecting the financial entities for counterparts in its transactions that show solid financial ratings. Thus, it is considered that the effective Group's exposure to the credit risk has been mitigated and is within acceptable levels.

The maximum exposure to the credit risk as at 30 June 2015 and 31 December 2014 is detailed in the following schedule:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Non-Current** | | |
| Available-for-sale financial assets (Note 21) | 229,136 | 229,136 |
| Other non-current assets | 7,254,534 | 4,914,177 |
| **Current** | | |
| Receivables and other current assets (Note 24) | 286,831,116 | 270,639,851 |
| Derivative financial instruments (Note 24) | 842,890 | - |
| Short term bank deposits and other investment | 192,671,977 | 602,560,401 |
| | 487,829,653 | 878,343,565 |
| **Credit risk exposures relating to off balance sheets itens** | | |
| Warranties (Note 39) | 14,951,734 | 16,565,918 |
| | 14,951,734 | 16,565,918 |

### 2.1.4 Liquidity risk

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

The liquidity of the agreed financial liabilities and interest-bearing will generate the following not discounted cash flows, including interests, taking into account the remaining period until maturity at the consolidated statement of financial position date:

| Amounts in Euro | Less than 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| As of 30 June 2015 | | | | | | |
| **Liabilities** | | | | | | |
| Interest bearing liabilities | | | | | | |
| Bond loans | - | 7,134,569 | 216,753,948 | 817,339,815 | 81,270,833 | **1,122,499,164** |
| Commercial paper | 122,241,705 | 2,032,071 | 306,559,770 | 56,478,019 | 39,990,292 | **527,301,856** |
| Bank loans | 16,134,952 | 13,144,634 | 112,468,142 | 218,769,368 | 71,886,788 | **432,403,885** |
| Financial leases payables | 82,802 | 165,606 | 903,050 | 2,831,134 | 990,076 | **4,972,668** |
| Other loans | 94,390 | 509,942 | 9,185,583 | 938,754 | - | **10,728,669** |
| Derivative financial instruments | - | 1,275,016 | 5,489,777 | 8,885,702 | - | **15,650,495** |
| Accounts payable and other liabilities | 119,038,364 | 128,069,384 | 29,680,457 | 35,979,970 | - | **312,768,175** |
| **Total liabilities** | **257,592,213** | **152,331,222** | **681,040,727** | **1,141,222,762** | **194,137,989** | **2,426,324,913** |
| As of December 2014 | | | | | | |
| **Liabilities** | | | | | | |
| Interest bearing liabilities | | | | | | |
| Bond loans | 322,460 | 479,551,764 | 43,561,012 | 648,392,083 | 442,154,097 | **1,613,981,416** |
| Commercial paper | 43,579,878 | 216,899 | 129,966,067 | 95,410,892 | 20,371,656 | **289,545,392** |
| Bank loans | 4,868,544 | 9,105,100 | 52,855,313 | 183,832,818 | 46,004,114 | **296,665,889** |
| Financial leases payables | 80,369 | 155,269 | 865,434 | 3,305,282 | 1,041,239 | **5,447,593** |
| Other loans | 371,925 | 226,771 | 2,754,959 | 5,641,512 | - | **8,995,167** |
| Derivative financial instruments | - | 407,410 | 10,607,527 | 8,483,036 | - | **19,497,973** |
| Accounts payable and other liabilities | 82,775,572 | 86,980,001 | 16,485,840 | 1,444,899 | - | **187,686,312** |
| **Total liabilities** | **131,998,748** | **576,643,214** | **257,096,152** | **946,510,522** | **509,571,106** | **2,421,819,742** |

As of 30 June 2015 and 31 December 2014, bank loans granted and not withdrawn amount to Euro 695,371,907 and Euro 758,311,960, respectively.

### 2.1.5 Capital Risk

The objectives of Semapa when managing capital are to safeguard the Group´s ability to continue as a going concern and value creation for shareholders, through a conservative dividend policy based on principles of financial strength. The aim has been to maintain a financial structure compatible with the Group´s sustained growth and different business areas, whilst maintaining sound solvency and financial autonomy indicators. Accordingly, capital for the purposes of capital management corresponds to the shareholders equity and it is not considered any financial liability as an integral part thereof.

## 2.2 Operational risk factors

### 2.2.1 Risks relating to the Pulp and Paper segments

*Risks relating to the forestry sector*

By the end of the first semester of 2015, Portucel Group was carrying out the management of woodlands covering an area of around 120 thousand Acres, from the north to the south of the country, including Azores, through 1,373 units located in 167 municipalities, in accordance with the principles laid down in its Forestry Policy. Eucalyptus trees and the forestation areas in progress with similar kind of species occupy 73% of this area, namely the Eucalyptus globulus, the species that is universally acknowledged as the tree with the ideal fibre for producing high quality paper.

The Group is also managing, in a development stage, the forestation of 356,000 Acres in Mozambique, of which 77 thousand Acres were prepared for planting and 4 thousand Acres planted, namely in Manica and Zambésia, under a concession agreement reached with the Mozambican government. The mentioned agreement also provides the construction of an industrial BEKP production unit, together with the construction of an electricity production unit.

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

The main risk factor threatening the eucalyptus forests lies in the low productivity of Portuguese forests and in the worldwide demand for certified products, considering that only a small proportion of the forests is certified. It is expected that this competitive pressure will remain in the future. As an example, the forestry area managed by the Group represents near 3% of Portugal's total forested area, 49% of all certified Portuguese forests according with PECF standards and 35% of all certified Portuguese forests according with FSC standards.

The main risks associated with the sector are the risk attached to the productive capacity of the plantations and the risk of wildfires.

In order to maximize the productive capacity of the areas it manages, the Group has developed and employs Forestry Management models which contribute to the maintenance and on-going improvement of the economic, ecological and social functions of the forestry areas, not only regarding the population but also from the forestry landscape perspective, namely:

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

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

i. To improve the productivity of the eucalyptus forest
ii. To enhance the quality of the fibre produced from the Eucalyptus specie
iii. To implement a sustained forestry management program from an economic, environmental and social perspectives
iv. To enhance practices and processes that reduce wood production costs

The activity of Portucel Group is exposed to risks related to forest fires, including:

i. The destruction of current and future wood stocks owned by the Group and by third parties;
ii. Increase exploration costs and subsequent preparation for planting costs.

The manner in which the Group manages its woodlands constitutes the front line for mitigating this risk.

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

Moreover, the Group has a stake in the Afocelca grouping – a complementary corporate grouping (CCG) between the Portucel Group and the Altri Group, whose mission is to provide assistance to the fight against forest fires at the grouped companies' land holdings, in close coordination and collaboration with the National Civil Protection Authority

(Autoridade Nacional de Protecção Civil – ANPC). This grouping manages an annual budget of some Euro 3 million, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimizing the losses by forest fires for the members of the grouping, which own and manage more than 228 thousand acres of forests in Portugal.

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

*Supply of raw materials*

The wood supplied by the Group's forests represents less than 20% of the Group's needs, meaning the Group needs to buy wood in Iberian market and outside that.

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

The planting of new areas of eucalyptus and pine is subject to the authorization of the relevant entities, so that increases in forested areas, or the substitution of some of the currently used areas depend on forest owners which are estimated in some 400,000, on the applicable legislation and the speed of the responsible authorities in approving the new projects.

If domestic production proved to be insufficient, in volume and in quality, namely of certified wood, the Group could have to place greater reliance on imports of wood from Africa and Latin America.

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

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

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

Furthermore, and considering the unparalleled contribution of the eucalyptus industry to the National Value Added in the Portuguese Economy, direct and indirect, as well as the significance of such industries for exports, the level of employment they provide and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group has been making the Government and the public opinion aware that it is necessary to guarantee that, whilst the internal production of this type of wood does not increase significantly on an economically viable basis, its use as bio fuels for energy production should not be put ahead of its use as a raw material, to be used to produce tradable goods.

In the six months period ended 30 June 2015, an increase of Euro 5 on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had a negative impact in Group's earnings of some Euro 12,00,000 (2014: Euro 10,800,000).

For other raw materials including chemicals, the main risk identified is the lack of availability of products under the increasing demand for these products in emerging markets, particularly in Asia and markets which supply them, you can create specific imbalances of supply and demand.

The Group seeks to mitigate these risks through proactive sourcing, which seeks to identify sources of supply geographically dispersed, yet seeking to ensure supply term that assures volume levels, price and quality consistent with its requirements contracts.

Finally, another resource required for the production process is water. The concern with the use of this resource, which the Group assumes as finite, is significant. Over the past few years investments have been made aimed at reducing the use of water in the process, which decreased more than 12% between 2010 and 2013. In addition, the quality levels achieved in the effluent treatment are among the highest and effluent volumes between 2010 and 2013 have been reduced by more than 11% as a result of investment in process improvement, aimed at minimizing the environmental impact of the Group.

*Market price for UWF, Tissue paper and BEKP*

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

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

In the six months period ended 30 June 2015, a 10% drop in the price per ton of BEKP and of 5% in the price per ton of UWF paper and Tissue sold by the Group in the period, would have represented an negative impact on its earnings of Euro 6,400,000 and Euro 29,000,000, respectively (2014: Euros 5,800,000 and 28,200,000, respectively).

*Demand for Group products*

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

The demand for printing and writing paper has been historically related with macroeconomic factors and the increasing use of copy and print material. A breakdown of the economy and the increase of unemployment, worldwide, can cause a slowdown or decline in demand for printing and writing paper, affecting the performance of the Group.

Consumer preferences may have an impact on global paper demand or in certain particular types of paper, such as the demand for recycled products or products with certified virgin fibber.

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

*Energy*

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

*Country risk – Mozambique*

As the investment project in Mozambique gains relevance, exposure to specific risk in this country increases.

The exposure to this risk means that the planning of investments in terms of timing, choice of suppliers / partners and geographic location is made considering this effect. The Group monitories the achievement of each step in a way that can assume with reasonable certainty that no effects will arise from that risk, conditioning it.

In the six months period ended 30 June 2015, the costs incurred with this project amounted to Euro 39,000,000 (31 December 2014: Euro 27,000,000), mainly related to plantation, land preparation and the identification of eucalyptus species with adequate industrial use to be planted in the areas awarded by the Mozambique State.

*Competition*

Increased competition in paper and pulp markets may have a significant impact in price and as a consequence in the Group's profitability.

As paper and pulp markets are highly competitive, the start of production of new units with added productive capacity may have a relevant impact in prices worldwide.

Producers of BEKP from southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs than the northern hemisphere, have been gaining weight in the market, undermining the competitive position of European pulp producers.

These factors have forced the Group to make significant investments in order to keep production costs competitive and produce high quality products as it is likely that competitive pressure will remain strong in the future.

The Portucel Group sells about 65% of its paper production in Europe, holding significant market shares in Southern European countries and relevant market shares in the other major European markets, as well as an important presence in the USA, equivalent to all other markets (Overseas).

*Concentration of costumer portfolio*

At 30 June 2015, the Group's 10 main BEKP customer groups accounted for 13% of the period's production of BEKP and 69% of external sales of BEKP. This asymmetry is a result of the strategy pursued by the Group, consisting of a growing integration of the BEKP produced into the UWF paper produced and commercialised.

As such, the Group considers that there is little exposure to the risks of customer concentration regarding the sale of BEKP.

At 30 June 2015, the Group's 10 main customer groups for UWF paper represented 53% of this product's sales during the period, although the group's 10 main individual customers do not exceed 19% of total sales. Also regarding UWF paper, the Group follows a strategy of mitigating the risk of customer concentration. The Group sells UWF paper to more than 116 countries and 900 individual customers, thereby allowing a dispersion of the risk of sales concentration amongst a reduced number of markets and/or customers.

*Environmental legislation*

In recent years, environmental legislation in the EU has become increasingly restrictive regarding the control of effluents. The companies of the Group comply with the prevailing legislation.

Although no significant changes in the legislation are expected in the near future, if that were to happen, the Group may need to incur in increased expenditure, in order to comply with any new environmental requirements that may come into force.

To date, the legislative changes that are known relate to the evolution of the system of allocation of EU emission trading of CO2 emission rights (CELE), established by Directive 2003/87/CE, and recently amended by Directive 2009/29/CE (new CELE Directive), which outlines the legal framework of the CELE for the period 2014-2017 and which was transposed into national law by Decree-Law 38/2013 of 15 March, which came to result in reducing the scope of free allocation of CO2 emission rights allowances.

With this scenario, it is expected an increase in the costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO2 that, annually, is absorbed by the forests of this industry.

In order to reduce the impact of this change, the Group has been following a strategy of carrying out a series of environment related investments that, among other advantages, have resulted in a continued reduction of the CO2 emissions, in spite of the continuous increase in the production volume over the last years.

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

*Risks associated with the production of energy*

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

Considering the increasing integration of the Group's mills dedicated to the production of BEKP and UWF paper and as a means of increasing the use of the biomass gathered in the woodlands, the Group built new biomass power generating units.

In this sector, the main risk is linked to the supply of raw material, namely, biomass. The group has played a pioneering role and has been developing a market for the sale of biomass for supplying the power plants it owns. The fostering of this market in a phase prior to the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network which it may utilize in the future.

As previously mentioned, the Group has been making the Government and public opinion aware of the need to guarantee that biomass is viewed in a sustainable manner, avoiding the use of eucalyptus wood for biomass, as an alternative of its use in the production of tradable goods. The incentives in place in Portugal only consider the use of residual forest biomass (BFR) rather than the use of wood to produce electrical power.

In addition, and despite the legal provisions of:

i. Decree-Law 23/2010 and Act 140/2012, revised by the Act 325-A/2012, applicable to the special preproduction regime in cogeneration;

ii. For biomass power plants (CTB) residual forest, dedicated to the production of energy, the legal framework is supported by Decree-Law 33-A / 2005 revised by Decree-Law 225/2007, that changed from 15 to 25 years the guaranteed period of return on the special preproduction regime in cogeneration, anticipating some stability in the tariffs for the near future,

there is a risk that the change in tariffs for sale of energy produced from renewable resources will penalize those products (what have been occurring, with specific measures on the rate and the introduction of the Special Contribution on the Energy Sector in co-generation units). The constant search for the optimization of production costs and efficiency of the generating units is the way the Group seeks to mitigate this risk.

*Risks associated to transport and logistics*

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

*Other risks associated with the pulp and paper segment*

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

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

### 2.2.2 Risks associated to the Cement and derivatives segment

*Supply of raw materials*

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

*Sale price*

The cement and derivatives segment develops its activity in diverse geographically markets and therefore prices depend essentially on the economic situation of each country.

*Demand for Group's products*

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

The construction sector is sensitive to factors such as interest rates and therefore a downturn in economic activity in any specific economy may lead to a recession in this industry.

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

*Competition*

The companies of the segment of Cement and derivatives develop its activity in a strong competitive environment. In the Portuguese market, and in the current context, any excess capacity of national operators together with imports from the Spanish market, which is in sharp decline, may affect the performance of this segment.

*Energy costs*

A significant part of the Group's costs relates to energy costs. Energy is a cost factor with a substantial weight on the business carried on by the Group. The Group hedges to a certain degree against the energy price risk through the usage of alternative fuels at its factories and long-term electric power supply contracts for certain of its energy requirements. However significant fluctuations in electricity and fuel costs can have a negative impact on the Group's business, financial situation and operating profit.

*Country risks – Brazil, Tunisia, Lebanon and Angola*

Secil Group is exposed to the country risk of Brazil, Tunisia, Lebanon and Angola where Group holds investments in production units.

*Environment legislation*

In recent years, UE and national environmental legislation has become increasingly restrictive regarding the control of effluents. Secil Group complies with the prevailing legislation and for that the Group has performed significant investments in the recent years. Although no significant changes in the legislation are expected in the near future, if that were to happen, the Group may need to incur in increased expenditure, in order to comply with any new environmental requirements that may come into force.

### 2.2.3 Risks relating to the Environment segment

*Supply of raw materials*

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

*Sale price*

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

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

*Demand of Group's products*

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

*Competition*

Group ETSA develops its activity in a market where it competes with other companies operating in the collection and recovery of animal by-products and other companies that produce substitutes for these products such as industries

related to the production of cereals and edible oils. In this framework, any increase or decrease in competition will be reflected in the levels of profitability of the Group.

### 2.2.4 Risks relating to the Group in general

*Environmental legislation*

The Group has been following a strategy of carrying out a series of environmental related investments that, among other advantages, have resulted in a continued reduction of the $CO_2$ emissions.

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

*Human Resources*

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

*Other risks*

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

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

### 2.2.5 Context risks

The lack of efficiency in the Portuguese economy continues to be accompanied by management, as it may have a negative effect on the Group's ability to be competitive, particularly in the following areas:

- Ports and railroads;
- Roads particularly those providing access to the Group's producing units;
- Rules regarding territory management and forest fires;
- Low productivity of the country's forests;
- The lack of certification of the vast majority of the Portuguese forest.

## 3. *Important accounting estimates and judgments*

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

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

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

## 3.1 Impairment of *Goodwill*

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

## 3.2 Corporate income tax

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

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

The Board of Directors believes that any reviews/ inspections by tax authorities will not have a material impact on the consolidated financial statements as of 30 June 2015. The income tax returns up to 2012 have already been audited by tax authorities.

## 3.3 Actuarial assumptions

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

## 3.4 Fair value of biological assets

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

As of 30 June 2015, an increase of 0.5% in the discount rate of 8% used to value those assets, would decrease their value by Euro 4.3 million.

## 3.5 Recognition of provisions and adjustments

The Group is involved in several lawsuits underway, for which, based in the opinion of its lawyers, a judgment is made in order to asses if a provision for these contingencies should be booked. Impairment in accounts receivable are calculated essentially based on accounts receivable’s ageing, customers’ risk profile and customers’ financial situation.

# 4. *Segment reporting*

Segmental information is presented in relation to the business segments identified, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. The earnings, assets and liabilities for each segment correspond to those which are directly attributed to them, as well as those which can be imputed to them on a reasonable basis.

