Half-yearly Accounts

1st Half 2016

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

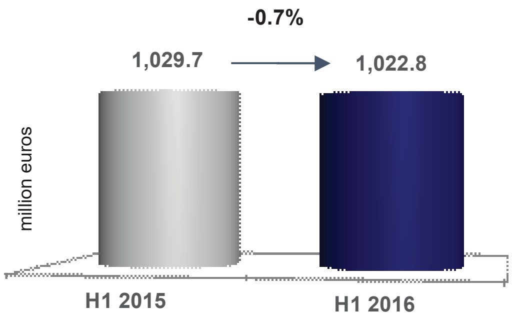
Share Capital: € 81,270,000

PART 1

MANAGEMENT REPORT

CONTENTS

1 HIGHLIGHTS

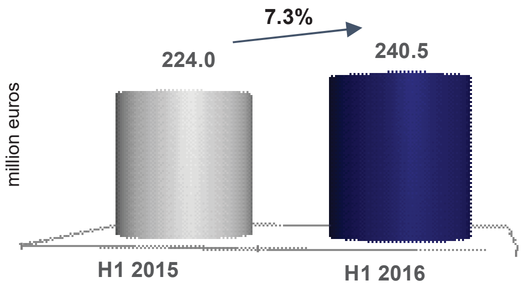


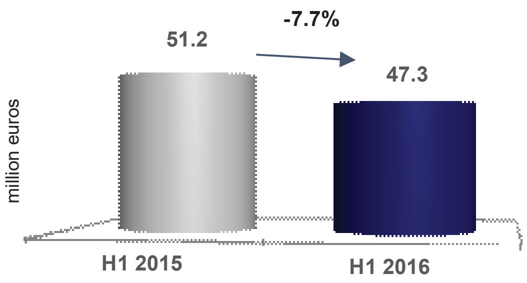
TURNOVER

In the first half of 2016 the Semapa Group recorded a consolidated turnover of 1,022.8 million euros, a decrease of 0.7% from the same period in the previous year. Exports and foreign sales amounted to 802.6 million euros: 78.5% of turnover.

EBITDA

Total EBITDA for the first 6 months of 2016 rose by about 7.3% in relation to the same period in the previous year, standing at 240.5 million euros. The consolidated margin stood at 23.5%, 1.8 p.p. up from that recorded in the first half of 2015.





NET INCOME

Net income totalled 47.3 million euros, down by 7.7%. In spite of the EBITDA increase, improved financial results and income tax comparing favourably, it did not compensate the effects of depreciation and provisions and the decrease in Navigator's stake after July 2015.

LEADING BUSINESS INDICATORS

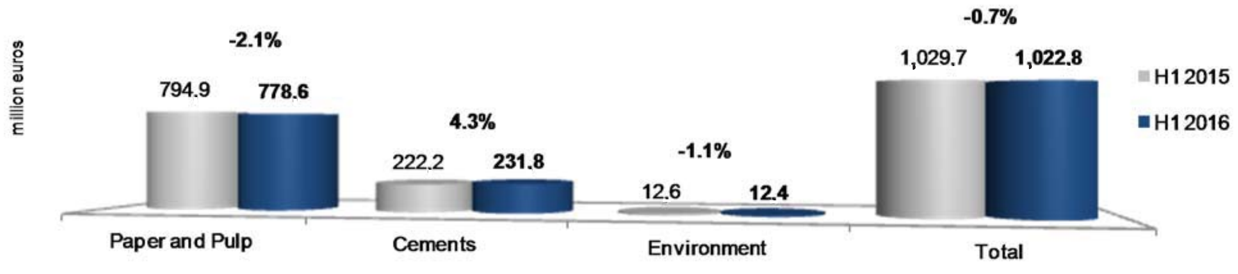
IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.	Q2 2016	Q2 2015	Var.
Turnover	**1,022.8**	**1,029.7**	**-0.7%**	**526.3**	**536.2**	**-1.9%**
Total EBITDA	**240.5**	**224.0**	**7.3%**	**129.9**	**127.0**	**2.3%**
EBITDA margin (%)	23.5%	21.8%	1.8 p.p.	24.7%	23.7%	1.0 p.p.
Depreciation and impairment losses	(118.3)	(90.3)	-31.1%	(66.7)	(41.2)	-62.1%
Provisions (increases and reversals)	(2.1)	10.0	<-100%	(1.1)	5.0	<-100%
EBIT	**120.0**	**143.8**	**-16.5%**	**62.2**	**90.9**	**-31.6%**
EBIT margin (%)	11.7%	14.0%	-2.2 p.p.	11.8%	16.9%	-5.1 p.p.
Net financial profit	(39.7)	(50.4)	21.1%	(20.5)	(23.8)	14.0%
Profit before tax	**80.3**	**93.4**	**-14.1%**	**41.7**	**67.1**	**-37.8%**
Income tax	(5.9)	(21.0)	71.8%	2.2	(22.6)	>100%
Retained profits for the period	74.3	72.4	2.7%	43.9	44.4	-1.2%
Attributable to Semapa shareholders	**47.3**	**51.2**	**-7.7%**	**29.7**	**31.1**	**-4.2%**
Attributable to non-controlling interests (NCI)	27.0	21.1	28.0%	14.2	13.4	6.0%
Cash-flow	194.8	152.6	27.6%	111.7	80.5	38.7%

	30-06-2016	31-12-2015	Jun16 vs. Dec15
Equity (before NCI)	750.3	716.3	4.7%
Net debt	**1,911.2**	**1,803.0**	**6.0%**

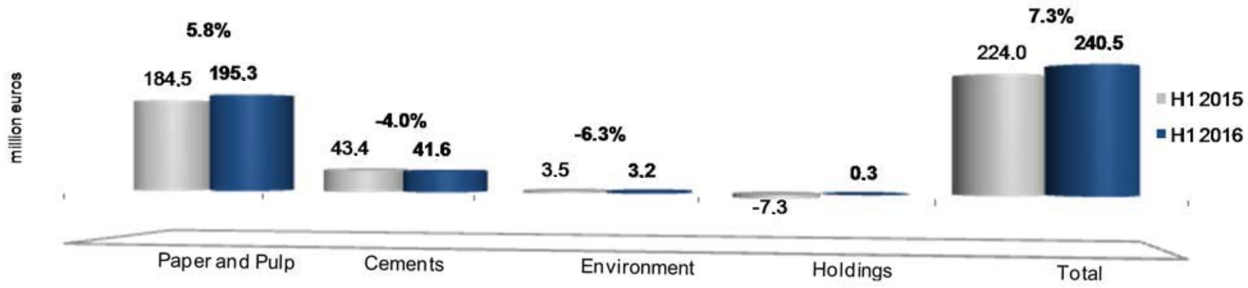
Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash flow = retained earnings + 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
- In comparison with the same period of the previous year, it was impacted by the full consolidation of the Supremo Group on 1 July 2015, the change in The Navigator Company stake from 81.19% to 69.4% in July 2015; the latter only impacts the retained profits for the period attributable to Semapa shareholders

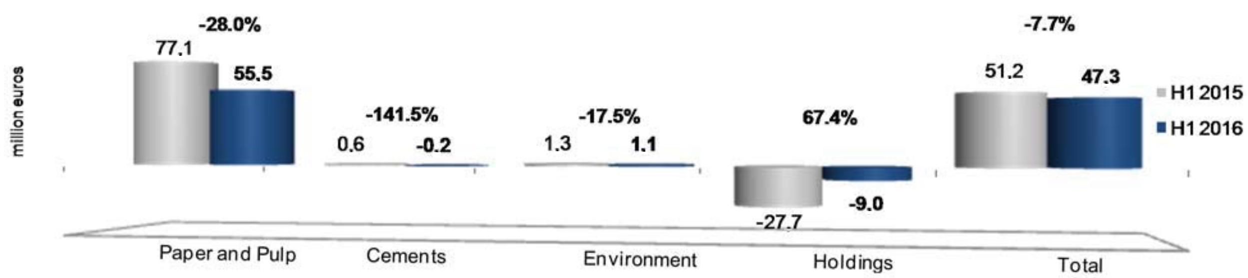
CONSOLIDATED TURNOVER CONTRIBUTION



CONSOLIDATED EBITDA CONTRIBUTION



CONSOLIDATED NET INCOME CONTRIBUTION



2 MAIN EVENTS

- In early March, Moody´s reviewed upwards the long term rating of the Navigator Group, from “Ba3” to “Ba2”, awarding it a “stable” outlook.
- Between 1 January 2016 and 30 June 2016, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. purchased 893,894 own shares, amounting to 9.3 million euros in investment.
- At the Annual Meeting of Semapa Shareholders held on 20 April 2016, the following was implemented as adopted by the Shareholders:
  - The decrease of the share capital from 81,645,523.00 euros to 81,270,000.00 euros, in the amount of 375,523.00 euros, by the cancellation of 375,523 own shares, according to Article 463 of the Companies Code, with the resulting amendment to the Articles of Association, namely to no. 1 Article 4, regarding the composition of the share capital;
  - The increase of the share capital from 81,270,000.00 euros to 117,028,800.00 euros, in the amount of 35,758,800.00 euros, by incorporation of reserves, with the proportional increase of the nominal value of all Company shares of 0.44 euro per share to 1.44 euro per share, with the resulting amendment to the Articles of Association, namely to no. 1 of Article 4, regarding the composition of the share capital;
  - The decrease of the share capital from 117,028,800.00 euros to 81,270,000.00 euros, in the amount of 35,758,800.00 euros, aimed at releasing the excess capital, transferring to free reserves the released amount of share capital and by proportionally reducing the nominal value of all Company shares from 0.44 euro per share, to the nominal value of 1.00 euro per share, with the resulting amendment to the Articles of Association, namely to no. 1 of Article 4, regarding the composition of the share capital, and no. 4 of Article 9, regarding the number of shares that shall correspond to one vote;
  - The payment of dividends arising from 2015 income of 26.7 million euros (32.9 cents per outstanding share).