*Operating Segments*

Financial information by operating segment for the six months period ended 30 June 2015 is shown as follows:

| Amounts in Euro | Pulp and Paper | Cement and Derivatives | Environment | Holdings | Consolidated |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Revenue | 794,923,624 | 222,226,124 | 12,556,807 | - | 1,029,706,555 |
| Operational results | 122,017,024 | 21,671,443 | 1,985,868 | (1,892,116) | 143,782,219 |
| Net financial results | (17,847,353) | (7,237,434) | (434,807) | (20,496,319) | (46,015,913) |
| Group share of (loss) / gains of associated companies | - | (4,343,583) | - | - | (4,343,583) |
| Income tax expense | (9,249,007) | (6,251,000) | (270,401) | (5,274,316) | (21,044,724) |
| **Retained profit for the period** | **94,920,664** | **3,839,426** | **1,280,660** | **(27,662,751)** | **72,377,999** |
| Retained profit for the period - Attributable to non-controlling interest | (17,854,869) | (3,278,792) | - | - | (21,133,661) |
| **Retained profit for the period - Attributable to Semapa's shareholders** | **77,065,795** | **560,634** | **1,280,660** | **(27,662,751)** | **51,244,338** |
| **OTHER INFORMATION** | | | | | |
| Segment assets | 2,408,344,220 | 1,658,888,016 | 93,374,946 | 70,145,765 | 4,230,752,947 |
| Deferred tax assets | 45,601,088 | 18,445,922 | 48,444 | - | 64,095,454 |
| Total assets of post-employment benefits | 1,578,505 | - | - | - | 1,578,505 |
| Investment in associates and joint venture | - | 3,347,346 | - | - | 3,347,346 |
| Segment liabilities | 1,334,117,778 | 903,587,476 | 33,332,400 | 750,212,668 | 3,021,250,322 |
| Depreciation, amortisation and impairment losses | 68,477,168 | 20,225,678 | 1,444,840 | 110,554 | 90,258,240 |
| Provisions | (5,990,714) | 1,468,012 | 19,796 | (5,510,000) | (10,012,906) |
| Capital expenditures | 73,343,768 | 6,589,579 | 2,647,039 | 8,039 | 82,588,425 |

Financial information by operating segment for the six month period ended 30 June 2014 is shown as follows:

| Amounts in Euro | Pulp and Paper | Cement and Derivatives | Environment | Holdings | Consolidated |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Revenue | 747,169,969 | 217,256,355 | 12,472,587 | - | 976,898,911 |
| Operational results | 104,620,680 | 19,537,580 | 1,030,339 | (4,141,556) | 121,047,043 |
| Net financial results | (16,059,531) | (8,549,069) | (588,113) | (28,410,351) | (53,607,064) |
| Group share of (loss) / gains of associated companies | - | (1,666,567) | - | - | (1,666,567) |
| Income tax expense | (3,357,741) | (1,104,459) | (47,026) | 6,717,786 | 2,208,560 |
| **Retained profit for the period** | **85,203,408** | **8,217,485** | **395,200** | **(25,834,121)** | **67,981,972** |
| Retained profit for the period - Attributable to non-controlling interest | (16,042,801) | (4,098,111) | (44) | - | (20,140,956) |
| **Retained profit for the period - Attributable to Semapa's shareholders** | **69,160,607** | **4,119,374** | **395,156** | **(25,834,121)** | **47,841,016** |
| **OTHER INFORMATION** | | | | | |
| Segment assets | 2,592,103,744 | 1,176,200,784 | 89,823,497 | 128,652,350 | 3,986,780,375 |
| Deferred tax assets | 24,507,579 | 12,794,075 | 704,257 | 33,850,421 | 71,856,332 |
| Total assets of post-employment benefits | 1,981,508 | - | - | - | 1,981,508 |
| Investment in associates and joint venture | - | 93,803,005 | - | - | 93,803,005 |
| Segment liabilities | 1,381,281,649 | 597,605,891 | 31,223,453 | 781,309,242 | 2,791,420,235 |
| Depreciation, amortisation and impairment losses | 59,562,968 | 20,139,488 | 1,244,669 | 167,106 | 81,114,231 |
| Provisions | (5,997,482) | 722,077 | (7,055) | - | (5,282,460) |
| Capital expenditures | 8,059,035 | 7,891,130 | 1,931,613 | 49,649 | 17,931,427 |

### *Geographical segment*

| 1st Semester 2015 | Pulp and Paper | Cement e derivatives | Environment | Total | Total % |
|---|---|---|---|---|---|
| **Sales and services rendered:** | | | | | |
| Portugal | 164,625,404 | 82,955,604 | 9,860,168 | **257,441,176** | 25.00% |
| Rest of Europe | 435,795,185 | 1,491,025 | 2,590,029 | **439,876,239** | 42.72% |
| America | 107,128,926 | 6,694,377 | - | **113,823,303** | 11.05% |
| Africa | 64,138,122 | 87,522,911 | 106,609 | **151,767,642** | 14.74% |
| Asia | 23,089,187 | 43,562,207 | - | **66,651,394** | 6.47% |
| Oceania | 146,801 | - | - | **146,801** | 0.01% |
| | **794,923,625** | **222,226,124** | **12,556,806** | **1,029,706,555** | **100.00%** |

| 1st Semester 2014 | Pulp and Paper | Cement e derivatives | Environment | Total | Total % |
|---|---|---|---|---|---|
| **Sales and services rendered:** | | | | | |
| Portugal | 107,455,143 | 70,502,083 | 9,835,429 | **187,792,655** | 19.22% |
| Rest of Europe | 496,221,214 | 791,862 | 2,477,685 | **499,490,761** | 51.13% |
| America | 57,656,244 | 6,776,765 | - | **64,433,009** | 6.60% |
| Africa | 43,284,048 | 87,765,904 | 159,473 | **131,209,425** | 13.43% |
| Asia | 19,418,478 | 45,207,899 | - | **64,626,377** | 6.62% |
| Overseas | 23,134,842 | 6,211,842 | - | **29,346,684** | 3.00% |
| | **747,169,969** | **217,256,355** | **12,472,587** | **976,898,911** | **100.00%** |

The revenue presented in different operating and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group, not representing any of them, individually, 10% or more of the overall revenue of the Group.

## 5. *Other income*

Other income is detailed as follows for the six months periods ended 30 June 2015 and 2014:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Grants - CO2 emission allowances | 8,241,056 | 8,280,521 |
| Impairment reversal | 1,286,370 | 880,752 |
| Gains on disposal of emission allowances | - | 1,561,769 |
| Supplementary income | 324,862 | 891,384 |
| Gains on disposal of non-current assets | 329,121 | 389,465 |
| Gains on inventories | 1,026,784 | 35,453 |
| Gains on disposals of current assets | 6,160 | 25,234 |
| Government grants | 270,510 | 142,447 |
| Own work capitalised | 7,980,324 | 98,502 |
| Revenues from waste management | 263,446 | 419,103 |
| Other operating income | 7,202,932 | 5,836,739 |
| | **26,931,565** | **18,561,369** |

As of 30 June 2015 the caption Own work capitalised comprises Euros 7,948,442 related to the preparation of land for forestry in the Mozambique project, developed by the Portucel Group, capitalized in accordance with the policy described in Note 1.11.

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

## 6. *Cost, expenses and losses*

Costs, expenses and losses are detailed as follows for the six months periods ended 30 June 2015 and 2014:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| **Cost of sales and services rendered** | | |
| Cost of inventories sold and consumed | (423,835,315) | (411,409,233) |
| | | |
| **Cost of materials and services consumed** | | |
| Energy and fluids | (84,564,649) | (85,712,721) |
| Transportation of goods | (72,867,745) | (75,364,903) |
| Specialised works | (38,261,151) | (37,250,165) |
| Maintenance and repairs | (26,436,966) | (23,530,828) |
| Fees | (3,683,948) | (1,991,753) |
| Insurance | (9,688,281) | (7,755,889) |
| Subcontracts | (3,163,399) | (3,381,774) |
| Others | (52,015,215) | (44,697,769) |
| | **(290,681,354)** | **(279,685,802)** |
| | | |
| **Variation in production** | 15,356,714 | 6,913,107 |
| **Payroll costs** | | |
| Statutory bodies | (12,042,899) | (8,922,752) |
| Other remunerations | (73,147,511) | (65,345,619) |
| Pension costs | (1,329,690) | (1,650,802) |
| Other payroll costs | (26,844,932) | (23,406,611) |
| | **(113,365,032)** | **(99,325,784)** |
| **Other costs and losses** | | |
| Membership fees | (510,590) | (371,395) |
| Donations | (293,149) | (514,485) |
| Cost with emission allowances | (7,652,073) | (7,021,193) |
| Inventories and other receivables impairment | (1,853,101) | (1,128,953) |
| Losses on inventories | (749,962) | (1,299,392) |
| Indirect taxes | (3,504,926) | (3,239,298) |
| Losses on disposal of non-current assets | (699,378) | (113,309) |
| Other operating costs | (4,480,505) | (2,591,503) |
| | **(19,743,684)** | **(16,279,528)** |
| **Provisions** | 10,012,906 | 5,282,460 |
| **Total of Costs, expenses and losses** | **(822,255,765)** | **(794,504,780)** |

The caption Other payroll costs is detailed as follows for the six months periods ended 30 June 2015 and 2014:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| **Other payroll costs** | | |
| Social charges on remuneration | (15,011,121) | (14,411,583) |
| Insurance | (673,765) | (550,246) |
| Social costs | (3,385,204) | (3,166,668) |
| Other payroll costs | (7,774,842) | (5,278,114) |
| | **(26,844,932)** | **(23,406,611)** |

## 7. *Remuneration of statutory bodies*

In the six months period ended 30 June 2015 and 2014, the caption Statutory bodies comprised:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Members of Semapa Board of Directors | 5,675,456 | 5,025,562 |
| Profit-sharing bonuses reclassified to payroll costs | 2,377,075 | - |
| Corporate bodies from other group companies | 3,990,368 | 3,897,190 |
| | **12,042,899** | **8,922,752** |

As of 30 June 2015, the caption Statutory bodies comprises Euro 2.4 million euros of bonuses related to the financial year 2014, whose assignment through a profit-sharing arrangement was determined in the General Meeting of 30 April 2015.

Taking into account that this determination of the General Assembly Meeting was taken after the date that financial statements were authorised for issue and in compliance with the international standards, the profit-sharing bonuses were reclassified to costs of the period.

## 8. *Depreciation, amortisation and impairment losses*

In the first semesters of 2015 and 2014, Depreciation, amortisation and impairment losses were detailed as follows:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| **Depreciation of property, plant and equipment** | | |
| Land | (2,074,034) | (1,215,132) |
| Buildings | (9,064,903) | (8,960,398) |
| Basic equipment and other tangible assets | (83,914,976) | (74,361,336) |
| Government grants to investment | 3,179,377 | 2,940,144 |
| | (91,874,536) | (81,596,722) |
| **Amortisation and impairment of intangible assets** | | |
| Industrial property and other rights | (100,375) | 58,212 |
| **Impairment losses in assets held for sale** | (25,003) | (30,008) |
| **Amortisation in investment properties** | (9,396) | (9,395) |
| **Impairmet (losses) / reversals in tangible assets** | | |
| Land | 812,073 | (105,316) |
| Buildings | 297,584 | 2,223 |
| Basic equipment | 694,554 | 566,775 |
| Assets under construction | (53,141) | - |
| | 1,751,070 | 463,682 |
| | **(90,258,240)** | **(81,114,231)** |

## 9. *Group share of (loss) /gains of associated companies and joint ventures*

For the six months periods ended 30 June 2015 and 2014, the Group recorded its share of the net income/ (loss) of associated companies and joint-ventures as follows:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| **Joint ventures** | | |
| Supremo Cimentos, S.A. | (5,551,271) | (2,437,208) |
| **Related Parties** | | |
| Setefrete, SGPS, S.A. | 1,159,706 | 723,055 |
| J.M.J. - Henriques, Lda. | (69) | (45) |
| Ave-Gestão Ambiental e Val. Energética, S.A. | 48,051 | 47,631 |
| | **(4,343,583)** | **(1,666,567)** |

Supremo Cimentos appropriated results correspond to the application of the equity method (50% interest) during the first semester of 2015. Due to the acquisition of the remaining 50% occurred at the end of June, as at 30 June 2015, the group applied the full consolidation method to this subsidiary.

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

## 10. *Net financial results*

Net financial results are detailed as follows for the six months periods ended 30 June 2015 and 2014:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Interest paid on loans from shareholders | (7,987) | (249,999) |
| Interest paid on borrowings | (36,771,850) | (47,196,439) |
| Interest earned on loans from associated companies and joint ventures | 2,537,642 | 614,158 |
| Other interest earned | 1,633,415 | 2,729,137 |
| Fair value in available-for-sale financial assets | - | (146,430) |
| Gains / (losses) on fair value financial assets valuation | (47,404) | (29,346) |
| Gains / (losses) on financial instruments - hedging | (9,320,081) | 507,850 |
| Gains / (losses) on financial instruments - trading | 1,106,737 | (1,745,766) |
| Commissions on loans and expenditure on credit opening | (1,577,804) | (1,735,080) |
| Foreign exchange gains / (losses) | 1,076,786 | (2,442,621) |
| Compensatory interest | 72,296 | 207,792 |
| Other financial expenses | (5,025,613) | (4,183,600) |
| Other financial income | 307,950 | 63,280 |
| | **(46,015,913)** | **(53,607,064)** |

The caption financial assets at fair value through profit and loss resulting from changes in fair value recorded in listed securities held by the Group as described in Note 20.

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

## 11. *Income tax*

Semapa Group is subject to the special regime of governing business groups comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code.

As of 30 June 2015, the tax business group led by Semapa as the dominant society comprises group Secil, Portucel and ETSA, as well has all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code.

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise income tax as though they were taxed on an individual basis. However the liabilities are recognised as due to the dominant entity of the tax business group, currently Semapa, SGPS, S.A. which is responsible for the Group’s overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded in the dominant entity financial statements.

As at 1 July 2015, all companies included in the tax business group led by Semapa changed its corporate income tax period. Thus, the corporate income tax period is no longer the same accounting period and calendar year, starting in July 1st of each year and ending on 30 June of the following year.

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

Dividends are considered when determining the taxable income in the year in which they are received, if the assets are held for less than one year or if investments represent less than 5% of the share capital.

Income tax is detailed as follows for the six months period ended 30 June 2015 and 2014:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Current tax | (20,608,637) | (13,643,345) |
| Provision for current tax | 5,080,519 | 27,121,695 |
| Deferred tax | (5,516,606) | (11,269,790) |
| | **(21,044,724)** | **2,208,560** |

For the six months period ended 30 June 2015 and 2014, the reconciliation of the effective income tax rate was as follows:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Profit before tax | 93,422,723 | 65,773,412 |
| | | |
| Expected income tax | 21,020,113 | 16,114,486 |
| State Surcharge | 9,534,894 | 4,201,910 |
| Differences (a) | 8,691,487 | 5,737,865 |
| Prior year tax adjustments | 3,100,488 | (16,574,998) |
| Recoverable tax losses carried forward | (27,745,643) | (62,682) |
| Non recoverable tax losses | 29,557,649 | 2,258,909 |
| Impairment and reversal of provisions | (13,820,597) | (10,320,471) |
| Impact of the change in the income tax rate | (768,245) | (5,169,533) |
| Provision for current tax | 3,287,393 | 191,044 |
| Tax benefits | (13,317,281) | (149,651) |
| Other | 1,504,466 | 1,564,561 |
| | **21,044,724** | **(2,208,560)** |
| Effective tax rate | 22.53% | -3.36% |

(a) This amount is made up essentially of:

| | | |
|---|---|---|
| Effects arising from the application of the equity method | 4,343,583 | 1,666,567 |
| Capital gains / (losses) for tax purposes | 90,430,982 | (321,297,029) |
| Capital (gains) / losses for accounting purposes | 295,887 | 321,200,180 |
| Impairment and taxed provisions | 1,905,530 | 876,777 |
| Tax benefits | (1,727,137) | (1,412,100) |
| Reversal of tax provisions | (11,783,441) | (1,795,764) |
| Intra-group earning's subject to taxation | 134,875 | (714,367) |
| Employees benefits | (8,684,059) | (794,552) |
| Others | (36,287,391) | 25,690,147 |
| | 38,628,829 | 23,419,859 |
| **Tax effect (2015: 22,5% and 2014: 24,5%)** | **8,691,487** | **5,737,865** |

## 12. *Earnings per share*

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

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Profit attributable to Semapa's shareholders | 51,244,338 | 47,841,016 |
| Weighted average number of ordinary shares in issue | 106,504,470 | 112,884,470 |
| Basic earnings per share | 0.481 | 0.424 |
| Diluted earnings per share | 0.481 | 0.424 |

## 13. *Non-controlling interests*

For the six months period ended 30 June 2015 and 2014, non-controlling interests shown in the Income statement comprise:

| | Income | |
|---|---|---|
| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
| Portucel, S.A. | 17,851,906 | 16,038,621 |
| Raiz - Instituto de Investigação da Floresta e Papel | 2,963 | 4,180 |
| Secil Betões e Inertes Group | 5,062 | 9,836 |
| Société des Ciments de Gabés | 5,423 | 95,286 |
| IRP - Indústria de Rebocos de Portugal, S.A. | 44,221 | 41,712 |
| Secil - Companhia de Cimento do Lobito, S.A. | (1,162,931) | (1,095,445) |
| Ciments de Sibline, S.A.L. | 4,330,438 | 5,067,865 |
| Cimentos Madeira Group | 51,382 | (1,613) |
| ETSA - Investimentos, SGPS, S.A. | 143 | 44 |
| Others | 5,054 | (19,530) |
| | **21,133,661** | **20,140,956** |

As at 30 June 2015 and 31 December 2014, non-controlling interests in the Consolidated Statement of Financial Position comprise:

| | Equity | |
|---|---|---|
| Amounts in Euro | 30-06-2015 | 31-12-2014 |
| Portucel, S.A. | 201,999,593 | 244,605,787 |
| Raiz - Instituto de Investigação da Floresta e Papel | 204,590 | 235,255 |
| Secil Betões e Inertes Group | 62,748 | 57,686 |
| Société des Ciments de Gabés | 1,215,510 | 1,265,100 |
| IRP - Indústria de Rebocos de Portugal, S.A. | 412,982 | 518,762 |
| Secil - Companhia de Cimento do Lobito, S.A. | 1,669,598 | 2,957,344 |
| Ciments de Sibline, S.A.L. | 86,214,765 | 80,304,435 |
| Cimentos Madeira Group | 5,383,464 | 5,339,388 |
| ETSA - Investimentos, SGPS, S.A. | 6,710 | 6,568 |
| Others | 1,139,476 | 1,134,089 |
| | **298,309,436** | **336,424,414** |

The movements in non-controlling interests are detailed as follows for the six months period ended 30 June 2015 and for the year ended 31 December 2014:

| Amounts in Euro | Pulp and Paper | Cement and Derivatives | Environment | Total |
|---|---|---|---|---|
| **Balance as of 1 January 2014** | **251,262,730** | **78,004,586** | **6,502** | **329,273,818** |
| Acquisitions / (Disposals) | (1,805,914) | 15,432 | - | (1,790,482) |
| Dividends | (37,779,790) | (2,339,345) | - | (40,119,135) |
| Currency translation reserve | 380,390 | 9,688,907 | - | 10,069,297 |
| Financial instruments | (478,378) | - | - | (478,378) |
| Actuarial gains and losses | (19,113) | 25,467 | - | 6,354 |
| Other movements in equity | (6,010) | 25 | - | (5,985) |
| Profit for the year | 33,287,126 | 6,181,732 | 66 | 39,468,924 |
| **Balance as of 31 December 2014** | **244,841,042** | **91,576,804** | **6,568** | **336,424,414** |
| Acquisitions / (Disposals) | - | - | - | - |
| Dividends | (58,391,617) | (4,667,879) | - | (63,059,496) |
| Currency translation reserve | 293,444 | 5,918,758 | - | 6,212,203 |
| Financial instruments | (423,796) | - | - | (423,796) |
| Actuarial gains and losses | (1,936,122) | (7,797) | - | (1,943,919) |
| Other movements in equity | (33,630) | - | - | (33,630) |
| Profit for the period | 17,854,869 | 3,278,649 | 143 | 21,133,661 |
| **Balance as of 30 June 2015** | **202,204,190** | **96,098,535** | **6,711** | **298,309,436** |

## 14. *Application of previous year's profit*

In accordance with the deliberations of the Annual General Meeting to approve accounts, the profit of the 2014 and 2013 exercises were applied as follows:

| Amounts in Euro | *Application of year's prior net profit* | |
|---|---|---|
| | 2014 | 2013 |
| Dividends distribution | 39,939,176 | 37,477,644 |
| Other reserves | 72,858,671 | 108,647,828 |
| **Retained profit for the year** | **112,797,847** | **146,125,472** |
| | | |
| **Dividends per share** | **0.3750** | **0.3320** |

The legal reserves are constituted by the maximum amount, to which is added the share premium reserve.

## 15. *Goodwill*

In the first half of 2015 and year 2014, the movement occurred in Goodwill were as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Balance at beginning of year** | **296,680,236** | **296,680,236** |
| Perimeter variations | 27,436,872 | - |
| Acquisitions | 48,901,403 | - |
| Disposals | - | - |
| Exchange rate adjustment | (1,987,858) | - |
| **Final Balance** | **371,030,653** | **296,680,236** |

*Note: The amounts presented are net of impairment losses (Note 22)*

At 30 June 2015 and 31 December 2014, Goodwill is made up as follows:

| Entity | Acquisition date | 30-06-2015 | 31-12-2014 |
|---|---|---|---|
| Portucel, S.A. | 2004 | 135,565,059 | 135,565,059 |
| AMS BR – Star Paper S.A. | 2015 | 11,803,063 | - |
| Secil - Companhia Geral de Cal e Cimento, S.A. | 2012 | 124,692,243 | 124,692,243 |
| Supremo Cimentos, SA | 2012/2015 | 62,547,354 | - |
| ETSA - Investimentos SGPS, S.A. | 2008 | 36,422,934 | 36,422,934 |
| | | **371,030,653** | **296,680,236** |

*Note: The amounts presented are net of impairment losses (Note 22)*

Goodwill is attributed to the Group's cash generating units (CGU's) that correspond to the business segment identified in Note 4, as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Cement and Derivatives | 187,239,597 | 124,692,243 |
| Pulp and Paper | 147,368,122 | 135,565,059 |
| Environment | 36,422,934 | 36,422,934 |
| | **371,030,653** | **296,680,236** |

In accordance with IAS 36, Goodwill is subject to impairment tests performed on an annual basis or when there are signs of impairment, in accordance to the accounting policy described in Note 1.7.

### *Changes in the perimeter*

### Integration of AMS BR

In the beginning of February 2015 the Portucel Group completed the acquisition of the capital of AMS BR Star Paper, SA, a paper company in the Tissue segment, based in Vila Velha de Ródão. The allocation of fair values to assets and liabilities of this subsidiary, as at 1 January 2015, was made in a preliminary way in the first quarter 2015 and it has been revised in the second quarter, which resulted in establishing a final difference of acquisition / goodwill, whose details are presented as follows:

| Amounts in Euro | AMS BR *Tissue* |
|---|---|
| **Amount of acquisition** | |
| Shares | 38,622,294 |
| Credits from additional paid in capital | 2,327,500 |
| **Total amount of acquisition** | **40,949,794** |
| | |
| AMS adjusted equity as at 1 January 2015 | 26,854,142 |
| % shares acquired | 99.87% |
| AMS acquired equity | 26,819,232 |
| | |
| Credits from additional paid in capital acquired | 2,327,500 |
| | |
| **Total Equity + credits acquired** | **29,146,732** |
| | |
| **Acquisition difference (GW)** | **11,803,062** |

## Integration of Supremo Cimentos

At the end of June 2015, the Brazilian subsidiary, NSOSPE, SA, acquired 50% of the capital of Supremo Cimentos SA, and obtained control of 100% of these subsidiary, (until then the control was jointly with three Brazilian shareholders). Thus, the Group assessed the acquisition differences as at 30 June, whose details are as follows:

| Amounts in Reais | Supremo Cimentos |
|---|---|
| **Total amount of acquisition** | **290,784,722** |
| Supremo's equity as at 30 June 2015 | 324,114,388 |
| % shares acquired | 50.00% |
| Acquired equity | 162,057,194 |
| **Total Equity acquired** | **162,057,194** |
| **Acquisition difference - GW (BRL)** | **128,727,528** |
| Exchange rate EUR/BRL on 30 June 2015 | 3.470 |
| **Acquisition difference - GW (EUR)** | **37,098,339** |

As of 30 June 2015, the changes in perimeter from the integration of the assets and liabilities of these subsidiaries are detailed as follows:

| Amounts in Euro | Changes in the perimeter | | |
|---|---|---|---|
| | Supremo | AMS BR | Total |
| **Non-current assets** | | | |
| Other intangible assets | 26,549,889 | 288,276 | 26,838,165 |
| Land, buildings and equipment | 346,125,238 | 45,497,424 | 391,622,662 |
| Investment properties | - | 428,484 | 428,484 |
| Deferred tax | 6,605,900 | - | 6,605,900 |
| Other non-current assets | 1,915,677 | 5,952,483 | 7,868,160 |
| **Current assets** | | | |
| Inventories | 7,454,470 | 7,631,176 | 15,085,646 |
| State and other public entities | 8,108,812 | 715,326 | 8,824,138 |
| Other current assets | 5,098,447 | 14,593,916 | 19,692,363 |
| Cash and cash equivalents | 1,926,505 | 9,739,020 | 11,665,525 |
| **Non-current liabilities** | | | |
| Interest bearing liabilities | (118,967,665) | (33,079,900) | (152,047,565) |
| Deferred tax | (32,478,894) | - | (32,478,894) |
| Accounts payable - Shareholders | (50,028,145) | - | (50,028,145) |
| Other non-current liabilities | (38,731,306) | (1,452,888) | (40,184,194) |
| **Current liabilities** | | | |
| State and other public entities | (2,216,778) | (85,051) | (2,301,829) |
| Interest bearing liabilities | (46,149,400) | (7,852,095) | (54,001,495) |
| Other current liabilities | (21,805,334) | (13,206,970) | (35,012,304) |
| **Total identifiable assets and liabilities** | **93,407,415** | **29,169,201** | **122,576,616** |
| Net assets acquired | 46,703,707 | 29,169,201 | 75,872,908 |
| Non-controlling interests | - | (22,470) | (22,470) |
| Goodwill | 37,098,339 | 11,803,063 | 48,901,402 |
| **Total amount of acquisition** | **83,802,047** | **40,949,794** | **124,751,841** |

## 16. *Other intangible assets*

During the six months period ended 30 June 2015 and year ended 31 December 2014, changes under the caption Other intangible assets were as follows:

| Amounts in Euro | Brands | Expenditures on research and development | Industrial Property and Other rights | CO2 emission licenses | Assets under construction | Total |
|---|---|---|---|---|---|---|
| **Acquisition cost** | | | | | | |
| **Amount as of 1 January 2014** | **255,662,750** | **11,737** | **251,596** | **14,585,027** | **24,436** | **270,535,546** |
| Change in consolidation perimenter | - | - | - | - | - | - |
| Acquisition / attribution | - | - | - | 20,957,864 | 30,340 | 20,988,204 |
| Disposals | - | - | - | (1,985,025) | - | (1,985,025) |
| Adjustments, transfers and write-off's | - | - | 22,226 | (12,705,121) | (22,228) | (12,705,123) |
| Exchange rate adjustment | 3,247,380 | - | - | - | - | 3,247,380 |
| **Amount as of 31 December 2014** | **258,910,130** | **11,737** | **273,822** | **20,852,745** | **32,548** | **280,080,982** |
| Change in perimeter | 26,549,889 | - | - | 288,276 | - | 26,838,165 |
| Acquisition / attribution | - | - | - | 24,784,610 | 16,518 | 24,801,128 |
| Adjustments, transfers and write-off's | - | 56,665 | (46,855) | (21,240,679) | (23,460) | (21,254,329) |
| Exchange rate adjustment | 2,598,390 | - | - | (13,618) | - | 2,584,772 |
| **Amount as of 30 June 2015** | **288,058,409** | **68,402** | **226,967** | **24,671,334** | **25,606** | **313,050,718** |
| **Accumulated amortisation and impairment losses** | | | | | | |
| **Amount as of 1 January 2014** | **-** | **(10,844)** | **(212,725)** | **(432,181)** | **-** | **(655,750)** |
| Amortisation and impairment losses | - | - | (27,930) | 70,202 | - | 42,272 |
| Adjustments, transfers and write-off's | - | - | - | 361,977 | - | 361,977 |
| **Amount as of 31 December 2014** | **-** | **(10,844)** | **(240,655)** | **(2)** | **-** | **(251,501)** |
| Amortisation and impairment losses | - | - | (15,061) | (85,314) | - | (100,375) |
| Adjustments, transfers and write-off's | - | (56,665) | 56,706 | 47,316 | - | 47,357 |
| **Amount as of 30 June 2015** | **-** | **(67,509)** | **(199,010)** | **(38,000)** | **-** | **(304,519)** |
| **Net book value as of 1 January 2014** | **255,662,750** | **893** | **38,871** | **14,152,846** | **24,436** | **269,879,796** |
| **Net book value as of 31 December 2014** | **258,910,130** | **893** | **33,167** | **20,852,743** | **32,548** | **279,829,481** |
| **Net book value as of 30 June 2015** | **288,058,409** | **893** | **27,957** | **24,633,334** | **25,606** | **312,746,199** |

The amount shown under the caption Brands comprises:

*Pulp and Paper segment*

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

*Cement segment*

- Euro 176,570,409, regarding the initial valuation of the brands Secil Portugal (Euro 71,700,000), Sibline (Lebanon- Euro 29,006,711) and Gabés (Tunisia- Euro 9,313,809) and Supremo (Brazil- Euro 26,549,889), using the cash flow projections with an appropriate discount rate, following the allocation of fair value to assets and liabilities of Secil Group.

Sibline, Gabés and Supremo brands are subject to exchange rate update in accordance with the accounting policy described in Note 1.5.

The referred amounts are not subject to amortisation as their useful life is undefined (Note 1.6). For valuation purposes, it is considered that brands have an undefined useful life, because it is assumed that it is not possible to determine with an acceptable degree of reliability a time limit for their continuity in the market. The Group tests annually the impairment of these intangible assets in accordance with IAS 36.

## 17. *Property, plant and equipment*

Over the six months period ended 30 June 2015 and year ended 31 December 2014, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

| Amounts in Euro | Land | Buildings and other constructions | Equipments and other tangibles | Assets under Construction | Total |
|---|---|---|---|---|---|
| **Acquisition cost** | | | | | |
| **Amount as of 1 January 2014** | **362,587,545** | **990,787,808** | **4,804,881,842** | **29,544,979** | **6,187,802,174** |
| Change in consolidation perimenter | - | - | (1,510,000) | 614,010 | (895,990) |
| Acquisition | 2,922,164 | 1,727,815 | 6,390,668 | 64,369,923 | 75,410,570 |
| Disposals | (86,721) | (141,970) | (9,583,263) | - | (9,811,954) |
| Adjustments, transfers and write-off's | 1,829,544 | (1,684,354) | 31,544,181 | (33,516,519) | (1,827,148) |
| Exchange rate adjustment | 2,854,345 | 6,510,403 | 19,643,904 | 690,398 | 29,699,050 |
| **Amount as of 31 December 2014** | **370,106,877** | **997,199,702** | **4,851,367,332** | **61,702,791** | **6,280,376,702** |
| Change in perimenter | 64,032,043 | 66,258,884 | 199,858,520 | 87,271,904 | 417,421,351 |
| Acquisition | 308,031 | 79,389 | 10,670,398 | 101,418,008 | 112,475,826 |
| Disposals | (950,212) | (304,632) | (2,686,980) | - | (3,941,824) |
| Adjustments, transfers and write-off's | 17,441 | 497,722 | 11,494,612 | (12,092,747) | (82,972) |
| Exchange rate adjustment | 3,440,840 | 4,606,273 | 15,985,927 | (395,296) | 23,637,744 |
| **Amount as of 30 June 2015** | **436,955,020** | **1,068,337,338** | **5,086,689,809** | **237,904,660** | **6,829,886,827** |
| **Accumulated amortisation and impairment losses** | | | | | |
| **Amount as of 1 January 2014** | **(48,036,741)** | **(626,433,366)** | **(3,410,130,326)** | **(1,493,293)** | **(4,086,093,726)** |
| Change in perimenter | - | - | 629,167 | - | 629,167 |
| Depreciations ans impairment losses | (3,585,182) | (17,305,012) | (156,639,760) | (523,419) | (178,053,373) |
| Disposals | 358 | 127,521 | 7,871,803 | - | 7,999,682 |
| Adjustments, transfers and write-off's | (341,108) | 111,605 | 1,095,970 | (267,501) | 598,966 |
| Exchange rate adjustment | (363,536) | (3,184,179) | (12,064,592) | (104,973) | (15,717,280) |
| **Amount as of 31 December 2014** | **(52,326,209)** | **(646,683,431)** | **(3,569,237,738)** | **(2,389,186)** | **(4,270,636,564)** |
| Change in perimenter | (833,984) | (3,028,759) | (21,935,946) | - | (25,798,689) |
| Depreciations ans impairment losses | (1,261,961) | (8,755,442) | (82,366,452) | (53,141) | (92,436,996) |
| Disposals | - | 218,726 | 2,377,317 | - | 2,596,043 |
| Adjustments, transfers and write-off's | - | (57,515) | 452,306 | - | 394,791 |
| Exchange rate adjustment | (738,332) | (2,004,466) | (9,018,231) | 145,418 | (11,615,611) |
| **Amount as of 30 June 2015** | **(55,160,486)** | **(660,310,887)** | **(3,679,728,744)** | **(2,296,909)** | **(4,397,497,026)** |
| **Net book value as of 1 January 2014** | **314,550,804** | **364,354,442** | **1,394,751,516** | **28,051,686** | **2,101,708,448** |
| **Net book value as of 31 December 2014** | **317,780,668** | **350,516,271** | **1,282,129,594** | **59,313,605** | **2,009,740,138** |
| **Net book value as of 30 June 2015** | **381,794,534** | **408,026,451** | **1,406,961,065** | **235,607,751** | **2,432,389,801** |

The caption Land comprises forest land where the Group has installed part of its forestry assets, amounting to Euro 78,885,556, and the remainder being installed on leased land. This caption also comprises Euro 1,609,030 related to the land where it will be built the Pellets factory in the USA and Euro 1,146,723 for the costs capitalized to the preparation of land for the initial forestation in Mozambique, already in operation, which is being depreciated over the period the concession agreement.

Commitments related to Fixed Tangible Assets acquisitions, as well as those that are given as a guarantee are detailed in Notes 39 and 40 respectively.

## 18. *Biological assets*

Over the six months period ended 30 June 2015 and year ended 31 December 2014, changes in biological assets were as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Amount as of 1 January** | **113,969,423** | **111,339,306** |
| **Changes** | | |
| Logging in the period | (11,865,206) | (10,488,231) |
| Growth | 481,650 | 384,395 |
| Replantings | 2,218,068 | 2,147,406 |
| Other changes in fair value | 8,823,592 | 9,162,204 |
| **Total changes** | **(341,896)** | **1,205,774** |
| **Second Quarter** | **-** | **1,424,343** |
| | **113,627,527** | **113,969,423** |

The amounts shown as Other changes in fair value correspond, mainly, to the forest management costs foreseen and incurred in the period (sivilculture costs, structure and rents), and are detailed as follows:

| Amounts in Euro | 30-06-2015 | 30-06-2014 |
|---|---|---|
| **Other changes in fair value** | | |
| Foresty | 2,640,819 | 2,147,406 |
| Struture | 1,761,565 | 1,467,526 |
| Fixed and variable costs | 4,421,208 | 5,547,272 |
| | **8,823,592** | **9,162,204** |

As of 30 June 2015 and 31 December 2014, biological assets were detailed as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Eucalyptus | 105,203,763 | 106,489,354 |
| Pine | 4,901,496 | 4,901,496 |
| Cork | 996,000 | 995,962 |
| Other species | 138,000 | 176,494 |
| Eucalyptus (Mozambique) | 2,388,268 | 1,406,117 |
| | **113,627,527** | **113,969,423** |

These values , calculated in accordance with the expected extraction of their productions, correspond to the following future production expectations:

| Amounts in Euro | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Eucalyptus (Portugal) - Potential future wood extractions k m3ssc | 11,409 | 11,409 |
| Softwoods (Portugal) - Potential future wood extractions k ton | 496 | 496 |
| Softwoods (Portugal) - Potential future pinecones extractions k ton | n/a | n/a |
| Cork (Portugal) - Potential future cork extractions K @ | 636 | 636 |
| Eucalyptus (Portugal) - Potential future wood extractions k m3ssc (1) | 577 | 406 |

*(1) Only evaluated with one or more years of age on 30 June 2015*

Additionally, there are no amounts of biological assets whose title is restricted and / or pledged as collateral for liabilities or non-reversible commitments for the development or acquisition of biological assets.

## 19. *Investments in associates and joint-ventures*

In the six months period ended 30 June 2015 and the year ended 31 December 2014, the movements in Investments in associates were as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Opening balance** | **87,086,273** | **102,761,132** |
| Change in consolidation perimeter | (77,889,593) | (38,975) |
| Acquisition | - | - |
| Group share of (loss) / gains of associated companies and joint-ventures | (4,343,583) | 26,109 |
| Dividends received | (1,505,827) | (665,104) |
| Exchange rate adjustments | 76 | (14,996,889) |
| **Closing balance** | **3,347,346** | **87,086,273** |

As of 30 June 2015 and 31 December 2014, the caption Investments in associates and joint-ventures, including goodwill highlighted in the consolidated statement of financial position, comprises:

| | Book value | | | |
|---|---|---|---|---|
| Entities | % held | 30-06-2015 | % held | 31-12-2014 |
| **Joint-ventures** | | | | |
| Supremo Cimentos, S.A. | - | - | 50.00% | 83,440,864 |
| **Associates** | | | | |
| Setefrete, SGPS, S.A. | 25.00% | 2,895,567 | 25.00% | 3,091,925 |
| MC - Materiaux de Construction | 49.36% | 2,303 | 49.36% | 2,223 |
| J.M.J. - Henriques, Lda. | 50.00% | 380,089 | 50.00% | 380,161 |
| Ave, S.A. | 35.00% | 69,387 | 35.00% | 171,100 |
| | | **3,347,346** | | **87,086,273** |

At the end of June 2015, the Brazilian subsidiary, NSOSPE, SA, acquired the remaining 50% of the share capital of Supremo Cimentos SA., and obtained control of 100% of the subsidiary. Until then the control was jointly shared with three Brazilian shareholders, therefore the company was included in the consolidated financial statements under the equity method. As at 30 June 2015, the company was incorporated using the full consolidation method, due to the control obtained with the acquisition of the remaining 50%.

As of 30 June 2015 and 31 December 2014, the goodwill included in the value of the investments detailed above is as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Joint-ventures** | | |
| Supremo Cimentos, S.A. | - | 27,436,872 |
| **Associates** | | |
| Setefrete, SGPS, S.A. | 2,227,750 | 2,227,750 |
| | **2,227,750** | **29,664,622** |

As of 30 June 2015 and 31 December 2014, the financial information relating to associated companies was as follows:

| | | 30 June 2015 | | | | |
|---|---|---|---|---|---|---|
| Amounts in Euro | | Total assets | Total Liabilities | Equity | Net Income | Revenue |
| Ave-Gestão Ambiental e Valorização Energética, S.A. | d) | 4,097,507 | 3,899,258 | 198,249 | 137,289 | 5,534,113 |
| MC- Materiaux de Construction | b) | 618,951 | 497,781 | 121,170 | (5,358) | 7,954,268 |
| J.M.J. - Henriques, Lda. | c) | 1,078,181 | 318,003 | 760,178 | (138) | - |
| Setefrete, SGPS, S.A. | a) | 2,680,786 | 9,514 | 2,671,272 | 4,638,825 | 102,813 |

**a)** 31-12-2014 figures, ajusted from dividend distribution during the year ending 31-12-2015

**b)** 31-12-2014 figures

**c)** 30-06-2015 figures

**d)** 31-05-2015 figures

| Amounts in Euro | | 31 December 2014 Total assets | Total Liabilities | Equity | Net Income | Revenue |
|---|---|---|---|---|---|---|
| Ave-Gestão Ambiental e Valorização Energética, S.A. | b) | 3,989,252 | 3,500,394 | 488,858 | 427,896 | 12,379,830 |
| MC- Materiaux de Construction | b) | 622,391 | 500,547 | 121,844 | (5,134) | 7,603,069 |
| J.M.J. - Henriques, Lda. | b) | 1,076,917 | 316,595 | 760,322 | (3,320) | - |
| Setefrete, SGPS, S.A. | a) | 5,664,562 | 2,207,862 | 3,456,700 | 2,892,221 | 102,813 |

a) 31-12-2013 figures, ajusted from dividend distribution during the year ended 31.12.2014
b) 31-12-2014 figures

At 30 June 2015 and 31 December 2014, the financial information relating to joint-ventures was as follows:

| Amounts in Euro | 30 June 2015 Secil Unicon | 31 December 2014 Supremo | Secil Unicon |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | 7,645 | 352,113,354 | 7,548 |
| Current Assets | 3,225,106 | 23,840,709 | 3,262,276 |
| | **3,232,751** | **375,954,063** | **3,269,824** |
| **Liabilities** | | | |
| Non-current liabilities | 1,052,253 | 204,306,369 | 1,296,278 |
| Current liabilities | 10,352,785 | 59,639,710 | 10,302,039 |
| | **11,405,038** | **263,946,079** | **11,598,317** |
| **Non-controlling interests** | **-** | **-** | **(2,578,045)** |
| **Net asset** | **(8,172,287)** | **112,007,984** | **(5,750,448)** |

| Amounts in Euro | Secil Unicon | Supremo | Secil Unicon |
|---|---|---|---|
| Revenue | 2,288,894 | 54,437,178 | 4,520,661 |
| Operational Results | (13,039) | 4,162,771 | (266,677) |
| Profit before tax | (289,695) | (520,951) | (869,024) |
| Non-controlling interests | (59,256) | - | (178,465) |
| Net profit for the period | (234,538) | (1,766,768) | (702,941) |

## 20. *Financial assets at fair value through profit and loss*

The following movements were registered in this caption during the first semester of 2015 and the year ended 2014:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Opening balance** | **451,485** | **482,923** |
| Acquisitions | - | - |
| Disposals | - | - |
| Changes in fair value | (47,404) | (31,438) |
| | **404,081** | **451,485** |

As of 30 June 2015 and 31 December 2014, the caption Financial assets at fair value through profit or loss comprised:

| Amounts in Euro | Fair value 30-06-2015 | 31-12-2014 |
|---|---|---|
| CEMG Holding Fund | 356,658 | 435,665 |
| Others | 47,423 | 15,820 |
| | **404,081** | **451,485** |

The classification of financial assets at fair value through profit or loss in accordance with the fair value hierarchy defined in IFRS 13 is shown in Note 34.