3 OPERATIONAL PERFORMANCE

BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Paper and Pulp		Cement		Environment		Holdings		Consolidated
	H1 2016	H1 16/15	H1 2016	H1 16/15	H1 2016	H1 16/15	H1 2016	H1 16/15	H1 2016
Sales	**778.6**	**-2.1%**	**231.8**	**4.3%**	**12.4**	**-1.1%**	**-**	**-**	**1,022.8**
Total EBITDA	**195.3**	**5.8%**	**41.6**	**-4.0%**	**3.2**	**-6.3%**	**0.3**	**104.3%**	**240.5**
EBITDA margin (% Sales)	25.1%	1.9 p.p.	18.0%	-1.6 p.p.	26.0%	-1.5 p.p.			23.5%
Depreciation and impairment losses	(93.6)	-36.7%	(23.2)	-14.6%	(1.5)	-3.0%	(0.1)	13.8%	(118.3)
Provisions (increases and reversals)	(1.4)	-123.3%	(0.7)	50.3%	-	-	-	-100.0%	(2.1)
EBIT	**100.3**	**-17.8%**	**17.7**	**-18.1%**	**1.7**	**-12.2%**	**0.2**	**111.6%**	**120.0**
EBIT margin (% Sales)	12.9%	-2.5 p.p.	7.7%	-2.1 p.p.	14.0%	-1.8 p.p.			11.7%
Net financial profit	(13.5)	24.6%	(16.6)	-43.5%	(0.3)	26.1%	(9.3)	54.6%	(39.7)
Pre-tax profits	**86.8**	**-16.7%**	**1.1**	**-88.8%**	**1.4**	**-8.3%**	**(9.1)**	**59.4%**	**80.3**
Tax on profits	(7.1)	23.1%	1.5	123.2%	(0.4)	-35.3%	0.1	101.7%	(5.9)
Retained profits for the period	79.7	-16.0%	2.6	-32.9%	1.1	-17.5%	(9.0)	67.4%	74.3
Attributable to Semapa equity holders	**55.5**	**-28.0%**	**(0.2)**	**-141.5%**	**1.1**	**-17.5%**	**(9.0)**	**67.4%**	**47.3**
Attributable to minority interests	24.2	35.8%	2.8	-14.3%	0.0	-	-	-	27.0
Cash-flow	174.7	11.0%	26.5	3.7%	2.5	-7.3%	(8.9)	73.1%	194.8
Net debt	**793.2**	**21.2%**	**495.4**	**8.3%**	**19.9**	**9.4%**	**602.8**	**-10.4%**	**1,911.2**
Nr Employees	**3,058**		**2,574**		**271**		**24**		**5,927**

Notes:

- For the purpose of calculating the change in net debt the values of 31.12.2015 are used.
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

The Navigator Company (“Navigator”) published its results on 26 July 2016. The following are the highlights of the communication.

The Secil and ETSA Groups, which are not listed, did not publish their results. Therefore, their operations are described in more detail.

4 PAPER AND PULP BUSINESS AREA

4.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Turnover	**778.6**	**794.9**	**-2.1%**
EBITDA	**195.3**	**184.5**	**5.8%**
EBITDA margin (%)	25.1%	23.2%	1.9 p.p.
Depreciation and impairment losses	(93.6)	(68.5)	-36.7%
Provisions (increases and reversals)	(1.4)	6.0	-123.3%
EBIT	**100.3**	**122.0**	**-17.8%**
EBT margin (%)	12.9%	15.3%	-2.5 p.p.
Net financial profit	(13.5)	(17.8)	24.6%
Profit before tax	**86.8**	**104.2**	**-16.7%**
Tax on profts	(7.1)	(9.2)	23.1%
Retained profits for the period	79.7	94.9	-16.0%
Attributable to Navigator shareholders	**79.9**	**94.9**	**-15.8%**
Attributable to non-controlling interests (NCI)	(0.2)	0.0	<-1000%
Cash-Flow	**174.7**	**157.4**	**11.0%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before NCI)	942.1	1,041.7	-9.6%
Net debt	**793.2**	**654.5**	**21.2%**

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

SUMMARY TABLE OF OPERATING INDICATORS

(000 tons)	H1 2016	H1 2015	Var.
Pulp and paper			
BEKP Output (pulp)	744	689	7.9%
BEKP Sales	130	118	9.6%
UWF Output (paper)	795	773.4	2.8%
UWF Sales	776	747.8	3.7%
FOEX – BHKP Euros/ton	613	707	-13.3%
FOEX – A4- BCopy Euros/ton	830	814	2.0%
Tissue			
Output of reels	19	13.6	38%
Output of finished products	20	17	18%
Sale of reels and other goods	4	0.8	388%
Sale of finished products	21	18.3	14%

4.2 ACTIVITY ANALYSIS

In the first half of 2016, the turnover of Navigator was 778.6 million euros. The Group's traditional pulp and paper business performed very positively, resulting in the Group’s best ever first half figures for both the volume and value of paper sales. At the same time, turnover was down by 2.1% in relation to the first half of 2015 due to a reduction in the value of power sales.

In the **paper** business, paper market in Europe during the first half of 2016 reflect the closure of two major units in late 2015. The capacity utilization rate in the industry was high in the first half, up 2 percentage points from the same period in 2015, at 96%. At the same time, European exports dropped sharply, as European manufacturers continued to optimise their sales mix. This was accompanied by growth in imports, in particular from Asia, essentially in small format products, where imports doubled over the first four months of the year. Despite difficulties in reliably measuring the evolution of consumption, estimates point to a drop in apparent consumption in Europe of around 2%.

In the US, apparent consumption of UWF paper fell by 1.8% up to May, with a very significant drop in imports, down by around 21%, as a result of anti-dumping measures imposed on Australian, Brazilian, Chinese, Indonesian and Portuguese manufacturers. The capacity utilization rate stood at 94%, one percentage point higher than in the previous year.

The European A4 copy B price index performed well (up by2%), whilst Navigator's average price for all markets edged downwards, due essentially to foreign exchange factors, concerning sterling in particular, and negative trends in the product mix.

In this context, the Group recorded in the first half of 2016 its highest ever figure for the volume of paper sales (775.7 thousand tons), up by around 3% on 2015, on the strength of continued expansion into new geographical regions and improved penetration in the Middle East and Africa. This boosted sales on international markets to a new record level for the first half of the year.

The Group continued to operate, as usual, at 100% of its capacity, with order books at comfortable levels.

After a sharp downturn in purchases of **BEKP** by Chinese buyers at the start of 2016, demand appears to have rallied in recent months. Purchases for the first five months were up overall by 5.4% over the same period in 2015 and the Chinese market accounted for 75% of this growth. Nonetheless, the global capacity utilization rate for bleached eucalyptus **pulp** (BEKP) dropped from 91% in 2015 to 88% in the first half of 2016 (up to May). As a result, the benchmark price in the industry opened the year at a high level but has since followed a downwards course, dropping around 13% in USD and 15% in EUR since the start of the year, although it is now thought to have reached its lowest point.

Navigator nonetheless recorded strong operating performance. Figures for the volume of pulp placed on the market point to a rise of 10% in sales, thanks to the capacity expansion at the Cacia mill, which has resulted in increased availability of pulp for the market. The downturn in the pulp market, namely the BHKP PIX index drop by 13% in dollars and 15% in euros, was also reflected in the Group's average sales price. In terms of value, sales grew by only 3%.

In the energy **sector** in the first half of 2016, the maintenance and repair work on the turbogenerators at the Cacia and Setúbal pulp mills were completed. Other planned maintenance work was carried out, notably at the natural gas cogeneration plant at the Setúbal Industrial Complex and on the Setúbal biomass power station. Total gross power generation in the first half of 2016 was accordingly down by 12.6% in relation to the same period in 2015.