## 21. *Available-for-sale financial assets*

The following movements were registered in this caption in the first semester of 2015 and the year ended 2014:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Fair value at the begining of the year** | **229,136** | **346,257** |
| Acquisitions | - | 29,308 |
| Changes in fair value (note 10) | - | (146,429) |
| | **229,136** | **229,136** |

As of 30 June 2015 and 31 December 2014, the fair value of available-for-sale financial assets comprises:

| | Fair value | |
|---|---|---|
| Amounts in Euro | 30-06-2015 | 31-12-2014 |
| Liaision Technologie | 229,136 | 229,136 |
| | **229,136** | **229,136** |

The classification of assets available for sale, according to the fair value hierarchy defined in IFRS 13, is shown in Note 34.

## 22. *Impairment in non-current and current assets*

During de first semester of 2015 and year ended 31 December 2014, the following movements were registered on impairments in non-current assets:

| Amounts in Euro | Goodwill* | Other non current assets | Property, plant and equipment | Investments Assoc Companies | Total |
|---|---|---|---|---|---|
| **As of 1 January 2014** | **-** | **1,855,975** | **102,292** | **2,002** | **1,960,269** |
| Increases | - | - | - | - | - |
| Reversals | - | - | - | - | - |
| Direct utilisations | - | - | - | - | - |
| **As of 31 December 2014** | **-** | **1,855,975** | **102,292** | **2,002** | **1,960,269** |
| Increases | - | - | - | - | - |
| Reversals | - | - | - | - | - |
| Direct utilisations | - | - | - | - | - |
| **As of 30 June 2015** | **-** | **1,855,975** | **102,292** | **2,002** | **1,960,269** |

** Goodwill impairment related to subsidiaries*

During de first semester of 2015 and year ended 31 December 2014, the following movements were registered on impairments in current assets:

| Amounts in Euro | Inventories | Accounts Receivable | Other Receivables | Total |
|---|---|---|---|---|
| **As of 1 January 2014** | **7,319,705** | **25,519,809** | **6,821,397** | **39,660,911** |
| Exchange rate differences | 448,889 | 176,545 | 5,609 | 631,043 |
| Increases (Note 6) | 3,762,853 | 2,099,407 | 672,668 | 6,534,928 |
| Reversals (Note 5) | (134,302) | (1,354,781) | (3,997) | (1,493,080) |
| Direct utilisations | (12,959) | - | - | (12,959) |
| **As of 31 December 2014** | **11,384,186** | **26,440,980** | **7,495,677** | **45,320,843** |
| Exchange rate differences | 380,951 | 23,327 | 5,957 | 410,235 |
| Increases (Note 6) | 1,145,264 | 442,836 | 265,001 | 1,853,101 |
| Reversals (Note 5) | (47,416) | (1,238,954) | - | (1,286,370) |
| Direct utilisations | - | (3,553) | - | (3,553) |
| **As of 30 June 2015** | **13,753,348** | **25,899,773** | **7,766,635** | **47,419,756** |

## 23. *Inventories*

As of 30 June 2015 and 31 December 2014, the caption Inventories comprised the following:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Raw Materials | 202,988,697 | 191,112,218 |
| Work in progress | 11,430,611 | 12,584,288 |
| Byproduct and waste | 930,500 | 1,029,165 |
| Finished and intermediate products | 104,050,476 | 80,864,588 |
| Advance to inventories suppliers | 2,627 | 85,893 |
| | **319,402,911** | **285,676,152** |

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

During the first half of 2015 and 2014 movements in Raw materials, finished products, goods and Advance payments to suppliers were as follows:

| Amounts in Euro | 30-06-2015 | 30-06-2014 |
|---|---|---|
| Opening balance | 272,062,699 | 305,738,288 |
| Acquisitions | 458,814,416 | 377,733,644 |
| Closing balance | (307,041,800) | (272,062,699) |
| **Cost of inventories sold and consumed (Note 6)** | **423,835,315** | **411,409,233** |

As of 30 June 2015 and 31 December 2014, the location of inventories by geographical segment was as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Portugal | 215,528,851 | 207,800,836 |
| Rest of Europe | 2,910,524 | 3,240,119 |
| America | 41,894,858 | 19,794,719 |
| Africa | 25,779,885 | 25,428,214 |
| Asia | 33,288,793 | 29,412,264 |
| | **319,402,911** | **285,676,152** |

## 24. *Receivables and other current assets*

As of 30 June 2015 and 31 December 2014, the caption Receivables and other current assets comprised:

| Amounts in Euro | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Accounts Receivable | 268,777,824 | 228,805,894 |
| Accounts Receivable - related parties | 569,620 | 26,424,774 |
| Derivative financial instruments | 842,890 | - |
| Other receivables | 9,625,018 | 10,582,250 |
| Accrued income | 7,858,654 | 4,826,933 |
| Deferred costs | 17,870,410 | 12,872,553 |
| | **305,544,416** | **283,512,404** |

*Note: Values are presented net of impairment losses*

At 30 June 2015 and 31 December 2014, Other receivables comprised:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Other receivables** | | |
| Advance payments to suppliers | 3,397,279 | 3,235,050 |
| Financial incentives to be received | - | 111,320 |
| Others | 6,227,739 | 7,235,880 |
| | **9,625,018** | **10,582,250** |

As of 30 June 2015 and 31 December 2014, captions Accrued income and Deferred costs comprised:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Accrued income** | | |
| Interest receivable | 718,940 | 688,579 |
| Others | 7,139,714 | 4,138,354 |
| | **7,858,654** | **4,826,933** |
| **Deferred costs** | | |
| Insurance | 3,036,150 | 81,470 |
| Rents and leases | 570,566 | 323,931 |
| Post-employment plans | 1,578,505 | 1,477,709 |
| Others | 12,685,189 | 10,989,443 |
| | **17,870,410** | **12,872,553** |
| | **25,729,064** | **17,699,486** |

As of 30 June 2015 and 31 December 2014, the excess funding for some of the funds allocated to the defined benefit plans referred to above, amounting to Euro 1,578,505 and Euro 1,477,709, respectively, were recognised as current assets by enabling to secure a lower need for future contribution by the Group to finance those plans (Note 29).

## 25. *State and other public entities*

As of 30 June 2015 and 31 December 2014, there were no overdue debts to the State and other public entities.

As mentioned in Note 11, as of January 1, 2014 the tax group dominated by Semapa, SGPS, S.A. , comprises the Portuguese entities (that comply with the conditions laid down in Article 69 of the CIT Code) of Group Portucel and Group Secil. Thus, although those companies ascertain and record the income tax as if they were taxed on an individual basis, the overall corporate income tax as well as the overall clearance/payment is performed by the parent company, in this case Semapa SGPS, S.A..

The open balances with these entities were as follows:

*Current assets*

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Corporate income tax - CIT | 3,913,702 | 7,896,313 |
| Personnel income tax - witheld on salaries | 121,484 | 117,959 |
| Value added tax | 16,548,366 | 22,853,766 |
| Value added tax - refunds requested | 84,036,720 | 46,233,607 |
| Other | 249,487 | 241,814 |
| | **104,869,759** | **77,343,459** |

*Current liabilities*

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Corporate income tax - CIT | 16,940,770 | 8,511,110 |
| Personnel income tax - witheld on salaries | 4,985,804 | 2,837,817 |
| Value added tax | 71,578,670 | 46,306,617 |
| Social Security | 5,436,868 | 3,671,735 |
| Aditional tax payments | 46,186,196 | 57,222,485 |
| Other | 2,165,520 | 654,521 |
| | **147,293,828** | **119,204,285** |

As of 30 June 2015 and 31 December 2014, the caption Corporate Income tax - CIT (net between current assets and current liabilities) is detailed as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Year income tax | 15,704,500 | 15,331,981 |
| Exchange rate differences | (9,764) | 310,891 |
| Payments on account and additional payments on account | (1,345,249) | (8,555,404) |
| Witholding tax | (1,433,295) | (1,521,336) |
| Prior years corporate income tax | 110,876 | (4,951,335) |
| | **13,027,068** | **614,797** |

## 26. *Share capital and treasury share*

At 30 June 2015 and 31 December 2014, Semapa's share capital was fully subscribed and paid up.

As at 30 April 2015, the Annual General Meeting of Semapa approved the share capital reduction proposal, amounting to Euro 11,822,445. Therefore, the company share capital decrease from Euro 118,332,445 to Euro 106,510,000 due to the cancelation of 11,822,445 treasury shares.

Thus, as of 30 June 2015, the Company's share capital is represented by 106,510,000 shares with a nominal value of 1 Euro.

At 30 June 2015 and 31 December 2014, the following entities had substantial holdings in the company's capital:

| Name | Number of shares | % 30-06-2015 | % 31-12-2014 |
|---|---|---|---|
| Longapar, SGPS, S.A. | 22,225,400 | 20.87 | 18.78 |
| Cimo - Gestão de Participações, SGPS, S.A. | 16,199,031 | 15.21 | 13.69 |
| Sodim, SGPS, S.A. | 15,252,726 | 14.32 | 13.23 |
| Banco BPI, S.A. | 10,845,855 | 10.18 | 10.15 |
| Bestinver Gestión, SGIIC, S.A. | 7,169,851 | 6.73 | 7.13 |
| Norges Bank (The Central Bank of Norway) | 5,649,215 | 5.30 | 4.77 |
| Cimigest, SGPS, S.A. | 3,185,019 | 2.99 | 2.69 |
| Sociedade Agrícola da Quinta da Vialonga, S.A. | 625,199 | 0.59 | 0.53 |
| OEM - Organização de Empresas, SGPS, S.A. | 535,000 | 0.50 | 0.45 |
| Treasury shares | 5,530 | 0.01 | 10.00 |
| Other shareholders with less than 2% participation | 24,817,174 | 23.30 | 18.58 |
| | **106,510,000** | **100.00** | **100.00** |

As at 30 June 2015 Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. holds 5,530 treasury shares.

As of 28 July 2015, following the closure of the general public tender offer launched by Semapa over its own shares, the company acquired 24,864,477 shares, which were cancel through a share capital decrease after proper settlement of the public tender offer. Thus, Semapa reduced its share capital to Euro 81,645,523 represented by 81,645,523 shares.

## 27. *Reserves and retained earnings*

At 30 June 2015 and 31 December 2014, the captions Fair value reserves, Translation reserves and Other reserves comprised:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Fair value of financial instruments | (6,389,671) | (8,795,241) |
| Other fair value reserves | (1,281,742) | (1,281,742) |
| **Total amount of fair value reserve** | **(7,671,413)** | **(10,076,983)** |
| **Translation reserve** | **(39,184,787)** | **(46,975,997)** |
| Legal reserves | 23,666,489 | 23,666,489 |
| Others reserves | 986,085,174 | 1,009,795,777 |
| **Total amount of others reserves** | **1,009,751,663** | **1,033,462,266** |
| **Total reserves** | **962,895,463** | **976,409,286** |

*Fair value of financial instruments*

The negative amount of Euro 6,389,671, net of deferred tax, shown under the caption Fair value of financial instruments, relates to the appropriation of the financial instruments fair value changes classified as hedging, described in Note 34, and accounted in accordance with the policy described in Note 1.13.

*Translation reserve*

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

*Legal Reserve*

Commercial Company law prescribes that at least 5% of the annual net profit must be transferred to the legal reserve until this is equal to at least 20% of the issued capital, which is verified as of 30 June 2015. This reserve cannot be distributed unless in the event of the company's winding up; however, it may be used to absorb losses after the other reserves have been exhausted or it can be incorporated into the issued capital.

*Other reserves*

This caption corresponds to available reserves for distribution to shareholders constituted through the appropriation of prior year's earnings. Following the cancellation of 11,822,445 treasury shares, a reserve with the amount equivalent to the nominal value of those shares has been made, amounting to Euro 11,822,445, in accordance with the applicable trade law.

*Retained earnings*

*Additional stake acquisition on controlled entities*

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

As of 30 June 2015, the accumulated negative amount of these differences, regarding additional stake acquisition in subsidiaries, amounts to Euro 416,498,687 (31 December 2014: 416,498,687 negative amount).

*Re-measurements (actuarial gains or losses)*

The differences between the assumptions used for the purpose of determining liabilities related to post-employment benefits and what effectively occurred are equally recorded under this caption (as well as changes made to those assumptions and the difference between the expected return on the assets of the funds and their actual yield) as described in Note 1.22.1. In the first semester of 2015, the group recorded actuarial losses, net of deferred taxes, amounting to Euro 12,651,122.

## 28. *Deferred taxes*

The following movement took place in the caption Deferred tax assets and liabilities during the six months period ended 30 June 2015:

| Amounts in Euro | As of 1 January 2015 | Exchange adjustment | Income Statement Increases | Income Statement Decreases | Retained earnings | Transfers | Assets held for sale | Changes in perimeter | As of 30 June 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Temporary differences originating deferred tax assets** | | | | | | | | | |
| Tax losses carried forward | 111,677,463 | - | 1,226,778 | (114,115,445) | - | 1,224,356 | - | 12,333,579 | 12,346,731 |
| Taxed provisions | 28,318,559 | 437,526 | 803,441 | (1,809,935) | - | (1) | - | 1,347,394 | 29,096,984 |
| Harmonisation of amortisation criteria | 51,484,087 | - | 74,837,201 | (8,347,730) | - | - | - | - | 117,973,558 |
| Pensions and other post-employment benefits | 6,804,762 | (29,755) | 45,777 | (383,230) | 519,503 | - | - | - | 6,957,057 |
| Financial Instruments | 6,843,951 | - | - | - | 2,169,201 | - | - | - | 9,013,152 |
| Deferred accounting gains on inter-group transactions | 23,511,326 | - | 9,872,301 | (180,446) | - | - | - | - | 33,203,181 |
| Valuation of forests growth | - | - | 2,253,284 | - | - | - | - | - | 2,253,284 |
| Investment incentives | 16,524,492 | - | 1,291,690 | (1,960,030) | - | - | - | - | 15,856,152 |
| Fair value of subsidiaries | 1,505,510 | 128,174 | - | - | - | - | - | - | 1,633,684 |
| Other temporary differences | 1,116,492 | - | 1,160,431 | (405,707) | - | (759,198) | - | 5,748,146 | 6,860,164 |
| | 247,786,642 | 535,945 | 91,490,903 | (127,202,523) | 2,688,704 | 465,157 | - | 19,429,119 | 235,193,947 |
| **Temporary differences originating deferred tax liabilities** | | | | | | | | | |
| Tangible asset revaluation | (10,502,140) | - | - | 2,870,305 | - | - | - | (68,606,292) | (76,238,127) |
| Pensions and other post-employment benefits | (5,968,265) | - | (103,312) | - | 2,827,226 | - | - | - | (3,244,351) |
| Financial Instruments | (144,728) | - | - | - | - | - | - | (1,312,733) | (1,457,461) |
| Fair value of biological assets | (477,515) | - | - | 477,515 | - | - | - | - | - |
| Harmonisation of depreciation criteria | (498,818,087) | (943,842) | (80,865,278) | 54,796,514 | - | - | - | (9,080,186) | (534,910,879) |
| Deferred accounting losses on inter-group transactions | (3,837,662) | - | (358,958) | 3,364,240 | - | - | - | - | (832,380) |
| Fair value of intangible assets - brands | (258,910,130) | (2,598,390) | - | - | - | - | - | (26,549,889) | (288,058,409) |
| Fair value of tangible assets | (157,319,691) | - | - | 7,635,775 | - | - | - | - | (149,683,916) |
| Fair value of subsidiaries | (176,481,657) | (4,491,548) | - | 4,896,912 | - | - | (15,156) | - | (176,091,449) |
| Other temporary differences | (283,005) | - | (647,364) | 9,220 | - | - | - | (509,949) | (1,431,098) |
| | (1,112,742,880) | (8,033,780) | (81,974,912) | 74,050,481 | 2,827,226 | - | (15,156) | (106,059,049) | (1,231,948,070) |
| **Deferred tax assets** | 59,717,547 | 101,718 | 24,833,006 | (27,932,968) | 770,251 | - | - | 6,605,900 | 64,095,454 |
| **Deferred tax liabilities** | (293,334,065) | (1,522,315) | (22,388,712) | 19,972,069 | 733,345 | (2) | (3,374) | (35,375,439) | (331,918,493) |

The following movement took place in the caption Deferred tax assets and liabilities during the year ended 31 December 2014:

| Amounts in Euro | As of 1 January 2014 | Exchange adjustment | Income Statement Increases | Income Statement Decreases | Retained earnings | Transfers | Assets held for sale | As of 31 December 2014 |
|---|---|---|---|---|---|---|---|---|
| **Temporary differences originating deferred tax assets** | | | | | | | | |
| Tax losses carried forward | 173,292,004 | - | (3,552,635) | (55,727,117) | - | (2,334,789) | - | 111,677,463 |
| Taxed provisions | 22,213,073 | 391,971 | 6,081,891 | (345,685) | - | (22,691) | - | 28,318,559 |
| Harmonisation of amortisation criteria | 79,034,444 | - | 3,717,990 | (31,268,347) | - | - | - | 51,484,087 |
| Pensions and other post-employment benefits | 7,556,072 | 28,389 | 63,129 | (1,149,665) | 306,837 | - | - | 6,804,762 |
| Financial Instruments | 3,998,980 | - | - | - | 2,844,971 | - | - | 6,843,951 |
| Deferred accounting gains on inter-group transactions | 22,406,393 | - | 3,627,447 | (2,522,514) | - | - | - | 23,511,326 |
| Investment incentives | 18,202,295 | - | - | (1,677,803) | - | - | - | 16,524,492 |
| Fair value of subsidiaries | 1,325,414 | 180,096 | - | - | - | - | - | 1,505,510 |
| Other temporary differences | 3,925,472 | - | 1,963,413 | (2,353,245) | (2,441,837) | 22,689 | - | 1,116,492 |
| | 331,954,147 | 600,456 | 11,901,235 | (95,044,376) | 709,971 | (2,334,791) | - | 247,786,642 |
| **Temporary differences originating deferred tax liabilities** | | | | | | | | |
| Tangible asset revaluation | (13,382,568) | - | (781) | 2,881,210 | - | (1) | - | (10,502,140) |
| Pensions and other post-employment benefits | (5,613,255) | - | (233,738) | 590,975 | (712,245) | (2) | - | (5,968,265) |
| Financial Instruments | (765,769) | - | - | 318,411 | 302,630 | - | - | (144,728) |
| Fair value of biological assets | (1,583,281) | - | (477,515) | 1,583,281 | - | - | - | (477,515) |
| Harmonisation of depreciation criteria | (480,137,095) | (136,793) | (35,373,891) | 16,829,692 | - | - | - | (498,818,087) |
| Deferred accounting losses on inter-group transactions | (13,287,292) | 90,090 | (905,093) | 10,264,632 | - | 1 | - | (3,837,662) |
| Fair value of intangible assets - brands | (255,662,750) | (3,247,380) | - | - | - | - | - | (258,910,130) |
| Fair value of tangible assets | (172,591,241) | - | - | 15,271,550 | - | - | - | (157,319,691) |
| Fair value of subsidiaries | (177,114,709) | (3,875,013) | - | 4,538,376 | - | - | (30,311) | (176,481,657) |
| Other temporary differences | (377,664) | - | (2,655) | 97,312 | - | 2 | - | (283,005) |
| | (1,120,515,624) | (7,169,096) | (36,993,673) | 52,375,439 | (409,615) | - | (30,311) | (1,112,742,880) |
| **Deferred tax assets** | 84,531,715 | 289,905 | 3,215,879 | (23,830,280) | 749,919 | - | - | 64,957,138 |
| **Efect of change in tax rate** | - | - | (1,641,308) | (3,531,065) | (67,218) | - | - | (5,239,591) |
| | 84,531,715 | 289,905 | 1,574,571 | (27,361,345) | 682,701 | - | - | 59,717,547 |
| **Deferred tax liabilities** | (320,768,260) | (1,130,787) | (10,082,988) | 14,748,099 | (102,271) | - | (15,550) | (317,351,757) |
| **Efect of change in tax rate** | - | - | 6,977,380 | 17,055,119 | (14,807) | - | - | 24,017,692 |
| | (320,768,260) | (1,130,787) | (3,105,608) | 31,803,218 | (117,078) | - | (15,550) | (293,334,065) |