From February, the natural gas co-generation of the Figueira da Foz complex started operating for self-consumption, due to the downwards revision of the tariff paid by the national grid, thus reducing the volume of energy sales to the grid and, simultaneously, reducing the purchase of electric power. In the first half of 2016, energy sales volume (MWh) was down by 24.3% year on year, and the value of sales decreased 38.4 million euros. However, purchases of energy and natural gas dropped, approximately 31 million euros in total. It is important to underscore that this amount includes a 16.9 million euro impact of reduction in price.

Over the first four months of the year, demand for **tissue** paper in Western Europe grew by around 4-5% in relation to the same period in 2015. Over the same period, output of tissue paper increased by approximately 3%.

Sales volume of goods and products from the Vila Velha de Rodão plant grew approximately 30% in the first half of 2016 (in tons sold) year on year, driven by the rise in output capacity and product finishing in 2015. The increase in amounts sold, together with the slight decrease in average sales price due to changes in the product mix (greater sales of reels) resulted in tissue sales of 33.1 million euros. Sales on the Portuguese market stood at around 21.3 million euros, accounting for 64% of total volume. Practically all the Group's other tissue sales were to Spain, totalling approximately 12 million euros.

The fire which occurred at the Vila Velha de Ródão mill in early May affected essentially the raw materials warehouse, and had no impact on output of finished products, although it caused difficulties in the production of reels. The profit and loss account for the first half was down by 6.7 million euros (relating to write-offs and extra operating costs), part of which will be covered by the insurance contracted. Note that the two paper machines were up and running at the end of the first half.

The Navigator Group's EBITDA evolved favourably to 195.3 million euros in the 1st half of 2016, which represents an increase of 5.8% compared to the same period of the previous year and represents an improvement in the margin of 1.9 pp to 25.1%.

On the input side, the Group has recorded a further improvement in specific consumption of wood, enabling it to cut its production costs. However, the rainy weather experienced up to the end of April caused severe difficulties for forestry operations in Portugal and forced the Group to increase its purchases of wood on the international market, pushing up the average purchase cost in the first half. Overall, the impact of the change in the wood mix outweighed the reduction in specific consumption, meaning that raw material costs were higher than in the first half of 2015. Steps were taken to reduce logistical costs associated with wood imports: these included using the port of Aveiro, although improvements are still needed for this port to be a recurrent option in future periods.

Logistical costs for paper were brought down thanks to falling oil prices, increased use of ports closer to the mills (Setúbal and Figueira) and improvements and greater efficiency in the Group's exports.

Personnel costs grew by approximately 4.1 million euros in relation to the first half of 2015. It is worth noting that the workforce increased by around 396 to a total of 3058 employees at the end of the first half, as a result of new business operations and the integration into the business model of activities which were previously outsourced. Excluding the impact of employees in new business areas and insourcing, personnel costs would have risen by 0.3 million euros, i.e. 0.6%.

Operating income totalled 100.3 million euros, as compared to the figure of 122.0 million euros recorded in the first half of 2015. This reduction is the result of an increase of 25.1 million euros in the account for Depreciation and Impairment, reflecting essentially upwards adjustment of the depreciation of some of the Group's assets, as a result of reassessment of their useful lives, and also the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão. This account also includes a number of adjustments resulting from the write-off of fixed assets as a result of the fire in Vila Velha de Ródão (1.9 million euros) and the revaluation of assets in Mozambique (14.5 million euros).

Financial results in the period showed a loss of 13.5 million euros, in comparison to a loss of 17.8 million euros in the first half of 2015. There was a significant reduction in interest expense, as a result of reorganisation of the Group's debt over the past twelve months. In May 2016, Navigator repaid the final tranche of Portucel Senior Notes 5.375%, amounting to 150 million euros and contracted new borrowing at a lower cost and with longer maturities. However, the first half results were penalised by a non-recurrent cost of approximately 7.9 million euros relating to the repayment of the Senior Notes. On the positive side, the results were boosted by reversal of provisions for tax compensatory interest with a value of 2.4 million euros.

Net income attributable to Navigator shareholders for the period therefore stood at 79.9 million euros, as compared with the figure of 94.9 million euros recorded in 2015.

5 CEMENT AND DERIVATIVES BUSINESS AREA

5.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Sales	**231.8**	**222.2**	**4.3%**
EBITDA	**41.6**	**43.4**	**-4.0%**
EBITDA Margin (%)	18.0%	**19.5%**	**-1.6 p.p.**
Depreciation and impairment losses	(23.2)	(20.2)	-14.6%
Provisions (increases and reversals)	(0.7)	(1.5)	50.3%
EBIT	**17.7**	**21.7**	**-18.1%**
EBIT Margin (%)	7.7%	9.8%	-2.1 p.p.
Net financial profit	(16.6)	(11.6)	-43.5%
Pre-tax profit	**1.1**	**10.1**	**-88.8%**
Tax on profits	1.5	(6.3)	123.2%
Retained profits for the period	2.6	3.8	-32.9%
Attributable to Secil equity holders	**(0.2)**	**0.6**	**-141.5%**
Attributable to non-controlling interests (NCI)	2.8	3.3	-14.3%
Cash-flow	**26.5**	**25.5**	**3.7%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before NCI)	453.8	426.1	6.5%
Net debt	**495.4**	**457.4**	**8.3%**

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 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, the balance sheet position was fully consolidated (100%) with reference to 30 June 2015 and the results in the second half (July to December) were also fully consolidated (100%).

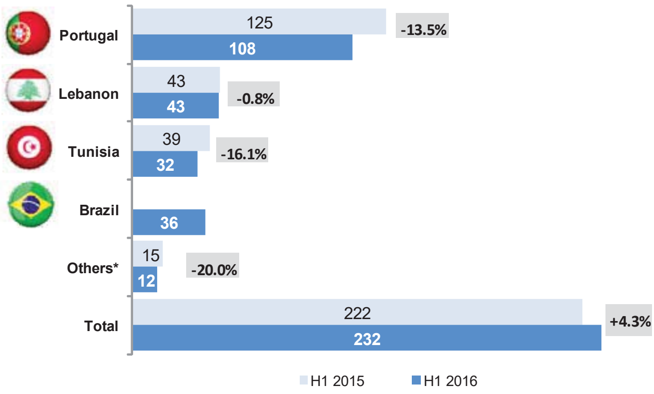
SUMMARY TABLE OF OPERATING INDICATORS

	Unit	H1 2016	H1 2015	Var.
Annual cement production capacity	1 000 t	9,750	7,650	27%
Sales				
Grey cement	1 000 t	2,550	2,219	15%
White cement	1 000 t	41	44	-8%
Clinker	1 000 t	231	266	-13%
Ready-mixed	1 000 m3	593	604	-2%
Aggregates	1 000 t	1,239	974	27%
Precast concrete	1 000 t	15	14	8%
Mortars	1 000 t	52	52	1%
Hydraulic lime	1 000 t	4	14	-73%
Mortar fixative	1 000 t	13	7	70%

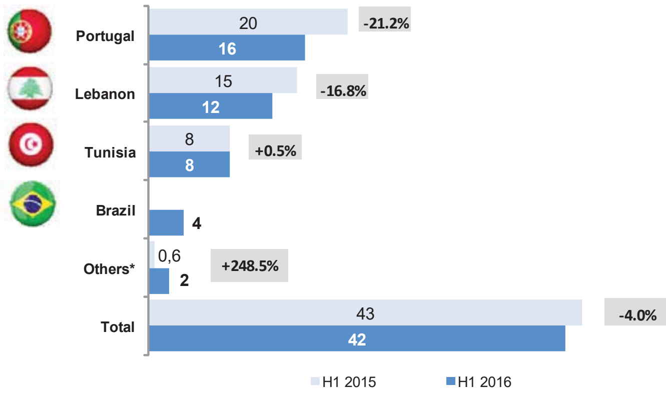
5.2 ACTIVITY ANALYSIS

(million euros)

TURNOVER



EBITDA



* includes Angola and Cape Verde

In the first half of 2016, the turnover in the Cement business area was 231.8 million euros, 4.3% higher than the figure for the same period of the previous year. This increase was mainly due to the integration of the Supremo Group in July 2015. Ever since, operations in Brazil have been fully consolidated in the Secil Group (Secil now owns 100% of the Supremo Group), with a rather positive impact on turnover, which in the first half of 2016 amounted to 36 million euros in this part of the World.