# 29. *Pensions and other post-employment benefits*

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

The following is a breakdown of the obligations assumed and reflected in the Consolidated Statement of Financial Position at 30 June 2015 and 31 December 2014:

| June 2015 | Pulp and Paper | Cement and Derivatives | Holdings | Total |
|---|---|---|---|---|
| Group liability for past services | | | | |
| Active | (15,260,141) | (67,061) | - | (15,327,202) |
| Retirees | (64,577,714) | (29,080,708) | (1,328,581) | (94,987,003) |
| Market value of the pension funds | 81,416,360 | 25,495,400 | - | 106,911,760 |
| Equity | - | (248,668) | - | (248,668) |
| Insurance Policies | - | 216,592 | - | 216,592 |
| Reserve account (overfunding due to the change to a defined contribution plan) | - | 770,635 | - | 770,635 |
| **Under/(overfunding) of pension funds liabilities** | **1,578,505** | **(2,913,810)** | **(1,328,581)** | **(2,663,886)** |
| **Other unfunded liabilities** | | | | |
| Healthcare assistance | - | (77,508) | - | (77,508) |
| Retirement and death liabilities | - | (483,923) | - | (483,923) |
| Long-service award liabilities | - | (437,451) | - | (437,451) |
| **Total net liabilities** | **1,578,505** | **(3,912,692)** | **(1,328,581)** | **(3,662,768)** |
| **Total unfunded liabilities** | **-** | **(3,912,692)** | **(1,328,581)** | **(5,241,273)** |
| **Over Funds (Note 24)** | **1,578,505** | **-** | **-** | **1,578,505** |

| December 2014 | Pulp and Paper | Cement and Derivatives | Holdings | Total |
|---|---|---|---|---|
| Group liability for past services | | | | |
| Active | (13,900,653) | (62,558) | - | (13,963,211) |
| Retirees | (56,287,819) | (27,166,002) | (1,360,557) | (84,814,378) |
| Market value of the pension funds | 71,666,181 | 26,354,855 | - | 98,021,036 |
| Equity | - | (258,680) | - | (258,680) |
| Insurance Policies | - | 221,975 | - | 221,975 |
| Reserve account (overfunding due to the change to a defined contribution plan) | - | 795,095 | - | 795,095 |
| **Under/(overfunding) of pension funds liabilities** | **1,477,709** | **(115,315)** | **(1,360,557)** | **1,837** |
| **Other unfunded liabilities** | | | | |
| Healthcare assistance | - | (69,288) | - | (69,288) |
| Retirement and death liabilities | - | (469,737) | - | (469,737) |
| Long-service award liabilities | - | (497,822) | - | (497,822) |
| **Total net liabilities** | **1,477,709** | **(1,152,162)** | **(1,360,557)** | **(1,035,010)** |
| **Total unfunded liabilities** | **-** | **(1,152,162)** | **(1,360,557)** | **(2,512,719)** |
| **Over Funds (Note 24)** | **1,477,709** | **-** | **-** | **1,477,709** |

As of 30 June 2015 the Pulp and Paper segment presents an overfunding allocated to its liabilities, amounting to Euro 1,578,505 (as of 31 December 2014: Euro 1,477,709) (Note 24).

## Subgroup Portucel

### *Retirement and pension supplements*

Until 2013, several retirement and survivor plans together with retirement bonus, coexisted within the Group. For certain categories of active employees, in addition to the plans described below, additional plans also existed, financed through independent funds assigned to cover those additional responsibilities.

Under the prevailing Social Benefits Regulation, permanent employees of Portucel who chose not to join the defined benefit plan, as well as retirees as for 1 January 2009 and former employees as for 1 January 2014 from Soporcel, PortucelSoporcel Florestal, Raiz, Empremédia and PortucelSoporcel Lusa, are entitled to a monthly retirement pension or disability supplement after retirement or disability. This is calculated according to a formula, which considers the beneficiary’s gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Soporcel, PortucelSoporcel Florestal, Empremédia, PortucelSoporcel Lusa and Raíz), including a survivor pension to the spouse and direct descendants.

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

In 2013, the Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries Soporcel, PortucelSoporcel Florestal, Empremédia, PortucelSoporcel Lusa and RAIZ  to defined contribution plans for the current employees, keeping the acquired benefits of former employees and retirees as defined benefit plans.

Given the conversion, in 31 December 2013 a decrease in the liabilities related to defined benefit plans arose, together with a decrease in the corresponding plan funds that were partially allocated to the initial constitution of the defined contribution plans.

After this change, the Group's liabilities related to post-employment defined benefit plans only regard to 13 Portucel employees that chose not to accept the conversion to defined contribution plan, together with former employees, retirees or, when applicable, with granted rights and former employees or pensioners Soporcel Plan.

As of 30 June 2015, the liability related with post-employment benefit plans for two members of Portucel's Board of Directors was Euro 1,787,661 (31 December 2014: Euro 1,424,279)

### Subgroup Secil

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

The Pension Fund Secil Group comprises Secil and the subsidiaries:

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

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

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

The Secil Group Pension Fund is the financial support for the payment of benefits provided for in pension plans of each associate (now jointly managed).

### *Defined-benefit plans*

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

#### LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

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

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

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

(ii) Defined-benefit plans managed by the Group

LIABILITIES FOR COMPLEMENTARY RETIREMENT AND SURVIVOR'S PENSIONS

The responsibilities of Secil's retirees in 31 December 1987 (date of incorporation of Pension Fund) are guaranteed directly by Secil. Similarly, the responsibilities assumed by Secil Martingança, SA are carried out directly by the company.

However, since 26 June 2012 the responsibilities of Cimentos Madeira, Lda, Beto Madeira – Betões and Britas da Madeira, S.A. related to all retirees and pensioners that were receiving pension, were transferred to Cimentos Madeira defined benefit pension plan which was incorporated in Secil's Pension fund.

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

LIABILITIES FOR HEALTHCARE

Cimentos Madeira, Lda. provides to their employees a healthcare scheme which supplements the official health services and which is available to their families, pre-retired and retired staff and widows, through an insurance contract.

LIABILITES FOR RETIREMENT AND DEATH BENEFITS

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

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

Secil and CMP – Cimentos Maceira e Pataias, S.A. assumed the commitment to its employees to pay a subsidy on death of current employee, equal to one month's last salary earned.

LIABILITIES FOR LONG-SERVICE AWARDS

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

*Assumptions used in the valuation of liabilities*

The actuarial studies conducted by independent entities with reference to 30 June 2015 and 31 December 2014 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

| | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Social Benefits formula | Decree-Law no 187/2007 of 10 May | Decree-Law no 187/2007 of 10 May |
| Disability table | EKV 80 | EKV 80 |
| Mortality table | TV 88/90 | TV 88/90 |
| Wage growth rate - cement segment | 1.00% | 1.00% |
| Wage growth rate - others segments | 2.00% | 2.00% |
| Technical interest rate | 2.00% | 3.50% |
| Return on the plan assets | 2.00% | 3.50% |
| Pensions growth rate - cement segment | 0.45% | 0.45% |
| Pensions growth rate - others segments | 0.75% | 0.75% |
| Semapa pensions reversability rate | 50.00% | 50.00% |
| Number of Semapa complement annual payments | 12.00 | 12.00 |

During the first half 2015, the Group revised some of the actuarial assumptions used to calculate the liabilities, for past services, namely the technical interest rate, which was reduced from 3.5% to 2%.

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

Information related to the last five years were as follows:

| Amounts in Euro | 2011 | 2012 | 2013 | 2014 | 30-06-3015 |
|---|---|---|---|---|---|
| Present value of liabilities | 247,545,062 | 155,057,532 | 99,516,232 | 100,073,116 | 111,561,755 |
| Fair value of plan assets and reserve account | 120,542,657 | 145,554,473 | 95,945,454 | 99,038,106 | 107,898,987 |
| **Surplus / (defit)** | **(127,002,405)** | **(9,503,059)** | **(3,570,778)** | **(1,035,010)** | **(3,662,768)** |
| | | | | | |
| **Net actuarial gains / (losses)** | **1,060,676** | **11,654,475** | **(6,786,377)** | **343,040** | **(13,525,505)** |

## FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During the first semester of 2015 and the year ended 2014, fund's assets/insurance policies registered the following movements:

| | 30-06-2015 | | 31-12-2014 | |
|---|---|---|---|---|
| Amounts in Euro | Autonomous fund | Covered Capital | Autonomous fund | Covered Capital |
| **Opening balance** | **98,021,036** | **221,975** | **95,058,281** | **177,467** |
| Change to a defined contribution plan | - | - | - | - |
| Exchange rate | - | 8,020 | - | 1,036 |
| Endowments made in the year | 9,454,123 | 46,721 | 372,000 | 48,255 |
| Expected return | 2,438,909 | (4,348) | 8,271,463 | 25,132 |
| Differences between actual and expected returns | - | - | 35,608 | - |
| Pensions paid | (3,002,309) | - | (5,716,316) | - |
| Retirement charged | - | (55,776) | - | (29,915) |
| **Closing balance** | **106,911,759** | **216,592** | **98,021,036** | **221,975** |

The detail of the fund's assets as at 30 June 2015 and 31 December 2014 was as follows:

| Amounts in Euro | 30-06-2015 | % | 31-12-2014 | % |
|---|---|---|---|---|
| Bonds | 50,433,784 | 47.2% | 51,276,557 | 52.3% |
| Shares | 20,626,614 | 19.3% | 20,009,896 | 20.4% |
| Liquidity | 26,029,199 | 24.3% | 17,192,322 | 17.5% |
| Public debt | 9,364,870 | 8.8% | 9,106,088 | 9.3% |
| Property | 163,593 | 0.2% | 145,253 | 0.1% |
| Other aplications | 293,699 | 0.3% | 290,919 | 0.3% |
| | **106,911,759** | **100.0%** | **98,021,036** | **100.0%** |

*Obligations for pension plans and other post-employment benefits in the Consolidated Statement of Financial Position*

Movements occurred in liabilities assumed by the Group, shown in the consolidated statement of financial position as of 30 June 2015, are as follows:

| Amounts in Euro | Opening balance | Exchange Adjustment | Curtailment and Settlement | Costs and income | Actuarial losses and incomes | Payments | Closing balance |
|---|---|---|---|---|---|---|---|
| **Post employment benefits** | | | | | | | |
| Assumed by the group | 7,089,921 | - | - | 121,619 | 461,731 | (423,810) | 7,249,461 |
| Autonomous fund | 91,687,668 | - | (1,122,579) | 1,041,222 | 14,460,743 | (3,002,310) | 103,064,744 |
| Insurance policy | 258,680 | 9,362 | - | (5,407) | 41,809 | (55,776) | 248,668 |
| Retirement and death | 469,737 | (31,097) | - | 45,778 | (495) | - | 483,923 |
| Healthcare assistance | 69,288 | - | - | 766 | 8,770 | (1,316) | 77,508 |
| Long service award | 497,822 | - | - | 58,881 | (119,252) | - | 437,451 |
| | **100,073,116** | **(21,735)** | **(1,122,579)** | **1,262,859** | **14,853,306** | **(3,483,212)** | **111,561,755** |

*Costs incurred in pensions and other post-employment benefits*

For costs incurred in pensions and other post-employment benefits, during the six months periods ended 30 June 2015 and 2014 the detail was as follows:

| | 30-06-2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| Amounts in Euro | Current services | Interest cost | Expected return on the plan assets | Curtailments and settlements | Other Costs | Period Contributions | Impact in the profit for the period |
| **Post-employment benefits** | | | | | | | |
| Assumed by the group | - | 121,619 | - | - | - | - | 121,619 |
| Autonomous fund | 48,090 | 1,548,251 | (2,853,355) | 911,203 | - | - | (345,811) |
| Insurance policy | 4,236 | (1,650) | (7,993) | - | - | - | (5,407) |
| Retirement and death | 15,845 | 22,831 | 7,102 | - | - | - | 45,778 |
| Healthcare assistance | - | 766 | - | - | - | - | 766 |
| Long service award | 13,255 | 8,133 | 37,493 | - | - | - | 58,881 |
| Contributions to defined contribution plans | - | - | - | - | - | 1,453,864 | 1,453,864 |
| | **81,426** | **1,699,950** | **(2,816,753)** | **911,203** | **-** | **1,453,864** | **1,329,690** |

| | 30/06/2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| Amounts in Euro | Current services | Interest cost | Expected return on the plan assets | Curtailments and settlements | Other Costs | Period Contributions | Impact in the profit for the year |
| **Post-employment benefits** | | | | | | | |
| Assumed by the group | - | 156,503 | - | - | - | - | 156,503 |
| Autonomous fund | 202,203 | 2,870,624 | (3,005,450) | 732,143 | (911,460) | - | (111,940) |
| Insurance policy | - | - | - | - | - | - | - |
| Retirement and death | 16,205 | 21,767 | - | - | - | - | 37,972 |
| Healthcare assistance | - | 5,975 | - | - | - | - | 5,975 |
| Long service award | 13,316 | 11,555 | - | - | - | - | 24,871 |
| Contributions to defined contribution plans | - | - | - | - | - | 1,537,421 | 1,537,421 |
| | **231,724** | **3,066,424** | **(3,005,450)** | **732,143** | **(911,460)** | **1,537,421** | **1,650,802** |

*Actuarial Gains/ (losses) in the Statement of comprehensive consolidated income*

Actuarial gains and losses recognised in the six months period ended 30 June 2015, in the consolidated statement of comprehensive income, is detail as follows:

| Amounts in Euro | Other costs and Incomes | Real vs Expected income | Gross Value | Deferred Tax | Equity Impact |
|---|---|---|---|---|---|
| **Post-employment benefits** | | | | | |
| Assumed by the group | (461,731) | - | **(461,731)** | 126,955 | **(334,776)** |
| Autonomous fund | (12,789,206) | (266,293) | **(13,055,499)** | 745,586 | **(12,309,913)** |
| Retirement and death | 495 | - | **495** | - | **495** |
| Healthcare assistance | (8,770) | - | **(8,770)** | 1,842 | **(6,928)** |
| | **(13,259,212)** | **(266,293)** | **(13,525,505)** | **874,383** | **(12,651,122)** |

## 30. *Provisions*

In the six months period ended 30 June 2015 and in the year ended 2014 the changes in provisions were as follows:

| Amounts in Euro | Legal claims | Tax claims | Environmental restauration | Others | Total |
|---|---|---|---|---|---|
| **As of 1 January 2014** | **1,308,009** | **30,700,077** | **7,138,176** | **40,023,894** | **79,170,156** |
| Increases | 322,453 | - | - | 21,565,399 | 21,887,852 |
| Reversals | (1,732,873) | - | (157,298) | (8,366,186) | (10,256,357) |
| Direct utilisations | - | - | (89,485) | (2,609,877) | (2,699,362) |
| Exchange adjustments | - | - | - | 375,349 | 375,349 |
| Financial discounts | - | - | 288,355 | - | 288,355 |
| Transfers and adjustments | 3,045,879 | (6,592,413) | - | (3,283,991) | (6,830,525) |
| **As of 31 December 2014** | **2,943,468** | **24,107,664** | **7,179,748** | **47,704,588** | **81,935,468** |
| Changes in perimeter | - | - | 7,506 | 1,151,134 | 1,158,640 |
| Increases (Note 6) | 19,909 | - | | 1,811,071 | 1,830,980 |
| Reversals (Note 6) | (52,236) | (478,730) | (78,648) | (11,234,272) | (11,843,886) |
| Direct utilisations | - | - | (58,385) | (667,679) | (726,064) |
| Exchange adjustments | - | - | - | 319,976 | 319,976 |
| Financial discounts | - | - | 144,856 | - | 144,856 |
| Transfers and adjustments | 1,281 | 5,980,570 | - | - | 5,981,851 |
| **As of 30 June 2015** | **2,912,422** | **29,609,504** | **7,195,077** | **39,084,818** | **78,801,821** |

Provisions for Legal claims were established according to the risk assessments carried out internally by the Group with the support of its legal counsels, based on the probability of the decision being favourable or unfavourable to the Group.

The amount stated as Tax claims results from the Group's judgement at the balance sheet date, about the potential disagreement with the tax authorities, considering most recent updates about these events.

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

## 31. *Interest-bearing liabilities*

As of 30 June 2015 and 31 December 2014, Group's net debt was as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Interest bearing liabilities** | | |
| *Non current* | 1,312,565,114 | 1,276,083,559 |
| *Current* | 661,271,030 | 712,556,265 |
| | **1,973,836,144** | **1,988,639,824** |
| **Cahs and cash equivalents** | | |
| Cash | 650,748 | 411,371 |
| Short term bank deposits | 49,012,085 | 27,351,689 |
| Other short-term investments | 143,659,892 | 575,208,712 |
| | **193,322,725** | **602,971,772** |
| **Interest-bearing net debt** | **1,780,513,419** | **1,385,668,052** |

## Non-current interest-bearing liabilities

As of 30 June 2015 and 31 December 2014, non-current interest-bearing liabilities were as follows:

| Amounts in Euro | 30/06/2015 | 31/12/2014 |
|---|---|---|
| **Non-current interest bearing liabilities** | | |
| Bond loans | 770,547,854 | 952,432,984 |
| Commercial paper | 189,950,000 | 113,150,000 |
| Bank loans | 332,036,282 | 211,626,775 |
| Expenses with bond loands issuing | (13,108,222) | (10,438,194) |
| **Interest-bearing bank debt** | **1,279,425,914** | **1,266,771,565** |
| | | |
| Financial leases | 3,238,658 | 3,670,480 |
| Other loans - IAPMEI | 2,061,059 | 2,201,997 |
| Other loans - QREN | 938,754 | 3,439,517 |
| Other | 26,900,729 | - |
| **Other interest-bearing debts** | **33,139,200** | **9,311,994** |
| | | |
| **Non-current interest bearing liabilities** | **1,312,565,114** | **1,276,083,559** |

## *Bond loans*

As of 30 June 2015 and 31 December 2014, non-current and current bond loans were as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Bond loans** | | |
| Portucel 2010 / 2015 | - | 60,000,000 |
| Portucel 2010 / 2015 - 2nd emission | - | 100,000,000 |
| Portucel Senior Notes Due 2020 | 350,000,000 | 350,000,000 |
| Semapa 2006 / 2016 | 174,350,975 | 175,000,000 |
| Semapa 2006 / 2016 | 1,087,000 | 1,087,000 |
| Semapa 2012 / 2015 | | 299,961,000 |
| Semapa 2014 / 2019 | 150,000,000 | 149,300,000 |
| Semapa 2014 / 2020 | 80,000,000 | 80,000,000 |
| SBI 2007 / 2017 | 40,000,000 | 40,000,000 |
| Secil 2012 / 2017 | - | 60,000,000 |
| Secil 2013 / 2016 | - | 40,000,000 |
| Secil 2013 / 2018 | - | 40,000,000 |
| Secil 2015/2020 | 60,000,000 | - |
| Secil 2015/2020 | 80,000,000 | - |
| NSOSPE 2012/2017 | 21,095,708 | 28,409,973 |
| | **956,533,683** | **1,423,757,973** |

*Bond loans Semapa*

During the first semester of 2015, Semapa SGPS, SA, reimbursed the bond loan issued in 2012, amounting to Euro 300,000,000, which was listed on Euronext Lisbon under the heading "Obrigações Semapa Semapa 2012/2015" .