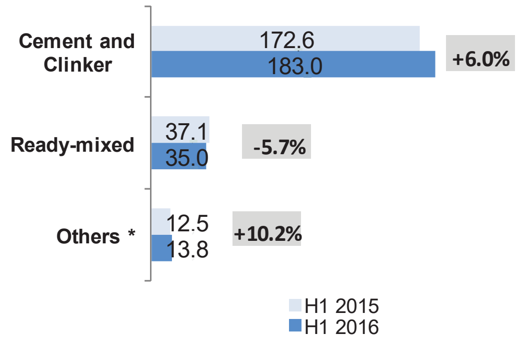
EBITDA stood at 41.6 million euros, which represented a decrease of around 1.7 million euros in relation to same period 2015. EBITDA dropped essentially as a result of operations in Portugal, where this indicator decreased 4.2 million euros, and in Lebanon, where it dropped 2.5 million euros. In the first half of 2016, the EBITDA margin stood at 18.0%, 1.6 p.p. down on the same period in the previous year.

In geographical terms, Portugal's turnover reduced its importance from 56.4% in the first half, to 46.8% in the same period in 2016, followed by Lebanon with 18.5% and Tunisia with 14.0%.

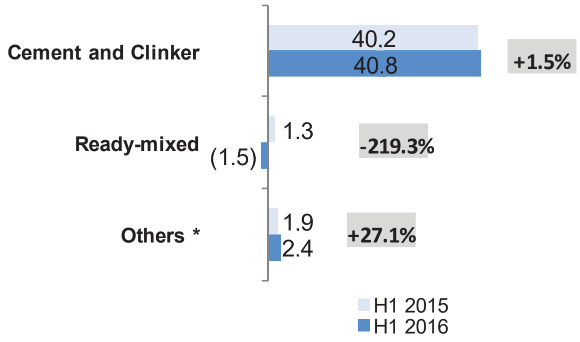
EBITDA in Portugal represented about 37.6% of EBITDA's first half of 2106 vs. 45.8% in the first half of the previous year.

(million euros)

TURNOVER



EBITDA



* includes Angola and Cabo Verde

In terms of business segments, Cement and Clinker turnover grew 6.0% in relation to the first half in 2015. The ready-mixed segment reduced its share in all operations carried out (15.1% in the first half of 2016 vs. 16.7% in the same period in 2015).

In the first half of 2016, Cement and Clinker EBITDA increased by 1.5% in relation to the first half of the previous year, standing at 40.8 million euros. At the same, this segment increased it share in all operations carried out in relation to the first half of the previous year.

Operating income stood at 17.7 million euros, comparing unfavourably with the 21.7 million euros in the same period of the previous year essentially due to EBITDA reduction already mentioned and to the depreciation increase following Supremo Group full consolidation.

The financial results have worsened in relation to the same period in the previous year, standing at a negative figure of 16.6 million euros vs. a negative figure of 11.6 million in the first half of 2015. This evolution is mainly due to the acquisition and full integration of the Supremo Group.

In the first half of 2016, Taxes were positively impacted by the turn around in tax proceedings of 4.4 million euros, as a result of a ruling in favour of Secil concerning the corporate tax collected in excess in 2005.

Therefore, in the first half of 2016, the net profit attributable to Secil shareholders achieved the negative figure of 0.2 million euros vs. 0.6 million euros in the same period of 2015.

5.2.1 PORTUGAL

In Portugal, the Construction Production Index (INE – the Indices of Production, Employment and Remuneration in Construction – May 2016) was down by 4.7% in May 2016, on a year-on-year basis. Although early 2016 figures outline a drop in the construction activity, according to figures available from FEPICOP – the Portuguese Federation of Construction and Public Works Industry, 2016 is expected to evolve favourably in terms of construction activity, as the increase in new building licenses and the growth in public tender figures compared to the previous year suggest.

According to the latest figures available, cement consumption in mainland Portugal was down by 4.9% year on year. It is thus estimated that the market reached approximately 1.3 thousand tons.

In this context, turnover for overall operations in Portugal during the first half of 2016 was down by 13.5% in relation to the same period of the previous year.

In the *Cement* business in Portugal, including sales in Portugal and exports, although the quantities sold in the domestic market increased 1.9% in relation to figures for 2015, the quantities sold for export dropped around 22.2% in comparison with the first half of 2015. Therefore, the entire unit's turnover was down 12.9%, mostly as a result of the negative developments of cement and clinker exports, due to excess supply in the Mediterranean and less demand in countries dependent on revenues from fossil fuels, namely Algeria.

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 2016 stood at approximately 35.4 million euros, down by 14.7% in relation to the same period of the previous year.

Mention should be made to the *Ready-mix Concrete* business unit, which dropped 24.8% in comparison with the same period of 2015, with turnover amounting to 22.1 million euros, resulting from less amounts sold once the Marão Tunnel project was completed, as sales prices remained rather stable. Sales in the 1st quarter of 2016 were lower than that of the same period in 2015, due to the weather conditions in the north and centre of the country. However, they picked up in the 2nd quarter, which helped sales in the first half of 2016 to remain in levels similar to that of the same period in 2015 (excluding the Marão Tunnel effect).

In the first half of 2016, EBITDA for total operations in Portugal was down by 21.2% year on year, at 15.6 million euros vs. 19.9 million euros in the first half of 2015.

The *Cement* business unit in Portugal recorded EBITDA of 14.0 million euros, below the figure recorded in the first half of 2015, due to the drop in total sales volume. The drop in activity was partially offset by CO_2 sales licenses (the first half of 2016 recorded 1.9 million euros of gains, whereas in the same period of the previous year there had been no sales) and the decrease in production costs, as thermal energy costs dropped significantly, influenced positively by overall reduction in fuel prices.

EBITDA of the *Mortars, Ready-mix Concrete and Aggregates* business units was approximately 1.6 million euros, against 2.5 million euros year on year.

5.2.2 LEBANON

Lebanon is still feeling the impact of the global slowdown and regional instability, especially with the situation in Syria. Nonetheless, there are expectations of modest economic growth.

In regard to cement consumption in the first half of 2016, there has been a significant rise. The market grew 10%, unlike what happened in 2015, as weather conditions in the first quarter of 2016 were more favourable than in the same period in the previous year (weather conditions in the first quarter of 2015 were rather adverse). The rise in cement consumption was also driven by the completion of some projects that continued from 2015, but consumption is expected to drop in the second half of 2016.

Turnover on combined operations in Lebanon decreased 0.8% compared to the same period in the previous year, amounting to around 43 million euros.

Cement and Clinker sales totalled 525 thousand tons, up by 2.3% year on year. Average sales prices in the local currency dropped due to competition between market operators. Clinker production was below the levels in the first half of 2015, due to the programmed shut down of line 2 in Q1 to fit in the bag filter, which impacted EBITDA negatively. Turnover in this business unit grew by approximately 0.8%, totalling 39.9 million euros.

In the first half of 2016, total EBITDA from operations in Lebanon stood at 12.3 million euros, down by 16.8% in relation to the previous year. The Cement unit recorded EBITDA of 12.2 million euros, down by 16.1% over the figure recorded in the same period in 2015.

5.2.3 TUNISIA

After completing the political transition in early 2015 and having weathered the international economic crisis, Tunisia could meet the political conditions for tracing a path of recovery, prosperity, stability and completion

of the economic transformation needed to ensure sustained growth. However, the year was marked by trade union claims, terrorist attacks, and ongoing political instability. Unstable political status and a climate of insecurity hinder economic recovery. The IMF approved a four-year loan for Tunisia directed at fostering economic growth and job creation, as well as protecting vulnerable families.

According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 2% in 2016, above the 0.8% figure registered in 2015 (World Economic Outlook, IMF, April 2016).

The climate of uncertainty impacted cement consumption, which dropped about 5.6% in the first half of 2016, compared with the same period in 2015. Competition in the Tunisian market has grown, with many competitors and strong pressure on sales prices. The competition was also felt in exports, aggravated by the occasional shut down of the Libyan borders and the constraints of cement exports from Tunisia to Algeria.

Consequently, turnover for combined operations in Tunisia in the first half of 2016 stood at approximately 32.3 million euros, down by 16.1% on a year-on-year basis.

The turnover of the *Cement and Clinker* business unit dropped approximately 18.3%, at 28.2 million euros, due to the decrease in turnover in the domestic and external market.

Amounts sold decreased around 9.8% in the domestic market and exports were down by 32.7% compared to the first half of 2015. The aforementioned constraints and greater competition determined the pace of sales of this unit.

In the first half of 2016, EBITDA of the activities conducted in Tunisia were similar to that in the first half of 2015. The variable costs of clinker and cement production decreased in relation to the same period of the previous year. Decrease in thermal energy costs, as a result of overall drop in fuel prices impacted the reduction in production costs significantly. Electricity costs also decreased, mostly as a result of less specific consumptions.