In April 2014 Semapa issued a bond loan amounting to Euro 150 million with maturity of 5 years (2019).

In November 2014 Semapa issued a bond loan amounting to Euro 80 million with maturity of 6 years (2020) and repurchased Euro 48.9 million of “Obrigações Semapa 2006/2016 – 2ª Emissão”, which were first issued by Euro 50 million.

Semapa SGPS, S.A. has one bond loan amounting to Euro 175,000,000 with 10 years maturity. This last is listed in Euronext Lisbon under the designation “Obrigações Semapa 2006/2016” bond loan.

*Bond loans Portucel*

During the first semester of 2015, Portucel SA reimbursed the last tranche amounting to Euro 60,000,000 of the "Obrigações Portucel / 2010-2015” bond loan.

During the first semester of 2015, Portucel, SA also reimbursed "Obrigações Portucel - 2010/2015 – 2ª Emissão" bond loan in Euro 100,000,000.

In May 2013, Portucel performed an international bond issue amounting to Euro 350,000,000, which matures in 7 years at a rate of 5.375 %. This issue is designated “Euros 350,000,000 5,375% Senior Notes due 2020”.

*Bond loans Secil*

In May 2013, Secil contracted two bond loans denominated "Secil - 2013/2016 " and " Secil - 2013/2018 " in the amount of Euro 40,000,000 each, the first with a single repayment at maturity (2016) , and the second with three annual repayments falling due the first in 2016.

*Bond loans NSOSPE*

In 2012, the subsidiary NSOSPE (Brazil) issued a bond loan amounting to Brazilian Real 128,100,000 with a maturity of 5 years (2017). As of 30 June 2015, the amount in debt is Brazilian Real 73,200,000.

*Commercial paper*

In 2006, Semapa SGPS, S.A. contracted a commercial paper amounting to Euro 175,000,000 with 10 years maturity. As at 30 June 2015, the amount was fully utilised.

In 2008, Semapa and ETSA – Investimentos SGPS S.A. contracted a commercial paper program amounting to Euro 70,000,000, for a period of 5 years (September 2020) increased to a maximum amount of Euro 100 million, after renegotiation, which amounts to Euro 34,950,000 as at 30 June 2015.

In 2013, Semapa SGPS, S.A. contracted a commercial paper amounting to Euro 100,000,000 with 7 years maturity which amounts Euro 5,000,000 as at 30 June 2015.

In 2014, Semapa SGPS, S.A. contracted a commercial paper amounting to Euro 120,000,000 with 4 years maturity. As at 30 June 2015, no issues were in place.

During the first semester of 2015, Semapa contracted a commercial paper program up to a maximum of Euro 25,000,000 with 4 years maturity. As at 30 June 2015, the amount was fully utilised.

In the first quarter of 2015, Portucel contracted a new commercial paper program amounting to Euro 100,000,000, whose issues are underwritten by the Bank for a period of five years, having revoked the commercial paper program of Euro 50,000,000 with maturity in 2016. As at 30 June 2015, no issues were in place.

Additionally, also in December 2012, Portucel contracted another commercial paper program amounting to Euros 125,000,000, maturing in three years and that is underwritten by the bank. In this semester, the conditions of this program were renegotiated, and the maturity was extended to May 2020. As at 30 June 2015, the amount of Euro 125,000,000 was utilised.

*Maturity of bond loans and other loans*

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

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| 1 to 2 years | 102,508,805 | 295,118,864 |
| 2 to 3 years | 121,735,705 | 260,886,621 |
| 3 to 4 years | 218,594,378 | 45,957,422 |
| 4 to 5 years | 652,556,949 | 33,534,130 |
| More than 5 years | 200,138,112 | 647,354,236 |
| | **1,295,533,949** | **1,282,851,273** |

Current interest-bearing liabilities

As of 30 June 2015 and 31 December 2014, current interest-bearing liabilities were as follows:

| Amount in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Current** | | |
| Bond loans | 185,985,829 | 471,324,989 |
| Commercial paper | 297,000,000 | 15,000,000 |
| Bank loans | 145,010,729 | 210,938,889 |
| Expenses with bond loans issuing | (1,654,749) | (2,251,787) |
| **Interest-bearing bank debt** | **626,341,809** | **695,012,091** |
| Shareholders short term loans (Note 35) | 2,176,313 | 1,578,323 |
| Financial leases | 996,951 | 880,771 |
| Other loans - QREN | 4,416,070 | 2,981,730 |
| Other debts | 27,339,887 | 12,103,350 |
| **Other interest-bearing liabilities** | **34,929,221** | **17,544,174** |
| **Current interest-bearing liabilities** | **661,271,030** | **712,556,265** |

Liabilities related to financial leasing

As of 30 June 2015 and 31 December 2014, the Group's debt-repayment terms relating to financial leases, except for liabilities resulting from the application of IFRIC 4 (Note 17), are shown as follows:

| Amounts in Euros | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Less than 1 year | 1,113,679 | 1,012,130 |
| 1 to 2 years | 938,524 | 970,608 |
| 2 to 3 years | 896,966 | 898,627 |
| 3 to 4 years | 641,294 | 948,844 |
| 4 to 5 years | 125,084 | 227,078 |
| More than 5 years | 758,105 | 822,494 |
| | **4,473,652** | **4,879,781** |
| Future interests | (238,043) | (328,530) |
| **Liabilities' present value** | **4,235,609** | **4,551,251** |

As at 30 June 2015 and 31 December 2014 Group's assets acquired under financial leasing, was as follows:

| | 30-06-2015 | | | 31-12-2014 | | |
|---|---|---|---|---|---|---|
| Amounts in Euro | Acquisition Value | Accumulated Depreciation | Net book Value | Acquisition Value | Accumulated Depreciation | Net book Value |
| Buildings and other constructions | 2,000,815 | (67,993) | 1,932,822 | 2,000,815 | (49,048) | 1,951,767 |
| Machinery and equipment | 2,404,639 | (660,500) | 1,744,139 | 4,365,548 | (2,252,534) | 2,113,014 |
| Machinery and equipment - IFRIC 4 | 14,000,000 | (8,702,703) | 5,297,297 | 14,000,000 | (7,945,946) | 6,054,054 |
| Transport equipment | 254,549 | (123,032) | 131,517 | 402,532 | (213,427) | 189,105 |
| | 18,660,003 | (9,554,228) | 9,105,775 | 20,768,895 | (10,460,955) | 10,307,940 |

In 2010, with the launch of the new paper mill, the Group recognised as a finance lease (IFRIC 4) contract the cost of the precipitated calcium carbonate production unit, installed by Omya, S.A. at the industrial site in Setubal, for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About the Future, S.A., upon its termination, at 2019.

*Bank credit facilities granted and not drawn*

At 30 June 2015 and 31 December 2014, bank credit facilities granted and not drawn amounted to Euro 695,371,907 and Euro 758,311,960, respectively.

Financial *Covenants*

For certain types of financing operations, there are commitments to maintain certain financial ratios within previously negotiated limits. The existing covenants are clauses of Cross default, Pari Passu, Negative pledge, Ownership-clause, clauses related to group's activities maintenance, financial ratios, mainly Net Ddebt/ EBITDA, interest coverage, indebtedness and financial autonomy and fulfilment of regular financial contracts' obligations (operational, legal and tax obligations), common in loan agreements and fully known in the market.

Additionally, the group was complying with the financial ratios limits imposed under its financing contracts, as of 30 June 2015 and 31 December 2014.

## 32. *Payables and other current liabilities*

As at 30 June 2015 and 31 December 2014, the caption Payables and other current liabilities were detailed as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| Accounts payable to suppliers | 215,172,525 | 184,937,519 |
| Accounts payable to suppliers of fixed assets | 60,150,855 | 5,441,311 |
| Instituto do Ambiente | 9,644,874 | 17,733,481 |
| Derivative financial instruments | 19,234,248 | 22,496,057 |
| Other creditors | 20,320,712 | 18,945,042 |
| Related parties | 2,749,658 | 2,508,166 |
| Accrued costs | 88,481,190 | 79,722,639 |
| Deferred income | 27,407,909 | 11,774,684 |
| | **443,161,971** | **343,558,899** |

At 30 June 2015 and 31 December 2014, the captions Accrued costs and Deferred income comprised:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Accrued costs** | | |
| Insurance costs | 170,076 | 46,961 |
| Payroll expenses | 38,798,577 | 33,588,888 |
| Interests payable | 16,350,841 | 18,512,920 |
| Accrued energy costs | 10,172,464 | 12,117,687 |
| Transport services | 1,302,549 | 367,881 |
| Bank services | 567,253 | 197,948 |
| Audit fees | 121,922 | 71,266 |
| Consulting | 1,557,904 | 1,730,712 |
| IT services | 273,373 | 435,450 |
| Other | 19,166,231 | 12,652,926 |
| | **88,481,190** | **79,722,639** |
| **Deferred income** | | |
| Government grants | 11,011,915 | 5,792,660 |
| Grants CO2 emission allowances | 15,982,770 | 5,712,446 |
| Other | 413,224 | 269,578 |
| | **27,407,909** | **11,774,684** |

In 2006 the Portucel Group and API- Agência Portuguesa para o Investimento (currently designated AICEP- Agência Portuguesa para o Investimento e Comércio Externo) entered into four investment contracts (approved by Brussels in 2007) due to the construction of the new paper factory which began to operate in 2009. These contracts comprised financial and tax incentives amounting to Euro 75 million and Euro 102 million, respectively.

As communicated to the stakeholders, on 18 June 2014, the Group's subsidiary CelCacia - Celulose Cacia, SA, signed two contracts for financial and tax incentives, with AICEP - Agency for Investment and Foreign Trade of Portugal, to support the investment to increase the capacity of the plant in Cacia. The total estimated investment amounts to Euro 56.3 million. The incentives already approved amount to Euro 11.260 million as a repayable financial incentive, and Euro 6.756 million as a tax incentive. The contract includes an award of achievement, corresponding to the conversion of up to 75% of the refundable incentives granted into non-refundable incentives, by meeting the objectives set by the contract.

AMS-BR Star Paper, S.A. is in the late stage of building a second tissue paper machine in its unit located in Vila Velha de Ródão. This subsidiary has signed contracts with AICEP in March 2014 to partially support this investment through European funds. These contracts include non-refundable financial incentives (Euro 4,823,850 corresponding to the conversion of up to 50% of the refundable incentives granted into non-refundable incentives, by meeting the objectives set by the contract) and tax incentives (Euro 5,854,240).

The caption Government grants comprises an amount of Euro 11,004,423 (31 December 2014: Euro 5,792,660) regarding loans classified as current liabilities, from the referred financial incentive contracts, with the remaining share to be recognised, as at 30 June 2015, in the amount of Euro 48,021,793 classified in Other non-current liabilities.

As at 30 June 2015 and 31 December 2014, the caption Non-current liabilities were detailed as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| **Non current liabilities** | | |
| Government grants | 27,639,494 | 31,641,551 |
| Equipment - Omya (IFRIC 4) | 8,700,373 | 6,910,099 |
| Other | 4,575,577 | - |
| | **40,915,444** | **38,551,650** |

## 33. *Assets and liabilities held for sale*

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

## 34. *Financial assets and liabilities*

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

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

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

As at 30 June 2015 and 31 December 2014, the reconciliation of the consolidated statement of financial position with the various categories of financial assets and liabilities included therein is detailed as follows:

| 30 June 2015 | Financial instruments - Trading | Financial instruments - Hedging | Loans and other accounts receivable | Financial assets at fair value throught profit or loss | Financial assets held for sale | Other interest bearing liabilities | Non financial assets and liabilities |
|---|---|---|---|---|---|---|---|
| Amounts in Euro | Note 24/32 | Note 24/32 | Note 24 | Note 20 | Note 21 | Note 32 | Note 24/32 |
| **Assets** | | | | | | | |
| Financial assets at fair value throught profit or loss | - | - | - | 404,081 | - | - | - |
| Financial assets held-for-sale | - | - | - | - | 229,136 | - | - |
| Other non current assets | - | - | 7,254,534 | - | - | - | - |
| Current assets | - | 842,890 | 286,831,116 | - | - | - | 17,870,410 |
| Cash and cash equivalents | - | - | 193,322,725 | - | - | - | - |
| **Total assets** | **-** | **842,890** | **487,408,375** | **404,081** | **229,136** | **-** | **17,870,410** |
| **Liabilities** | | | | | | | |
| Non current interest bearing liabilities | - | - | - | - | - | 1,312,565,114 | - |
| Other liabilities | - | - | - | - | - | - | 40,915,444 |
| Current interest bearing liabilities | - | - | - | - | - | 661,271,030 | - |
| Current liabilities | 278,316 | 18,955,932 | - | - | - | 386,874,940 | 37,052,783 |
| **Total liabilities** | **278,316** | **18,955,932** | **-** | **-** | **-** | **2,360,711,084** | **77,968,227** |

| 31 December 2014<br>Amounts in Euro | IF<br>Trading<br>Note 24/32 | IF<br>Hedging<br>Note 24/32 | Loans and other accounts receivable<br>Note 24 | FA at fair value throught profit or loss<br>Note 20 | FA<br>held for sale<br>Note 21 | Other interest bearing liabilities<br>Note 32 | Non financial assets and liabilities<br>Note 24/32 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Financial assets at fair value throught profit ou loss | - | - | - | 451,485 | - | - | - |
| Financial assets held-for-sale | - | - | - | - | 229,136 | - | - |
| Other non current assets | - | - | 4,914,177 | - | - | - | - |
| Current assets | - | - | 270,639,851 | - | - | - | 12,872,553 |
| Cash and cash equivalents | - | - | 602,971,772 | - | - | - | - |
| **Total assets** | **-** | **-** | **878,525,800** | **451,485** | **229,136** | **-** | **12,872,553** |
| **Liabilities** | | | | | | | |
| Non current interest bearing liabilities | - | - | - | - | - | 1,276,083,559 | - |
| Other liabilities | - | - | - | - | - | - | 38,551,650 |
| Current interest bearing liabilities | - | - | - | - | - | 712,556,265 | - |
| Current liabilities | 134,225 | 21,153,832 | - | - | - | 291,554,677 | 29,508,165 |
| **Total liabilities** | **134,225** | **21,153,832** | **-** | **-** | **-** | **2,280,194,501** | **68,059,815** |

As of 30 June 2015 and 31 December 2014 the fair value of these assets and liabilities is similar to its book value.

The following tables presents the Group´s assets and liabilities measured at fair value, according to the following IFRS hierarchic levels:

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

*Assets measured at fair value*

| Amounts in Euro | 30-06-2015 | Level 1 | Level 2 |
|---|---|---|---|
| **Financial assets at fair value recognised in reserves** | | | |
| Hedging (Note 24) | **842,890** | - | 842,890 |
| **Financial assets at fair value through profit or loss** | | | |
| Shares (Note 20) | **404,081** | 404,081 | - |
| **Financial assets held for sale** | | | |
| Shares (Note 21) | **229,136** | 229,136 | - |
| | **1,476,107** | **633,217** | **842,890** |

| Amounts in Euro | 31-12-2014 | Level 1 | Level 2 |
|---|---|---|---|
| **Financial assets at fair value recognised in reserves** | | | |
| Hedging (Note 24) | **-** | - | - |
| **Financial assets at fair value through profit or loss** | | | |
| Shares (Note 20) | **451,485** | 451,485 | - |
| **Financial assets held for sale** | | | |
| Shares (Note 21) | **229,136** | 229,136 | - |
| | **680,621** | **680,621** | **-** |

*Liabilities measured at fair value*

| Amounts in Euro | 30-06-2015 | Level 1 | Level 2 |
|---|---|---|---|
| **Financial assets at fair value recognised in reserves** | | | |
| Hedging (Note 32) | **(18,955,932)** | - | (18,955,932) |
| **Financial assets at fair value through profit or loss** | | | |
| Trading (Note 32) | **(278,316)** | - | (278,316) |
| | **(19,234,248)** | **-** | **(19,234,248)** |

| Amounts in Euro | 31-12-2014 | Level 1 | Level 2 |
|---|---|---|---|
| **Financial assets at fair value recognised in reserves** | | | |
| Hedging (Note 32) | **(21,153,832)** | - | (21,153,832) |
| **Financial assets at fair value through profit or loss** | | | |
| Trading (Note 32) | **(1,342,225)** | - | (1,342,225) |
| | **(22,496,057)** | **-** | **(22,496,057)** |

## Derivative financial instruments

During the first semester of 2015 changes in the fair value of derivative financial instruments were as follows:

| Amounts in Euro | Changes in fair value (Trading) | Changes in fair value (Hedging) | Total |
|---|---|---|---|
| **As of 1 January 2015** | **(1,342,225)** | **(21,153,832)** | **(22,496,057)** |
| Maturity/settlement | (42,828) | 11,008,300 | 10,965,472 |
| Changes in fair value recognised in results (Note 10) | 1,106,737 | (9,320,081) | (8,213,344) |
| Changes in fair value recognised in reserves | - | 1,352,571 | 1,352,571 |
| **As of 30 June 2015** | **(278,316)** | **(18,113,042)** | **(18,391,358)** |

### *Detail and maturity of the Derivative financial instruments*

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

As at 30 June 2015 and 31 December 2014 the derivative financial instruments in the consolidated statement of financial position were as follows:

| | | | 30-06-2015 | | | 31-12-2014 |
|---|---|---|---|---|---|---|
| Amounts in Euro | Amount | Maturity | Positive | Negative | Net | Net |
| **Hedging** | | | | | | |
| Interest rate collar (SWAP's ) | 225,000,000 | 2015 | - | (5,107,981) | (5,107,981) | (7,646,928) |
| Coverage of net investment (USD) | 25,050,000 | 2015 | 517,254 | - | 517,254 | (576,895) |
| Exchange rate forwards (future sales) USD | 226,200,000 | 2015 | 325,636 | (2,950,040) | (2,624,404) | (1,233,629) |
| Interest rate swaps (SWAP's) EUR | 165,000,000 | 2015/17 | - | (3,903,939) | (3,903,939) | (5,046,807) |
| Interest and exchange rate swaps (BRL) | 128,100,000 | 2017 | - | (6,993,972) | (6,993,972) | (6,649,573) |
| | | | **842,890** | **(18,955,932)** | **(18,113,042)** | **(21,153,832)** |
| **Trading** | | | | | | |
| Exchange rate forwards (USD) | 62,660,000 | 2015 | - | (323) | (323) | (1,231,143) |
| Exchange rate forwards (GBP) | 5,175,000 | 2015 | - | (277,993) | (277,993) | (111,082) |
| | | | **-** | **(278,316)** | **(278,316)** | **(1,342,225)** |
| | | | **842,890** | **(19,234,248)** | **(18,391,358)** | **(22,496,057)** |

## Exchange rate coverage

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

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

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to other currencies at the time the invoices are issued, for the same maturity dates and the same amounts of these

documents in such a way as to fix the exchange rate associated with the sales. These instruments were not considered as hedging. The nature of the risk hedged is the change in the carrying amount of sales and purchases expressed in foreign currencies. At the end of each month customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

As of 30 June 2015 the Company has in place financial foreign exchange instruments classified as trading with a notional amount of Euro 278,316 negative value (31 December 2014: Euros 1,342,225 negative value).

### Coverage of investments in foreign operations

The Group hedges the economic risk associated with the USD exchange rate exposure in its investment held on Portucel North America. For that purpose, the Group entered into a forward foreign exchange contract. In 30 June 2015, the Group had contracted an outstanding notional of USD 25,050,000.

This instrument is designated as a hedge of the net investment in the Group's US subsidiary, with fair value changes being recognised in other comprehensive income. As at 30 June 2015, the amount reflected in the Translation reserve regarding this hedging, amount to Euro 1,560,229 positive (31 December 2014: 2,329,120 negative).

### Interest rate – Coverage of cash flows

The Group hedges a portion of future interest payments on loans, commercial paper and bond loans, by engaging in an interest rate swap, in which pays a fixed rate and receives a variable rate and in interest rate collars limiting the net financial charges to a defined range. The instrument is designated as a cash flow hedge of the interest rate risk associated with the issued debt.

These interest rate risk hedging is associated with interest payments at a variable rate due to interest-bearing liabilities recognised. The hedged risk is the variable rate index with which debt interest is associated.

As at 30 June 2015, the total amount of loans with associated interest rate hedges (excluding the interest rate and exchange rate hedging described below) were Euro 390 million (31 December 2014: Euro 390 million).

This hedge is designated until the maturity of the hedging instruments.

### Pulp price – coverage of cash flows

The Group hedges the price risk in order to limit the net exchange risk associated with sales and estimated future purchases in USD.

In this context, throughout 2014, the Group arranged a set of financial structures to cover a portion of the net currency exposure of 2015 estimated sales in USD. The arranged Derivative financial instruments were collars with no associated costs, amounting to USD 151, 2 million with maturities ranging from 1 January to 31 December 2015.

### *Currency Interest Rate Swaps* – Cash-flow hedging

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

In order to manage currency interest rate risk inherent to the bond issued, three currency interest rate swaps with a notional amount of 128,1 million Brazilian Reals, where Semapa pays a fixed flow in Euros and receives a variable flow in Real. The instrument is designated as hedge accounting of cash flows of foreign exchange and interest rate risks associated with the non-convertible bond issued. The credit risk is not hedge.

### Available-for-sale financial assets

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

### Loans and receivables

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

### Other financial liabilities

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

## 35. *Balances and transactions with related parties*

As of 30 June 2015 and 31 December 2014, related parties receivables and payables comprised:

| | 30-06-2015 | | | 31-12-2014 | | |
|---|---|---|---|---|---|---|
| Amounts in Euro | Other receivables | Other payables | Interest bearing liabilities | Other receivables | Other payables | Interest bearing liabilities |
| **Shareholders** | | | | | | |
| Cimo SGPS, S.A. | - | - | 34,326 | - | - | - |
| Longapar, SGPS, S.A. | - | 1,160 | 412,202 | - | 1,160 | - |
| OEM SGPS, S.A. | - | - | 1,727,386 | - | - | 1,578,323 |
| Cimigest, SGPS, S.A. | - | - | 2,399 | - | - | - |
| **Other related parties** | | | | | | |
| Ave-Gestão Ambiental, S.A. | 42,399 | 318,071 | - | 96,083 | 368,405 | - |
| Cotif Sicar | - | 185,397 | - | - | 86,794 | - |
| Inertogrande | 208,468 | - | - | 207,967 | - | - |
| J.M.J. Henriques, Lda. | 118,459 | - | - | 117,959 | - | - |
| Secil Prebetão, S.A. | 145,593 | 11,469 | - | 158,211 | 31,565 | - |
| Secil Unicon - S.G.P.S., Lda. | 54,701 | - | - | 47,533 | - | - |
| Seribo, S.A. | - | 312,692 | - | - | 310,286 | - |
| Setefrete - Soc. Tráfego Cargas, S.A. | - | 140,922 | - | - | 363,410 | - |
| Supremo Cimentos, S.A. | - | - | - | 24,493,948 | - | - |
| Margem - Companhia de Mineração, S.A. | - | - | - | 1,303,073 | - | - |
| Other related parties | - | - | - | - | 18,514 | - |
| Other subsidiaries shareholders | - | 1,779,947 | - | - | 1,328,032 | - |
| **Total** | **569,620** | **2,749,658** | **2,176,313** | **26,424,774** | **2,508,166** | **1,578,323** |

In the six months period ended 30 June 2015 and 2014, transactions with shareholders were as follows:

| | 1st Semester 2015 | | 1st Semester 2014 | |
|---|---|---|---|---|
| Amounts in Euro | Service purchase | Financial losses | Service purchase | Financial (losses)/gains |
| **Shareholders** | | | | |
| Cimigest SGPS, S.A. | (53,870) | (532) | (53,870) | (70,739) |
| Cimo SGPS, S.A. | - | (3,102) | - | (4,825) |
| Longapar, SGPS, S.A. | - | (269) | - | (144,556) |
| OEM SGPS, S.A. | - | (4,084) | - | (29,879) |
| | **(53,870)** | **(7,987)** | **(53,870)** | **(249,999)** |

In the six months period ended 30 June 2015 and 2014, Other transactions with related parties were as follows:

| Amounts in Euro | 1st Semester 2015 Service purchase | Sales of goods | Operating Income | Financial (losses)/gains |
|---|---|---|---|---|
| **Other related parties** | | | | |
| Ave-Gestão Ambiental, S.A. | (2,363,509) | 16,133 | 6,806 | - |
| Margem - Comp.ª Mineração, S.A. | - | - | 1,462,131 | - |
| Secil Prebetão, S.A. | (31,125) | 348,586 | 1,070 | 326 |
| Seribo, S.A. | - | - | - | (2,405) |
| Setefrete, S.A. | (1,627,055) | - | 31,330 | - |
| Supremo Cimentos, S.A. | - | 4,015,873 | 14,349 | 2,540,214 |
| Enerpar, SGPS, S.A. | (1,751,232) | - | - | - |
| Others | - | - | - | (493) |
| | **(5,772,921)** | **4,380,592** | **1,515,686** | **2,537,642** |

| Amounts in Euro | 1st Semester 2014 Service purchase | Sales of goods | Operating Income | Financial (losses)/gains |
|---|---|---|---|---|
| **Other related parties** | | | | |
| Ave - Gestão Ambiental, S.A. | (1,903,822) | 21,223 | 252,093 | - |
| Inertogrande | - | 437,341 | 13,612 | - |
| Margem - Comp.ª Mineração, S.A. | - | - | 14,560 | - |
| Secil Prebetão, S.A. | (26,072) | 409,420 | 2,710 | 785 |
| Seribo, S.A. | - | - | - | (2,405) |
| Setefrete, S.A. | (1,561,057) | - | 18,023 | - |
| Supremo Cimentos, S.A. | - | 5,795,666 | 798 | 630,133 |
| Others | - | - | - | (14,355) |
| | **(3,490,951)** | **6,663,650** | **301,796** | **614,158** |

## 36. *Environmental related expenditures*

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

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

The expenditure capitalized and expensed in the six months period ended 30 June 2015 and 31 December 2014 were as follows:

| Amounts in Euro | 30-06-2015 Revenue | Expenses of the period | Capitalisation of the period | 31-12-2014 Revenue | Expenses of the period | Capitalisation of the period |
|---|---|---|---|---|---|---|
| Atmospheric emissions | - | 347,079 | 12,666 | - | 859,405 | 281,390 |
| Management of residual water | - | 14,848 | - | - | 41,570 | - |
| Residual managements | (394,526) | 703,023 | 115,826 | (948,593) | 1,596,054 | 350,590 |
| Protection of Nature | - | 274,276 | - | - | 511,908 | 21,378 |
| Protection of soils and underground waters | - | 4,461,017 | 297,580 | - | 7,058,517 | 25,859 |
| Materials recycling | - | - | - | - | 1,487,517 | - |
| Liquid effluent treatment | - | 589,843 | - | - | 630,594 | - |
| Expenses with electrofilters | - | 333,084 | - | - | 757,940 | - |
| Solid waste landfill | - | 61,584 | - | - | 599,353 | - |
| Sewerage | - | 302,548 | - | - | 466,013 | - |
| Recovery boiler | - | - | - | - | - | 31,610 |
| Generator of the oil boiler | - | - | - | - | - | 75,684 |
| Security facilities improvement | - | - | 67,303 | - | - | 129,407 |
| Other environmental protection activities | - | 211,744 | 205,873 | - | 854,029 | 213,993 |
| | **(394,526)** | **7,299,046** | **699,248** | **(948,593)** | **14,862,900** | **1,129,911** |

## 37. *Audit fees*

In the six months period ended 30 June 2015 and 2014, expenses with statutory audits, other audit services and tax advisory services, were as follows:

| Amounts in Euro | 1st Semester 2015 | 1st Semester 2014 |
|---|---|---|
| Statutory audit services | | |
| Statutory audit services | 208,955 | 305,621 |
| Audit services in foreign subsidiaries | 121,023 | 80,557 |
| Tax consultancy services | 28,463 | 35,949 |
| Other reliability assurance services | 63,558 | 59,401 |
| | **421,999** | **481,528** |

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

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

## 38. *Number of employees*

At 30 June 2015 and 31 December 2014, the number of employees in service of the Group's various companies, was as follows:

| Segment | 30-06-2015 | 31-12-2014 | Var. 15/14 |
|---|---|---|---|
| Pulp and paper | 2,490 | 2,325 | 165 |
| Cement and derivatives | 2,701 | 2,034 | 667 |
| Environment | 289 | 285 | 4 |
| Holdings and others | 25 | 24 | 1 |
| | **5,505** | **4,668** | **837** |

The increase ocurred in the cements and derivatives segment is mainly due to the incorporation of the subsidiary Supremo by the full consolidation method, with a total staff of 644 as at 30 June 2015.

## 39. *Commitments*

As of 30 June 2015 and 31 December 2014, the guarantees and other financial commitments provided by the Group were as follows:

| Amounts in Euro | 30/06/2015 | 31/12/2014 |
|---|---|---|
| **Warranties** | | |
| IAPMEI (in the perimeter of QREN) | 1,467,128 | 1,807,337 |
| VAT refunds request | 2,713,320 | 2,715,419 |
| Portuguese Tax Authorities AT - Autoridade Tributária | 780,998 | 2,312,169 |
| APSS - Admi. dos Portos de Setúbal e Sesimbra | 2,593,639 | 2,633,394 |
| Direção Geral de Alfândegas | 800,000 | 800,000 |
| APDL - Administração do Porto de Leixões | 706,062 | 706,062 |
| Simria | 327,775 | 327,775 |
| Instituto de Conservação da Natureza - Arrábida | 406,540 | 280,639 |
| Secretaria Regional do Ambiente e Recursos Naturais | 274,595 | 274,595 |
| IAPMEI (in the perimeter of PEDIP) | 415,934 | 415,934 |
| Comissão de Coordenação e Desenv. Regional Norte | 236,403 | 236,403 |
| Comissão de Coordenação e Desenv. Regional Centro | 845,173 | 845,173 |
| Comissão de Coordenação e Desenv. Regional LVT | 1,070,254 | 1,134,778 |
| Comissão de Coordenação e Desenv. Regional Algarve | 480,804 | 480,804 |
| Others | 1,833,108 | 1,595,436 |
| | **14,951,734** | **16,565,918** |
| **Other commitments** | | |
| Purchase commitments with suppliers | | |
| Fixed assets | 26,019,441 | 25,459,825 |
| Other | 4,186,822 | 8,226,283 |
| Forestry land rents | 65,508,196 | 63,308,069 |
| Mortgage loan guarantee | 1,425,778 | 1,495,271 |
| | **97,140,237** | **98,489,448** |
| | **112,091,971** | **115,055,366** |

### Liabilities assumed due to operating leases

As of 30 June 2015 and 31 December 2014, debt's reimbursement plans for operating leases are as follows:

| Amounts in Euro | 30-06-2015 | 31-12-2014 |
|---|---|---|
| No more than one year | 962,510 | 325,685 |
| More than one year, less than five years | 2,824,226 | 4,316,595 |
| | **3,786,736** | **4,642,280** |
| **Expenses of the period** | **1,558,501** | **2,868,488** |

## 40. *Other commitments of the group*

### Investment in a new plant in Angola

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

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

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

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

Secil Lobito continues to adapt the investment project to the reality of the cement market in Angola. Accordingly, in June 2015, Secil Lobito informed ANIP of the new estimated investment amount, and requested that a Commission of Negotiations and Incentives to be appointed, in order to discuss and decide the revision and update of certain subjects and conditions necessary for the investment project viability, development and implementation.

### Deposit Bail

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

### *Issuance of Debentures (Brazil)*

NSOSPE (Brazilian subsidiary owned by Semapa) issued a bond loan (in the form of debentures), amounting to Brazilian real 128,100,000, of which are still in debt, as at 30 June 2015 an amount of Brazilian real 73,200,000 million, having Semapa assumed as commitments and guarantees related to that issue, a pledge of shares representing the total share capital of NSOSPE, equity support agreement and a promissory note. Within the scope of this emission, NSOSPSE celebrated a derivative contract in order to hedge the currency risk and interest rate. Regarding this contract, Semapa committed to an Equity support agreement and a promissory note.

### Fiduciary alienation

In November 2013 the Company Margem- Companhia de Mineração, fully owned by Supremo (100% held by Semapa Group since 24 June 2015 – until then the group held 50%) renewed two loans denominated "Cédulas de crédito bancário" amounting to Real 50 million each. Additionally, in April 2014 the Company contracted two loans denominated "Cédulas de crédito bancário" amounting to Real 25 million each to address the financial treasury needs, due to the construction of the new power plant in Adrianopolis. As security for this funding:

- Ciminpart S.G.P.S., S.A. and N.S.O.SP.E. as shareholders , proceeded to the fiduciary alienation of shares held in Supremo Cimentos, S.A. ;
- Supremo Cimentos, S.A. proceed to the fiduciary alienation of the entire Margem- Companhia de Mineração shares.
- Secil rendered a promissory note and Semapa, a comfort letter as collateral up to a maximum amount equivalent to 50 % of the amount of the two loans mentioned above;

It should be noted that in case of default of the Borrower, Secil may, within the limits established by contract and without the chattel mortgage being executed, solve the default and repay the loans.

## 41. *Contingent assets*

*Non-tax matters*

### Infrastructure enhancement and maintenance rate

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

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setubal. Portucel disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal in Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November 2012 and appeal to the Administrative Supreme Court (STA) was performed, which has brought down the action to Central Administrative Court (TCA) on 4 July, 2013.

### Public Debt Settlement Fund

In addition to the tax matters described below, a second request to the Administrative and Fiscal Court of Almada was submitted on 2 June 2010, which called for the reimbursement of various amounts, totalling Euro 136,243,939. These amounts related to adjustments in the financial statements of the group after its privatisation, that had not been considered in formulating the price of such privatization as they were not included in the documentation made available for consultation by the bidders.

On 24 May, 2014, the Administrative and Fiscal Court of Almada denied the request of the Group to present testimonial proves, requesting written allegations. On 30 June 2014, the Group presented its complaint to the conference about this position, whilst present on the same date the written allegations requested by the Court.

*Tax matters*

### Public Debt Settlement Fund

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

On 13 December 2010, Portucel presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003. This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses. In this context, it is responsibility of the aforementioned Fund the amounts detailed as follows:

| Amounts in Euro | Period | Amounts requested | 1st Refund | Decreases in the perimenter of RERD | Process in favor of Group | Outstanding |
|---|---|---|---|---|---|---|
| **Portucel** | | | | | | |
| Value added tax - Alemanha | 1998-2004 | 5,850,000 | (5,850,000) | - | - | - |
| Corporate income tax | 2002 | 625,033 | (625,033) | - | - | - |
| Value added tax | 2002 | 2,697 | (2,697) | - | - | - |
| Corporate income tax | 2003 | 1,573,165 | (1,573,165) | - | - | - |
| Corporate income tax | 2003 | 182,230 | (157,915) | - | - | 24,315 |
| Corporate income tax (RF) | 2004 | 3,324 | - | - | - | 3,324 |
| Corporate income tax | 2004 | 766,395 | - | - | (139,023) | 627,372 |
| Corporate income tax (RF) | 2005 | 1,736 | (1,736) | - | - | - |
| Corporate income tax | 2005 | 11,754,680 | - | (1,360,294) | - | 10,394,386 |
| Corporate income tax | 2006 | 11,890,071 | - | (1,108,178) | - | 10,781,893 |
| Expenses | | 314,957 | - | - | - | 314,957 |
| | | **32,964,287** | **(8,210,545)** | **(2,468,472)** | **(139,023)** | **22,146,247** |
| **Soporcel** | | | | | | |
| Corporate income tax | 2002 | 18,923 | - | - | - | 18,923 |
| Corporate income tax (Replacement) | 2003 | 5,725,771 | - | - | - | 5,725,771 |
| Value added tax | 2003 | 2,509,101 | - | - | - | 2,509,101 |
| Stamp Tax | 2004 | 497,669 | - | - | (497,669) | - |
| | | **8,751,464** | **-** | **-** | **(497,669)** | **8,253,795** |
| | | **41,715,751** | **(8,210,545)** | **(2,468,472)** | **(636,692)** | **30,400,042** |

### Portucel Group - RFAI Energy

Part of the investment considered relevant in terms of RFAI tax incentives, as foreseen in the Law nº10/2009 of 10 March, regards the biomass cogeneration units acquired by Portucel for the total amount of Euro 7,826,793. It is the Portuguese tax authorities understanding that Portucel cannot benefit from the mentioned tax incentives regarding the mentioned units, as the company’s main activity is not the production of energy. Therefore, the group amended 2011 corporate income tax in the caption of tax benefits considered in the calculation.

The debt was paid, lying in discussion with Tax authorities administratively.

The Group’s will proceed with the defence of its position in Court in the event that the administrative process referred above is denied.

## 42. *Exchange rates*

The assets and liabilities of the foreign subsidiaries and associated companies were translated to Euro at the exchange rate prevailing on 30 June 2015.