5.2.4 ANGOLA

Forecasts for 2016 for Angola are negative. Although the IMF is forecasting growth of 2.5% for Angola in 2016 (World Economic Outlook, IMF April 2016), the negative impact from the recent variations in the price of oil could not help but affect the economy this year. Given the heavy dependence of the economy on the revenues from the oil sector, this situation is limiting its economic performance and making its presence felt in the major economic and financial variables.

The difficulties 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 year got off with increasing diesel and fuel oil prices, together with a new 15% depreciation of the kwanza.

The cement market in Angola was not immune to these difficulties and domestic consumption in the first half of 2016 decreased around 28.2% year-on-year. The decrease was justified by the halt in a great many public works, and by the private building sector that was adversely affected by the overall rise in the prices of goods intended for current consumption.

The amount of cement sold decreased in comparison to sales in the first half of 2015, amounting to 78 thousand tons of cement, 17 thousand less than in the same period of 2015. The decrease was due to market contraction, considering the current conditions of the Angolan economy. Turnover amounted to 9.1 million euros in total, down by 23.7% compared to the first half of 2015. The decrease was negatively affected by the depreciation of the kwanza against the euro by 4.4 million euros. The exchange rate effect aside, the turnover would have been 13% more than in the first half of 2015, as the sales price increased significantly (38%), thus offsetting the drop in quantities.

The Group has done its best to reduce total costs through adjustments to its manufacturing structure. The fixed costs dropped, thanks to staff costs that decreased as a result of workforce cuts. On the other hand, variable costs increased due to the rise in clinker import costs (as a result of the devaluation of the kwanza).

Activities in Angola improved in terms of the EBITDA, which reached 1.5 million euros in the first half of 2016, compared to 311 thousand euros in the same period of the previous year.

5.2.5 CAPE VERDE

The economy of Cape Verde is expected to grow by 2.9% in 2016, a value higher than the 1.8% recorded in 2015 (World Economic Outlook, IMF April 2016). According to available data, cement consumption in the first half of 2016 is believed to have grown between 10 and 15% in relation to the same period of the previous year. The public works performed in the first half of 2016 are nearing completion and, considering the Cape Verde government's financial constraints, no new relevant projects are foreseen.

Turnover for combined operations in the country in the first half of 2016 stood at approximately 2.9 million euros, down by 5.5% on a year-on-year basis. EBITDA amounted to 0.6 million euros, representing an increase of 111.7%.

5.2.6 BRAZIL

The integration of the Supremo Group in the Semapa consolidated financial statements, 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 2015, had the following impact:

- 50% of the results of the first half of 2015 were integrated using the equity method,
- the balance sheet position was fully consolidated (100%) with reference to 30 June 2015 and the results in the second half (July to December) were also fully consolidated (100%).

For a more suitable comparative analysis, the main economic and financial indicators of the Supremo Group are provided separately.

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Sales	**36.1**	**27.2**	**32.6%**
EBITDA	**3.5**	**(3.7)**	**>100%**
EBITDA Margin (%)	9.7%	-13.5%	23.2 p.p.
Depreciation and impairment losses	(5.0)	(2.8)	-79.7%
Provisions (increases and reversals)	(0.1)	(0.0)	<-100%
EBIT	**(1.6)**	**(6.5)**	**75.1%**
EBIT Margin (%)	-4.5%	-23.9%	19.4 p.p.
Net financial profit	(5.1)	(8.7)	41.4%
Profit before tax	**(6.7)**	**(15.2)**	**55.8%**
Tax on profits	1.0	4.1	-75.2%
Retained profits for the period	(5.7)	(11.1)	48.6%
Attributable to Supremo equity holders	**(5.7)**	**(11.1)**	**48.6%**
Attributable to minority interests (MI)	-	-	
Cash-flow	**-0.6**	**-8.3**	**93.0%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before MI)	174.7	151.1	15.6%
Net debt	**141.7**	**121.0**	17.1%

Recent IMF projections point to a contraction of the Brazilian economy of 3.8% in 2016 (World Economic Outlook, IMF, April 2016).

The economy of Brazil is still significantly affected by the political instability, tax adjustments and a number of proceedings/inquiries which received plenty of media coverage. The combination of these events produced a great deal of uncertainty about which way the economy would go, making expectations difficult to manage. In this scenario, there was a strong deterioration of the major macroeconomic indicators,

specifically: a decline in the GDP, the impact on inflation and subsequent increase in the interest rates in order to control the inflationary pressure.

In this context, the construction industry was naturally affected: less works and projects, with an impact on cement consumption. Recent information (SNIC – June 2016) about the cement market in Brazil suggest a drop in the market in the first half of 2016 of around 14% year on year. In the south of Brazil, the core market of the Supremo Group, the decrease amounted to 5.3%.

In the first half of 2016, total operations by the Supremo Group generated turnover of 36.1 million euros, representing an increase of around 32.6% in relation to the same period in the previous year. Note that the Adrianópolis plant began production only in late April 2015 and, consequently, the average daily sales volume increased. In the first half of 2016, 550 thousand tons of cement and 423 thousand tons of clinker were produced, compared to 221 thousand tons and 159 thousand tons, respectively, in the same period of the previous year.

At the end of the first half of 2016, EBITDA stood at the positive figure of 3.5 million euros, compared to a negative figure of 3.7 million euros in the same period of the previous year.

When the new plant began operating, depreciation rose from 2.8 million euros in the first half of 2015 to 5.0 million euros at the end of the first half of 2016.

Net financial charges of the Supremo Group stood at a negative figure of 5.1 million euros at the end of the first half of 2016 vs. the negative value of 8.7 million euros on the same period in the previous year.

Consequently, net income for the first six months of 2016 totalled the negative figure of 5.7 million euros, representing an improvement of around 5.4 million euros compared to the same period in the previous year.

At the end of the first half of 2016, net debt of the Supremo Group amounted to 141.7 million euros, which translated an increase of 20.7 million euros compared to the figure on 31 December 2015, mostly due to the adverse foreign exchange evolution.

6 ENVIRONMENT BUSINESS AREA

6.1 LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Turnover	**12.4**	**12.6**	**-1.1%**
EBITDA	**3.2**	**3.5**	**-6.3%**
EBITDA margin (%)	26.0%	27.5%	-1.5 p.p.
Depreciation and impairment losses	(1.5)	(1.4)	-3.0%
Provisions (increases and reversals)	-	(0.0)	100.0%
EBIT	**1.7**	**2.0**	**-12.2%**
EBIT margin (%)	14.0%	15.8%	-1.8 p.p.
Net financial profit	(0.3)	(0.4)	26.1%
Profit before tax	**1.4**	**1.6**	**-8.3%**
Tax on profits	(0.4)	(0.3)	-35.3%
Retained profits for the period	1.1	1.3	-17.5%
Attributable to ETSA shareholders	**1.1**	**1.3**	**-17.5%**
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	**2.5**	**2.7**	**-7.3%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before NCI)	63.6	62.5	1.7%
Net debt	**19.9**	**18.1**	**9.4%**

Notes:

- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

6.2 ACTIVITY ANALYSIS

The ETSA Group recorded turnover of 12.4 million euros in the first half of 2016, down by around 1.1% in comparison with the same period in 2015.

The drop is the result of the combined effect of i) around 5.9% decrease in Sales mainly due to the decline in some sales prices (in spite of the rise of amounts sold) and ii) the growth of 6.2% in the amount of services provided. This, however, was not enough to offset total sales losses.

EBITDA for the ETSA Group totalled approximately 3.2 million euros in the first half of 2016, representing a decrease of about 6.3% in comparison with the same period of the previous year. This is explained fundamentally by the rise in the cost of raw materials.

Other factors which had a positive impact on performance in the period included (i) the increase in class 3 by-products which, combined with better income levels, contributed to the rise in amounts produced, thus optimising installed capacity and (ii) the reduction in the cost of thermal fuels and mineral fuels used in the industrial conversion process and transport of by-products, as a result of the recorded drop in oil prices over the period.

The EBITDA margin stood at 26.0%, down by around 1.5 p.p. over the margin for the same period of 2015.

7 CONSOLIDATED FINANCIAL PERFORMANCE

7.1 INDEBTEDNESS

CONSOLIDATED NET DEBT

(million euros)	30-06-2016	31-12-2015	Var.
Pulp and Paper	793.2	654.5	138.7
Cement	495.4	457.4	38.0
Environment	19.9	18.1	1.7
Holdings	602.8	673.0	-70.1
Total	**1,911.2**	**1,803.0**	**108.2**

At 30 June 2016, consolidated net debt stood at 1,911.2 million euros, representing an increase of 108.2 million euros from the figure recorded at year-end 2015. The breakdown by business area was as follows:

- Pulp and paper: +138.7 million euros, including investments of about 75 million euros and the payment of dividends of 170 million euros;
- Cement: +38 million euros, reflecting the value of foreign currency denominated debt which increased by 23 million euros, the contribution paid to the sellers of Supremo (21 million euros) and the acquisition of a company based in the Netherlands for 6.1 million euros;
- Environment: +1.7 million euros, arising from the debt owed by the Portuguese State on 30 June 2016, concerning the services delivered since September 2015 and until April 2016, amounting to approximately 5.1 million euros. On 31 August this totalled 5.9 million euros, and
- Holdings: -70.1 million euros, resulting namely from Navigator dividends received following the purchase of own shares, corporate income tax (IRC) and dividend payments.