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

The rates used as of 30 June 2015 and 31 December 2014, against the Euro, were as follows:

| | 30/06/2015 | 31/12/2014 | Valuation/ (depreciation) |
|---|---|---|---|
| TND (tunisian dinar) | | | |
| Average exchange rate for the period | 2.1622 | 2.2516 | 3.97% |
| Exchange rate at the end of the period | 2.1711 | 2.2490 | 3.46% |
| LBN (libanese pound) | | | |
| Average exchange rate for the period | 1,682.00 | 2,000.80 | 15.93% |
| Exchange rate at the end of the period | 1,686.70 | 1,830.30 | 7.85% |
| USD (american dollar) | | | |
| Average exchange rate for the period | 1.1158 | 1.3285 | 16.01% |
| Exchange rate at the end of the period | 1.1189 | 1.2141 | 7.84% |
| GBP (sterling pound) | | | |
| Average exchange rate for the period | 0.7323 | 0.8061 | 9.15% |
| Exchange rate at the end of the period | 0.7114 | 0.7789 | 8.67% |
| PLN (polish zloty) | | | |
| Average exchange rate for the period | 4.1397 | 4.1834 | 1.04% |
| Exchange rate at the end of the period | 4.1911 | 4.2732 | 1.92% |
| SEK (swedish krona) | | | |
| Average exchange rate for the period | 9.3401 | 9.0990 | (2.65%) |
| Exchange rate at the end of the period | 9.2150 | 9.3930 | 1.90% |
| CZK (czech koruna) | | | |
| Average exchange rate for the period | 27.5032 | 27.5355 | 0.12% |
| Exchange rate at the end of the period | 27.2530 | 27.7350 | 1.74% |
| CHF (swiss franc) | | | |
| Average exchange rate for the period | 1.0592 | 1.2146 | 12.80% |
| Exchange rate at the end of the period | 1.0413 | 1.2024 | 13.40% |
| TRY (turkish lira) | | | |
| Average exchange rate for the period | 2.8665 | 2.9065 | 1.38% |
| Exchange rate at the end of the period | 2.9953 | 2.8320 | (5.77%) |

| | 30/06/2015 | 31/12/2014 | Valuation/ (depreciation) |
|---|---|---|---|
| DKK (danish krone) | | | |
| Average exchange rate for the period | 7.4564 | 7.4548 | (0.02%) |
| Exchange rate at the end of the period | 7.4604 | 7.4453 | (0.20%) |
| HUF (hungarian florim) | | | |
| Average exchange rate for the period | 307.3809 | 308.5600 | 0.38% |
| Exchange rate at the end of the period | 314.9300 | 315.5400 | 0.19% |
| AUD (australian dollar) | | | |
| Average exchange rate for the period | 1.4262 | 1.4719 | 3.10% |
| Exchange rate at the end of the period | 1.4550 | 1.4829 | 1.88% |
| MZM (Mozambican metical) | | | |
| Average exchange rate for the period | 39.3008 | 40.8981 | 3.91% |
| Exchange rate at the end of the period | 42.9950 | 38.5100 | (11.65%) |
| BRL (Brazilian Real) | | | |
| Average exchange rate for the period | 3.3101 | 3.1225 | (6.01%) |
| Exchange rate at the end of the period | 3.4699 | 3.2207 | (7.74%) |
| MAD (moroccan dirham) | | | |
| Average exchange rate for the period | 10.8542 | 11.1712 | 2.84% |
| Exchange rate at the end of the period | 10.9210 | 11.0503 | 1.17% |
| NOK (norwegian kroner) | | | |
| Average exchange rate for the period | 8.6483 | 8.3547 | (3.51%) |
| Exchange rate at the end of the period | 8.7910 | 9.0420 | 2.78% |
| AOA (angolan kwanza) | | | |
| Average exchange rate for the period | 123.2727 | 132.1210 | 6.70% |
| Exchange rate at the end of the period | 138.0018 | 126.3854 | (9.19%) |

# 43. *Companies within the consolidation perimeter*

## Instrumental companies included in consolidation

| Name | Head Office | Direct and indirect % of equity held by Semapa detido pela Semapa | | |
|---|---|---|---|---|
| | | Direct | Indirect | Total |
| **Parent - company:** | | | | |
| Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. | Lisbon | | | |
| **Subsidiaries** | | | | |
| Seminv, SGPS, S.A. | Lisbon | 100.00 | - | 100.00 |
| Seinpart, SGPS, S.A. | Lisbon | 49.00 | 51.00 | 100.00 |
| Seinpar Investments, B.V. | Amsterdan | 100.00 | - | 100.00 |
| Interholding Investments B.V. | Amsterdan | 100.00 | - | 100.00 |
| Semapa Inversiones S.L. | Madrid | 100.00 | - | 100.00 |
| Celcimo S.L. | Madrid | - | 100.00 | 100.00 |
| NSOSPE - Empreendimentos e Participações, S.A. | Rio de Janeiro | 50.01 | 49.99 | 100.00 |
| Inspiredplace, S.A. | Lisbon | 100.00 | - | 100.00 |

## Subsidiary companies of sub-group ETSA – under full consolidation

| Name | Head Office | Direct and indirect % of equity held by ETSA | | | % Shares held by Semapa |
|---|---|---|---|---|---|
| | | Direct | Indirect | Total | |
| **Parent - company:** | | | | | |
| ETSA - Investimentos, SGPS, S.A. | Loures | 99.99 | - | 99.99 | 99.99 |
| **Subsidiaries** | | | | | |
| ETSA LOG,S.A. | Loures | 100.00 | - | 100.00 | 99.99 |
| ABAPOR – Comércio e Industria de Carnes, S.A. | Coruche | 100.00 | - | 100.00 | 99.99 |
| SEBOL – Comércio e Industria de Sebo, S.A. | Loures | 100.00 | - | 100.00 | 99.99 |
| ITS – Indústria Transformadora de Subprodutos Animais, S.A. | Coruche | 100.00 | - | 100.00 | 99.99 |
| BIOLOGICAL - Gestão de Resíduos Industriais, Lda. | Loures | 100.00 | - | 100.00 | 99.99 |
| AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A. | Mérida | 100.00 | - | 100.00 | 99.99 |

## Subsidiary companies of sub-group Portucel – under full consolidation

| Name | Head Office | % direct and indirect equity held by Portucel | | | % of shares held by Semapa |
|---|---|---|---|---|---|
| | | Direct | Indirect | Total | |
| **Parent - Company:** | | | | | |
| Portucel, S.A. | Setúbal | 47.50 | 33.69 | 81.19 | 81.19 |
| **Subsidiaries** | | | | | |
| Soporcel - Sociedade Portuguesa de Papel, S.A. | Figueira da Foz | 100.00 | - | 100.00 | 81.19 |
| Portucel Florestal, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| Aboutbalance, SGPS, S.A. | Lisbon | 100.00 | - | 100.00 | 81.19 |
| AMS Star Paper BR, SA | Vila Velha de Ródão | 100.00 | - | 100.00 | 81.19 |
| PS Parques Industriais, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| PortucelSoporcel Tissue, SGPS, S.A. | Aveiro | 100.00 | - | 100.00 | 81.19 |
| PortucelSoporcel Internacional, SGPS, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda. | Mozambique | 25.00 | 75.00 | 100.00 | 81.19 |
| Portucel Florestal Brasil - Gestão de Participações, Lda. | Brazil | 25.00 | 75.00 | 100.00 | 81.19 |
| PortucelSoporcel International Finance, B.V. | Netherlands | 25.00 | 75.00 | 100.00 | 81.19 |
| Colombo Energy Inc. | USA | 25.00 | 75.00 | 100.00 | 81.19 |
| Portucel Finance, Zoo | Poland | 25.00 | 75.00 | 100.00 | 81.19 |
| PortucelSoporcel Floresta, SGPS, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Florestal – Sociedade para o Desenvolvimento Agro-Florestal, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Afocelca - Agrupamento complementar de empresas para proteção contra incêndios ACE | Portugal | - | 64.80 | 64.80 | 52.61 |
| Enerforest - Empresa de Biomassa para Energia, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Viveiros Aliança - Empresa Produtora de Plantas, S.A. | Palmela | - | 100.00 | 100.00 | 81.19 |
| Atlantic Forests, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Raiz - Instituto de Investigação da Floresta e Papel | Aveiro | - | 94.00 | 94.00 | 76.32 |
| Bosques do Atlantico, S.L. | Spain | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Pulp SGPS, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| Soporcel Pulp - Sociedade Portuguesa de Celulose, S.A. | Figueira da Foz | - | 100.00 | 100.00 | 81.19 |
| CELSET - Celulose de Setúbal, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| CELCACIA - Celulose de Cacia, S.A. | Aveiro | 0.01 | 99.99 | 100.00 | 81.19 |
| Portucel International GmbH | Germany | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Papel, SGPS, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| About the Future - Empresa Produtora de Papel, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Portucel Papel Setúbal, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Portucel Soporcel North America Inc. | USA | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Sales & Marketing NV | Bélgica | 25.00 | 75.00 | 100.00 | 81.19 |
| PortucelSoporcel Lusa, Lda. | Figueira da Foz | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Fine Paper , S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Afrique du Nord | Morocco | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Switzerland | Switzerland | 25.00 | 75.00 | 100.00 | 81.19 |
| PortucelSoporcel Afrique du Nord | Morocco | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel España, S.A. | Spain | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel International, B.V. | Netherlands | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel France, EURL | France | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel United Kingdom, Ltd | United Kingdom | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Italia, SRL | Italy | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Deutschland, GmbH | Germany | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Handels, GmbH | Austria | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Poland SP Z O | Poland | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Eurasia | Turkey | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel International | Switzerland | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Energia, SGPS, S.A. | Setúbal | 100.00 | - | 100.00 | 81.19 |
| SPCG – Sociedade Portuguesa de Co-Geração Elétrica, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Enerpulp – Cogeração Energética de Pasta, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Cogeração de Energia, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Participações, SGPS, S.A. | Setúbal | 25.14 | 74.86 | 100.00 | 81.19 |
| EucaliptusLand, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Arboser – Serviços Agroindustriais, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Empremédia - Corretores de Seguros, Lda. | Lisbon | - | 100.00 | 100.00 | 81.19 |
| EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Ema Cacia - Engenharia e Manutenção Industrial, ACE | Aveiro | - | 91.15 | 91.15 | 74.01 |
| Ema Setúbal - Engenharia e Manutenção Industrial, ACE | Setúbal | - | 92.56 | 92.56 | 75.15 |
| Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE | Figueira da Foz | - | 91.47 | 91.47 | 74.27 |
| Headbox - Operação e Controlo Industrial, S.A. | Setúbal | - | 100.00 | 100.00 | 81.19 |
| Cutpaper - Transformação, Corte e Embalagem de Papel, ACE | Figueira da Foz | - | 50.00 | 50.00 | 40.60 |
| PortucelSoporcel Serviços Partilhados, S.A. | Figueira da Foz | - | 100.00 | 100.00 | 81.19 |
| Gavião - Sociedade de Caça e Turismo, SA | Setúbal | - | 100.00 | 100.00 | 81.19 |
| PortucelSoporcel Abastecimento de Madeira, ACE | Setúbal | 60.00 | 40.00 | 100.00 | 81.19 |

### Subsidiary companies of sub-group Secil – under full consolidation

| Name | Head Office | % direct and indirect equity held by Secil - Direct | Indirect | Total | % of shares held by Semapa |
|---|---|---|---|---|---|
| **Parent - Company:** | | | | | |
| Secil - Companhia Geral de Cal e Cimento, S.A. | Setúbal | - | 99.998 | 99.998 | 99.998 |
| **Subsidiaries** | | | | | |
| Somera Trading Inc. | Panama | - | 100.00 | 100.00 | 99.998 |
| Hewbol, S.G.P.S., Lda. | Funchal | - | 100.00 | 100.00 | 99.998 |
| Secil Cabo Verde Comércio e Serviços, Lda. | Praia | - | 100.00 | 100.00 | 99.998 |
| ICV - Inertes de Cabo Verde, Lda. | Praia | 37.50 | 25.00 | 62.50 | 62.499 |
| Florimar- Gestão e Participações, S.G.P.S., Lda. | Funchal | 100.00 | - | 100.00 | 99.998 |
| Sociedade de Inertes, Lda. | Nacala | - | 99.00 | 99.00 | 98.998 |
| Seciment Investments, B.V. | Amsterdam | 100.00 | - | 100.00 | 99.998 |
| I3 Participações e Serviços, Lda. | Rio de Janeiro | - | 99.97 | 99.97 | 99.968 |
| Serife - Soc. de Estudos e Realizações Industriais e de Fornecimento de Equip., Lda. | Lisbon | 100.00 | - | 100.00 | 99.998 |
| Silonor, S.A. | Dunkerque | 100.00 | - | 100.00 | 99.998 |
| Société des Ciments de Gabés | Tunis | 98.72 | - | 98.72 | 98.716 |
| Sud- Béton- Société de Fabrication de Béton du Sud | Tunis | - | 98.72 | 98.72 | 98.716 |
| Zarzis Béton | Tunis | - | 98.52 | 98.52 | 98.519 |
| Secil Angola, SARL | Luanda | 100.00 | - | 100.00 | 99.998 |
| Secil - Companhia de Cimento do Lobito, S.A. | Lobito | - | 51.00 | 51.00 | 50.999 |
| Secil, Betões e Inertes, S.G.P.S., S.A. | Setúbal | 100.00 | - | 100.00 | 99.998 |
| Unibetão - Indústrias de Betão Preparado, S.A. | Lisbon | - | 100.00 | 100.00 | 99.998 |
| Britobetão - Central de Betão, Lda. | Évora | - | 91.00 | 91.00 | 90.998 |
| Secil Britas, S.A. | Lisbon | - | 100.00 | 100.00 | 99.998 |
| Lusoinertes, S.A. | Lisbon | - | 100.00 | 100.00 | 99.998 |
| Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A. | Leiria | 51.19 | 48.81 | 100.00 | 99.998 |
| IRP - Industria de Rebocos de Portugal, S.A. | Santarém | - | 75.00 | 75.00 | 74.998 |
| Ciminpart - Investimentos e Participações, S.G.P.S., S.A. | Lisbon | 100.00 | - | 100.00 | 99.998 |
| ALLMA - Microalgas, Lda. | Leiria | - | 70.00 | 70.00 | 69.999 |
| Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A. | Lisbon | - | 90.87 | 90.87 | 90.868 |
| Cimentos Costa Verde - Comércio de Cimentos, S.A. | Lisbon | - | 100.00 | 100.00 | 99.998 |
| Prescor Produção de Escórias Moídas, Lda. | Lisbon | - | 100.00 | 100.00 | 99.998 |
| CMP - Cimentos Maceira e Pataias, S.A. | Leiria | 100.00 | - | 100.00 | 99.998 |
| Ciments de Sibline, S.A.L. | Beirut | 28.64 | 22.41 | 51.05 | 51.049 |
| Soime, S.A.L. | Beirut | - | 51.05 | 51.05 | 51.049 |
| Cimentos Madeira, Lda. | Funchal | 57.14 | - | 57.14 | 57.142 |
| Beto Madeira - Betões e Britas da Madeira, S.A. | Funchal | - | 57.14 | 57.14 | 57.142 |
| Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda. | Funchal | - | 57.14 | 57.14 | 57.142 |
| Brimade - Sociedade de Britas da Madeira, S.A. | Funchal | - | 57.14 | 57.14 | 57.142 |
| Madebritas - Sociedade de Britas da Madeira, Lda. (a) | Funchal | - | 29.14 | 29.14 | 29.142 |
| Pedra Regional - Industria Transformadora de Rochas Ornamentais, S.A. | Funchal | - | 29.14 | 29.14 | 29.142 |
| Reficomb- Refinação e Comercialização de Combustíveis Derivados de Resíduos, S.A. | Setúbal | 100.00 | - | 100.00 | 99.998 |
| Uniconcreto - Betão Pronto, S.A. | Lisbon | 100.00 | - | 100.00 | 99.998 |

(a) Companies owned by 51% by Brimade, S.A. and therefore controlled by the Group.

### Subsidiary companies of sub-group Supremo – under full consolidation

| Name | Head Office | Direct and indirect % of equity held - Direct | Indirect | Total | % Shares held by Semapa |
|---|---|---|---|---|---|
| Supremo Cimentos, S.A. | Santa Catarina | - | 100.00 | 100.00 | 100.00 |
| Margem - Companhia de Mineração | Paraná | - | 100.00 | 100.00 | 100.00 |
| OP Beton Concreto e Engenharia, Ltda | Santa Catarina | - | 100.00 | 100.00 | 100.00 |

# 44. *Subsequent Events*

### *Public exchange offer for Semapa shares*

As of 28 July 2015, following the closure of the general public tender offer launched by Semapa over its own shares, registered at the Securities and Exchange Commission and whose respective period was between 6 and 24 July 2015, Semapa acquired 24,864,477 shares, which were cancel through a share capital decrease after proper settlement of the tender offer.

Thus, Semapa reduced its share capital to Euro 81,645,523 represented by 81,645,523 shares and reduced the attributable participation in Portucel to 497,617,299 representative of 64.836% of the share capital and 69.402% of non-suspended voting rights in this subsidiary.

*Portucel "Senior Notes 5.375%" bond loan – Early redemption*

As previously communicated to market, pursuant to the terms of the Indenture concerning the Euro 350,000,000 5% Senior Secured Notes due 2020 (the "Notes") issued by Portucel S.A., dated of 16 May 2013, Portucel has elected to redeem Euro 200,000,000 in aggregate principal amount of the Notes (the "Redeemable Notes").

The referred bonds will be redeemed on 24 September 2015, subject to:

i) the closing of a bond offering by the Company raising a minimum of Euro 200,000,000 of net proceeds on or prior to 23 September 2015 and;
ii) receipt by the Principal Paying Agent of sufficient funds to pay the price payable to the holders of the Notes on or before the redemption date.

iii) The redemption price payable for the Redeemable Notes is the nominal value of the Redeemable Notes, plus the Applicable Premium (as defined in, and to be calculated in accordance with, the Indenture).

Additionally, Portucel has signed an agreement with a bank syndicate formed by two banks, under which the banks underwrite the issuance of a new bond, in the amount of Euro 200,000,000, to be issued before the redemption date. This new bond will have a maturity of 8 years and a variable interest rate of Euribor (6 months) plus a spread of 1.9%.

Notwithstanding the redemption of the Notes being subjected to a premium, a cost that will be immediately recorded in the accounts (estimated at Euro 14,600,000 at current market conditions to which should be added assembly costs yet to recognize), the favourable conditions contracted for the new bond issue result in a very positive Net Present Value for the transaction (estimated at Euro 7,400,000 at current market conditions), allowing to significantly reduce Portucel's average cost of debt and to extend the maturity of this debt until 2023.

*Preliminary imposition of import duties - USA*

As previously communicated to the market, Portucel was involved in an anti-dumping proceeding promoted by the US Department of Commerce, which has already determined a preliminary margin of 29.53% over the entry of the Group products in the United States of America. Based on the grounds of this decision, Portucel concluded that a significant part of the preliminary margin resulted from a misinterpretation of part of the information submitted by Portucel, and therefore, no margin is due in what concerns that part of the calculation.

However, it is the Group's conviction that its pricing policy in the markets in which it operates is appropriate and that it will have grounds, in the discussion that will follow the publication of the preliminary margin, to demonstrate that the final margin should be significantly reduced.

*Portucel pensions fund - Supervisory Authority for insurance*

On 6 August 2015, the Insurance Supervisory Authority informed its assent to the extinction of Soporcel pension funds, Soporcel 2, Aliança Florestal, Aliança Florestal 2 and Raiz pension funds, beyond extinction of Portucel's quote in Portucel Florestal, SA.

Given this decision, the group will proceed shortly to the reinforcement of the defined contribution plan in 25% for employees belonging to Soporcel, Soporcel 2, Aliança Florestal, Aliança Florestal 2 and Raiz pension funds that took this option. If other employees involved in this process choose the same option there will be an additional contribution.

## 45. *Note added for translation*

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

**Board of Directors**

**Chairman:**

Pedro Mendonça de Queiroz Pereira

**Members:**

João Nuno de Sottomayor Pinto de Castello Branco

José Miguel Pereira Gens Paredes

Paulo Miguel Garcês Ventura

Ricardo Miguel dos Santos Pacheco Pires

António Pedro de Carvalho Viana Baptista

Francisco José Melo e Castro Guedes

Manuel Custódio de Oliveira

Vitor Manuel Galvão Rocha Novais Gonçalves

Vitor Paulo Paranhos Pereira

# PART 5

## LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF YEAR INFORMATION

## *Limited Review Report Prepared by Auditor Registered with the Securities Market Commission (CMVM) on the Consolidated Half Year Information*

***(Free translation from the original in Portuguese)***

### *Introduction*

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2015 of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. included in the Directors' Report, consolidated statement of financial position (which shows total assets of Euro 4,230,752,947 and total shareholders' equity of Euro 1,209,502,625, including non-controlling interests of Euro 298,309,436 and a net profit of Euro 72,377,999), consolidated income statement, statement of comprehensive consolidated income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

### *Responsibilities*

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

### *Scope*

5 Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors, planned according to that objective, and consisted: primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the presentation of the financial information; (v) as to whether the consolidated financial information is complete, true, up-to-date, clear, objective and lawful.

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.*
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*Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 9077*

6 Our work also covered the verification that the consolidated financial information included in the Directors' Report is consistent with the remaining documents referred to above.

7 We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

### *Conclusions*

8 Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2015 contain material misstatements that affect its conformity with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

### *Report on other requirements*

9 Based on the work, nothing has come to our attention that leads us to believe that the consolidated financial information included in the Directors' Report is not consistent with the consolidated financial information for the period.

August 28, 2015

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, R.O.C.

**(This is a translation, not to be signed)**