7.2 FINANCIAL RESULTS

In the first half of 2016 financial results amounted to a negative figure of 39.7 million euros, an improvement of 21.1% in relation to the figure recorded in the same period in the previous year. The positive variation of 10.6 million euros was primarily the result of:

- Positive effect resulting from a decrease in interest rates, debt repayment and debt renegotiation in more favourable conditions;
- The negative effect of the integration of the Supremo Group;
- The recording of the non-recurrent cost of around 7.9 million euros concerning the early repayment of the final tranche of Portucel Senior Notes 5.375%, amounting to 150 million euros, as previously mentioned.

7.3 CONSOLIDATED NET INCOME

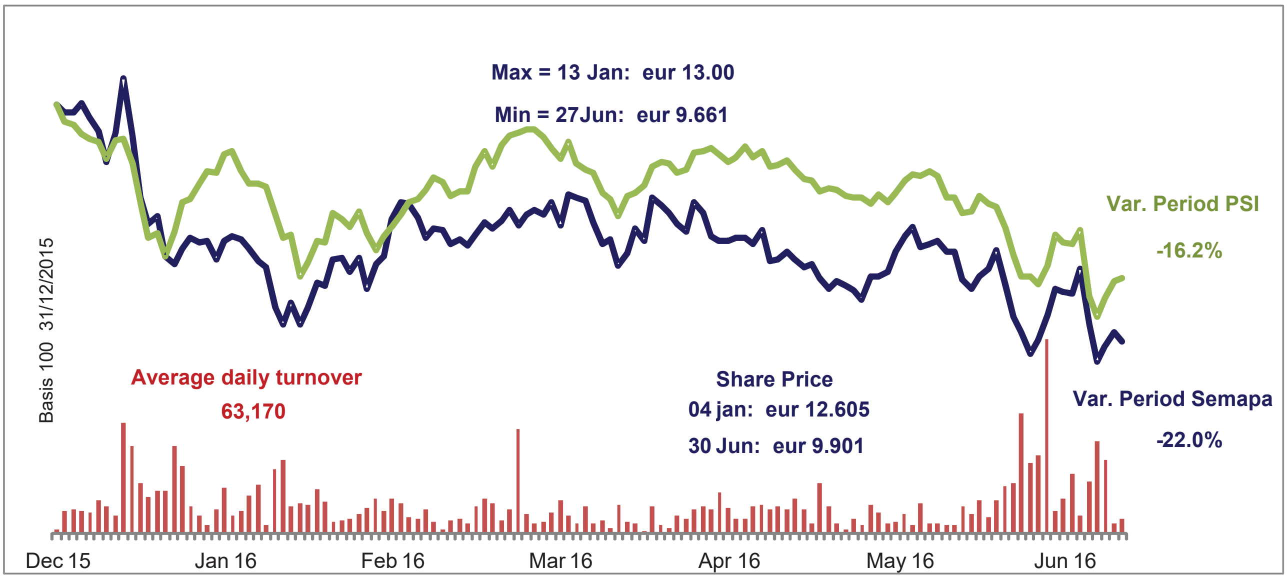
Consolidated net income in the first half of 2016 attributable to shareholders of Semapa was 47.3 million euros, which represents a reduction of 7.7% year on year. Net income per share stood at 0.582 euros/share, representing a rise of 20.9% on the same period of the previous year, as a result of the cancellation of shares after the first half of 2015.

This decrease is explained essentially by the combined effect of the following factors:

- An increase in total EBITDA of approximately 16.4 million euros;
- An increase in depreciation and impairment losses of 28.1 million euros, reflecting essentially upwards adjustment of the depreciation of some of the Navigator Group's assets, as a result of reassessment of their useful life, and also the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão. This account also includes a number of adjustments resulting from the write-off of fixed assets after the fire in Vila Velha de Ródão (1.9 million euros) and the revaluation of assets in Mozambique which resulted in impairment losses of 14.5 million euros, as well as the full consolidation of Supremo.
- Increase of provisions with a value of 12.1 million euros, due essentially to the release of provisions in the same period in the previous year, which proved to be unnecessary;

- An improvement of net financial results by about 10.6 million euros, in relation to the previous year;
- An improvement of about 15.1 million euros in income taxes, due essentially to the fact that in the previous year deferred tax assets related to Semapa's tax losses were reversed.
- The appropriation of lower results from The Navigator Company in the first half of 2016 vs. the previous year (69.40% versus 81.19%, respectively), following the Public Exchange Offer in July 2015.

8 SHARE PRICE PERFORMANCE



Note: Closing market prices

In the first half of 2016 the capital markets presented a degree of risk aversion and a high level of volatility. The markets reacted to a series of factors, including the evolution of oil price variation and fears prompted by the economic slowdown observed in Asian countries at the start of the year, to the announcement of indicators of poorer growth in certain European Union countries and concerns about the weakness of the banking sector. In late June, the result of the Brexit referendum set off a wave of turbulence, drastically increasing the sense of uncertainty as to the economic and financial outlook.

In this environment, it is no surprise that most of Europe's stock exchanges closed the first half with net losses. The largest losses were recorded in Portugal, where the PSI20 was down approximately 16% as a result of the downwards revision of growth forecasts for the Portuguese economy, questions about execution of the state budget and the possibility of the European Union applying penalties. Some of the same concerns were shared in relation to the Spanish economy, where the main share index, the IBEX 35, closed the first half with a loss of 15%. The surprise turned out to be the performance of the UK stock exchange, where the FTSE closed the period with a gain of 4.2%. On the other side of the Atlantic, shares performed more strongly, with both the US DJI and above all the Brazilian Bovespa index recording gains for the first half.

In this context, the value of Semapa shares in the period decreased 22%, below PSI20 average (-16.6%). The Semapa stock value reached a high of 13.00 euros on 13 January, and a low of 9.661 euros on 27 June.

9 SUBSEQUENT EVENTS

- From 30 June 2016 until now, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. purchased 62,428 own shares, and now owns 586,329 shares, 0.721% of its share capital.
- At the end of July the International Financial Corporation – IFC – acquired a stake in Portucel Moçambique, by subscribing the initial amount of 5 million USD. IFC's confirmation of its intention to be Navigator's partner in its capital project in Mozambique is an important step forward in implementing the Group's international development plan and serves to endorse the merits of this operation.
- ETSA, through the ITS/LLF consortium, concluded in August with the Food and Veterinary Directorate General (DGAV) the service acquisition contract of 35.993 million euros for the collection of dead animals on the farm, transport to the slaughterhouse and stables, and processing and elimination. The contract shall cover a period of 3 years starting after the written notice has been issued by the Court of Accounts. Until the contract is signed the collection service of dead animals is suspended, as per the DGAV's notice.

10 OUTLOOK

Recent IMF projections revised world growth in 2016 and 2017 downwards. Global economy continues to grow, but expansion is slower and depends on stimulus policies implemented in the developed countries. Factors contributing to uncertainty included the impact of the slowdown in China and other emerging countries in the world economy, the fragility of the banking system and the instability caused by the fall-out from the UK's referendum decision to leave the European Union. The combination of these economic concerns and a series of geopolitical risks could lead investors to postpone decisions, thereby undermining growth.

The projections for Portugal in 2016-2018 suggest continued moderate growth of the economic activity, slightly below projections for the euro area. After a 1.5% growth in GDP in 2015, a 1.3% growth is seen for 2016 (Bank of Portugal – Projections for the Portuguese economy: 2016-2018). The recovery of the Portuguese economy since 2013 has taken place at a moderate pace and it occurs currently in a context of high debt level of the public and private economic agents.

PAPER AND PULP

In terms of **paper**, the European market is expected to continue to benefit throughout 2016 from the recent reduction and conversion of capacity at a number of manufacturing facilities in Europe. However, the impact of the anti-dumping proceedings brought by the US authorities has continued to disrupt the balance of supply and demand in a number of geographical regions, with increased pressure in Asia, Latin America, the Middle East and Africa. Restrictions on the circulation of foreign currency and the depreciation of certain currencies in these regions have created additional difficulties. In Europe, the level of paper imports from the Asian markets has been increasing and has intensified the pressure of competition, bringing prices down across the market as a whole.

In addition, the second half of the year will be affected by the high level of uncertainty concerning the impact of Brexit. In addition to the immediate impact caused by the weakness of the sterling, it is possible that further changes will emerge in the pattern of economic growth in Europe, with knock-on effects on employment and paper consumption. After a first half characterized by difficult market conditions for the pulp and paper industry, the second half is certain to bring a series of additional challenges for the market.

After the strong pressure on **pulp** prices in recent months, purchases of pulp appear to be picking up in China and other markets, and the spot price is thought to have reached its lowest point. The growing price differential between short fibre and long fibre pulp, once again close to 100 USD/ton, has led some buyers to buy BHKP pulp again instead of BSKP pulp. However, although the positive impact can still be felt from the planned production stoppages at a number of pulp mills in Brazil in June, supply is still forecast to grow significantly in 2016, 2017 and 2018, which may create renewed pressure in the market in the near future.

In the Iberian **tissue** market, the third quarter is traditionally the period when consumption is highest, especially in the away-from-home segment, due to the high season in the tourist activity and restaurant/catering industry. Macroeconomic trends in Portugal and Spain and their impact on consumption will weigh significantly on the sector's good performance.

The Cacia Project is still under preparation and analysis aiming to invest in a tissue paper production line and the corresponding transformation into an end product, with a nominal production capacity of 70 thousand tons per year and an estimated value of around 120 million euros. The negotiations are ongoing with AICEP on the tax and financial incentives.

The Colombo Energy project for a new **pellet** mill in the US (in Greenwood, South Carolina) went into the commissioning phase starting 18 July and produced its first pellets on 21 July. Continuous operation is due to start up on 22 August. This mill has involved investment of 119.4 million USD, it currently employs 56 workers, expected to rise to 69 once the project hits cruising speed. Sales operations will start up in September, aiming at both the European and American markets, in both the industrial and residential/domestic segments.

At this moment, the project in **Mozambique** is essentially a forestry venture, with the option for a future industrial project involving construction of a large-scale pulp mill. It should be noted that Navigator is currently in the process of reviewing the pace of development for its Mozambican project. This has largely been prompted by recent social and political developments in the country (with significant negative factors emerging in the past six months), but also takes into account the demands of developing a large scale forestry operation in the country.

The political and economic situation in the country is unstable, which presents additional challenges, in terms of the safety of everyone involved and also the security of supplies of products, materials and services needed for the project. Pressure on Metical has resulted in inflation, a problem which became serious in 2015 and continues to increase. As a result of these developments, Navigator decided for the sake of prudence to reassess the value of its assets in Mozambique (recognising an impairment of 18 million euros, of which 3.5 million euros affects EBITDA).

CEMENTS

In **Portugal**, considering the current context and recent macroeconomic data no significant changes in the market segments in which Secil operates are expected to occur in the second half of 2016, which should also be the case for exports.

In **Lebanon**, 2016 should not be very different to 2015. The changes which have occurred in the Middle East have not helped to preserve macroeconomic stability. Despite the slowdown that is expected in residential construction and lower investor confidence, caused by the lingering uncertain political situation in the country and region, the cement market may grow in 2016, which was not expected. However, competition between operators should continue, impacting sales prices.

A 2% growth of the economy is the forecast for **Tunisia**. 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).

The outlook for 2016 for **Angola** is negative. Although the IMF is forecasting growth of 2.5% for the economy in 2016, the negative impact from the recent variations in the price of oil cannot help but affect the economy over the course of this year. The year got off with increasing diesel and fuel oil prices, together with a depreciation of the kwanza. Although the cement market is expected to drop in 2016, increasing costs will impact clinker producers more than other Group activities.

In **Brazil**, no improvement in the macroeconomic scenario is expected in 2016, which foretells the continuation of the difficulties in economic activity and especially in the activities tied to the construction sector, due to the difficulty in investments coming to fruition. The economy is expected to decrease around 3.2%.

The Group continues to pursue its policy of sales growth, considering that the new plant began producing in April 2015.

ENVIRONMENT

Considering the current macroeconomic, financial and sectorial environment, current conditions are envisaged to remain unchanged in the medium term in the sector operated by the ETSA Group, insofar as consumption of foodstuffs are maintained (due to actual increase or simply to changes in the average shopping basket), the animal slaughter rate remains stable, after a period of reinvestment in the main collection centres and especially after the implementation of gradual import replacement mechanisms which, consequently, will allow the volume of by-products generated to be maintained. However, the competition between operators in arranging raw material, which is scanty, will remain intense, because of the pronounced overcapacity of industrial processing.

The temporary suspension by the Government of the SIRCA dead animal collection service will affect, albeit lightly, the results of ETSA as member of the Consortium that provides this service. The public health risks that the lack of this service represent and the provisional solution of burying the dead animals lead us to believe that the Government will not allow the situation to continue for much longer. Meanwhile, the entry into force of the new contract is pending the approval of the Court of Accounts.

The ETSA Group’s prime objectives in the short term include (i) concentrating on the horizontal expansion of its production and destination markets (exports accounted for around 50.4% of total accrued sales on 30 June 2016), (ii) identifying fresh opportunities for vertical growth, channelling its investments to improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres, (iii) the gradual and progressive recovery of balanced sales margins in the market, and (iv) focus on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

Lisbon, 30 August 2016

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

Carlos Eduardo Coelho Alves

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 2016, 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
Carlos Eduardo Coelho Alves	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
Vitor 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	Member of the Audit Board

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 2016)

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 (*):

- Carlos Eduardo Coelho Alves – 578.309 shares in The Navigator Company, S.A.
- Undivided inheritance of Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira – 16,464 shares in the company and 1,000 shares in The Navigator Company, S.A.
- José Miguel Pereira Gens Paredes – 70 bonds "Obrigações SEMAPA 2014/2019"
- Pedro Mendonça de Queiroz Pereira – 134,422 shares in Sodim, SGPS, S.A.

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 (*):

During the first half of 2016 there were no acquisitions, encumbrances or securities transmissions of the company or of companies in a control or group relationship by members of the governing bodies

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):

(*) *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.*

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
A -	Sodim, SGPS, S.A.	15,252,726	18.768%	18.904%
	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	3.919%	3.948%
	Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	19.932%	20.077%
	Longapar, SGPS, S.A.	22,225,400	27.348%	27.546%
	OEM - Organização de Empresas, SGPS, S.A.	535,000	0.658%	0.663%
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.769%	0.775%
	Total:	58,039,639	71.416%	71.935%
B -	Bestinver Gestión, S.A. SGIIC	-	-	-
	Bestinver Empleo, F.P.	13,930	0.017%	0.017%
	Bestinver Bolsa, F.I.M.	2,319,127	2.854%	2.874%
	Bestinver Ahorro Fondo de Pensiones	198,347	0.244%	0.246%
	Bestinver Empleo III Fondo de Pensiones	2,221	0.003%	0.003%
	Bestinver Hedge Value Fund, FIL	1,503,046	1.849%	1.863%
	Bestinver Global F.P.	405,052	0.498%	0.502%
	Bestinver Mixto, F.I.M.	195,019	0.240%	0.242%
	Bestvalue F.I.	519,214	0.639%	0.644%
	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%	0.099%
	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	0.282%	0.284%
	Bestinver Renta F.I.M.	177,186	0.218%	0.220%
	Bestinver Consolidacion EPSV	1,975	0.002%	0.002%
	Bestinfond, F.I.M.	1,459,715	1.796%	1.809%
	Total:	7,166,756	8.818%	8.883%
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	2.550%	2.569%
	Santander Small Caps España, F.I.	192,889	0.237%	0.239%
	Total:	2,268,346	2.791%	2.811%

Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. holds 586,329 own shares, corresponding to 0.721% of its share capital.

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

During the first half of 2016 there was no trading of shares of the company by management personnel and closely connected persons.

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PART 4

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 AND 2015

Amounts in Euro	Notes	1st Semester 2016	1st Semester 2015	2nd Quarter 2016	2º Quarter 2015
				(Unaudited)	*(Unaudited)*
Revenues					
Sales	4	1,013,043,457	1,012,392,680	521,314,837	527,999,588
Services rendered	4	9,776,122	17,313,875	4,941,713	8,210,045
Other income					
Gains on disposal of non-current assets	5	490,461	329,121	335,871	94,436
Other operating income	5	32,474,259	26,602,444	19,664,520	17,734,024
Change in fair value of biological assets		6,938,246	(341,896)	7,210,135	(994,450)
Costs, expenses and losses					
Cost of inventories sold and consumed	6	(415,548,619)	(423,835,315)	(200,505,850)	(197,916,073)
Variation in production	6	4,662,312	15,356,714	(12,399,708)	(9,639,969)
Cost of materials and services consumed	6	(269,978,578)	(290,681,354)	(137,326,338)	(149,756,564)
Payroll costs	6	(121,724,565)	(113,365,032)	(63,271,081)	(59,349,663)
Other costs and losses	6	(19,670,780)	(19,743,684)	(10,024,603)	(9,392,922)
Provisions	6	(2,128,706)	10,012,906	(1,082,946)	5,037,375
Depreciation, amortisation and impairment losses	8	(118,347,341)	(90,258,240)	(66,703,059)	(41,151,672)
Operational results		**119,986,268**	**143,782,219**	**62,153,491**	**90,874,155**
Group share of (loss)/gains of associated companies	9	1,144,690	(4,343,583)	1,105,320	(3,407,519)
Net financial results	10	(40,856,108)	(46,015,913)	(21,579,078)	(20,408,466)
Profit before tax		**80,274,850**	**93,422,723**	**41,679,733**	**67,058,170**
Income tax	11	(5,933,591)	(21,044,724)	2,221,661	(22,642,260)
Net profit for the period		**74,341,259**	**72,377,999**	**43,901,394**	**44,415,910**
Net profit for the period					
Attributable to Semapa shareholders		**47,291,544**	**51,244,338**	**29,740,793**	**31,056,023**
Attributable to non-controlling interests	13	27,049,715	21,133,661	14,160,601	13,359,887
Earnings per share					
Basic earnings per share, Eur	12	0.582	0.481	0.366	0.275
Diluted earnings per share, Eur	12	0.582	0.481	0.366	0.275

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 AND 2015

Amounts in Euro	Notes	1st Semester 2016	1st Semester 2015	2nd Quarter 2016	2º Quarter 2015
				(Unaudited)	*(Unaudited)*
Net profit for the period without non-controlling interests		**74,341,259**	**72,377,999**	**43,901,394**	**44,415,910**
Items that may subsequently be reclassified to the income statement					
Derivative financial instruments					
Fair value changes	34	(6,578,969)	1,352,571	(3,416,366)	5,250,273
Tax on items above when applicable	28	2,343,700	629,213	1,183,858	(1,619,411)
Currency translation differences	27	28,445,351	14,003,412	28,889,397	(13,458,118)
Share of other comprehensive income of associates		(2,194,734)	-	(4,555,074)	-
Items that will not be reclassified to the income statement					
Remeasurements of post employment benefit obligations					
Actuarial gains / (losses)	29	(3,224,013)	(13,525,505)	(3,591,072)	(3,855,195)
Tax on items above when applicable	28	(497,920)	874,383	(311,490)	848,207
Other comprehensive income for the period		**18,293,415**	**3,334,074**	**18,199,253**	**(12,834,244)**
Total comprehensive income for the period		**92,634,674**	**75,712,073**	**62,100,647**	**31,581,666**
Attributable to:					
Semapa's shareholders		70,036,285	50,733,923	49,385,792	22,256,229
Non-controlling interests		22,598,389	24,978,150	12,714,855	9,325,437
		92,634,674	**75,712,073**	**62,100,647**	**31,581,666**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2016 AND 31 DECEMBER 2015

Amounts in Euro	Notes	30-06-2016	31-12-2015
ASSETS			
Non-current assets			
Goodwill	15	350,958,676	335,643,370
Other intangible assets	16	290,165,038	296,675,604
Property, plant and equipment	17	2,326,080,580	2,336,937,941
Investment properties		969,226	978,621
Biological assets	18	123,935,174	116,996,927
Investment in Associates and Joint-ventures	19	3,650,081	3,403,708
Financial assets at fair value through profit or loss	20	47,258	342,968
Available-for-sale financial assets	21	260,486	229,136
Deferred tax assets	28	76,524,968	74,480,542
Other non-current assets		25,055,206	6,777,734
		3,197,646,693	**3,172,466,551**
Current assets			
Inventories	23	325,306,482	309,759,678
Receivable and other current assets	24	322,489,753	309,595,216
State and other public entities	25	85,281,508	69,012,939
Assets held for sale	33	1,174,594	1,199,597
Cash and cash equivalents	2.1.3 and 31	147,877,291	206,255,764
		882,129,628	**895,823,194**
Total assets		**4,079,776,321**	**4,068,289,745**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	81,270,000	81,645,523
Treasury shares	26	(5,391,245)	(53,116)
Share premiums		-	3,923,459
Translations reserves	27	(36,867,942)	(65,903,206)
Fair value reserves	27	(7,198,743)	(4,921,087)
Other reserves	27	717,616,946	665,696,408
Retained earnings	27	(46,414,723)	(45,580,416)
Net profit for the period		47,291,544	81,530,041
Consolidated shareholder's equity		**750,305,837**	**716,337,606**
Non-controlling interests	13	377,420,846	415,289,455
Total Equity		**1,127,726,683**	**1,131,627,061**
Non-current liabilities			
Deferred tax liabilities	28	302,648,107	305,515,909
Pensions and other post-employment benefits	29	4,229,959	4,667,743
Provisions	30	100,278,676	104,230,815
Interest-bearing liabilities	31	1,876,744,620	1,497,214,815
Other non-current liabilities		37,406,083	43,480,192
		2,321,307,445	**1,955,109,474**
Current liabilities			
Interest-bearing liabilities	31	182,344,183	512,032,570
Payables and other current liabilities	32	333,160,088	358,185,023
State and other public entities	25	115,163,319	111,257,640
Liabilities held for sale	33	74,603	77,977
		630,742,193	**981,553,210**
Total Liabilities		**2,952,049,638**	**2,936,662,684**
Total equity and liabilities		**4,079,776,321**	**4,068,289,745**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 AND 2015

Amounts in Euro	Notes	Share Capital	Treasury Shares	Share Premiums	Fair value reserve	Other reserves	Translation reserve	Retained earnings	Net Profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2016		81,645,523	(53,116)	3,923,459	(4,921,087)	665,696,408	(65,903,206)	(45,580,414)	81,530,041	716,337,608	415,289,455	1,131,627,062
Application of 2015 profit of the year:												
- Transfer to reserves	27	-	-	-	-	51,586,337	-	-	(51,586,337)	-	-	-
- Dividends/ Reserves paid	14 and 27	-	-	-	-	11,822	-	-	(26,736,183)	(26,724,361)	-	(26,724,361)
- Profit-sharing bonuses reclassified to payroll costs	14	-	-	-	-	-	-	-	(3,207,520)	(3,207,520)	-	(3,207,520)
Treasury shares aquisitions	26 and 27	-	(9,314,733)	-	-	-	-	-	-	(9,314,733)	-	(9,314,733)
Extinction of treasury shares	26 and 27	(375,523)	3,976,604	-	-	(3,601,081)	-	-	-	-	-	-
Capital increase	26 and 27	35,758,800	-	(3,923,459)	-	(31,835,341)	-	-	-	-	-	-
Capital decrease	26 and 27	(35,758,800)	-	-	-	35,758,800	-	-	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests	13	-	-	-	-	-	-	-	-	-	(60,885,568)	(60,885,568)
Income and expenses recognized directly in equity*		-	-	-	(2,277,656)	-	29,035,264	(4,042,300)	-	22,715,308	(4,421,893)	18,293,415
Acquisitions / Disposals to non-controlling interests		-	-	-	-	-	-	473	-	473	-	473
Changes in the consolidation perimeter		-	-	-	-	-	-	-	-	-	(75,557)	(75,557)
Other movements		-	-	-	-	-	-	3,207,520	-	3,207,520	464,694	3,672,213
Profit for the period		-	-	-	-	-	-	-	47,291,544	47,291,544	27,049,715	74,341,259
Equity as of 30 June 2016		81,270,000	(5,391,245)	-	(7,198,743)	717,616,945	(36,867,942)	(46,414,721)	47,291,545	750,305,839	377,420,846	1,127,726,683

**Net of deferred taxes*

Amounts in Euro	Notes	Share Capital	Treasury Shares	Share Premiums	Fair value reserve	Other reserves	Translation reserve	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 other reserves	27	-	-	-	-	72,858,671	-	-	(72,858,671)	-	-	-
- Dividends paid / Reserves paid	14 and 27	-	-	-	-	-	-	-	(39,939,176)	(39,939,176)	-	(39,939,176)
Treasury shares aquisitions		-	-	-	-	-	-	-	-	-	-	-
Extinction of treasury shares	26 and 27	(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)
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*

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 AND 2015

Amounts in Euro	Notes	1st Semester 2016	1st Semester 2015	2nd Quarter 2016	2º Quarter 2015
				(Unaudited)	*(Unaudited)*
OPERATING ACTIVITIES					
Receipts from customers		1,109,104,967	1,059,111,389	567,648,133	538,591,393
Payments to suppliers		(870,253,787)	(850,500,380)	(432,722,683)	(445,188,247)
Payments to personnel		(92,691,242)	(89,904,983)	(55,824,856)	(56,775,617)
Cash flow from operations		146,159,938	118,706,026	79,100,594	36,627,529
Income tax received / (paid)		(20,014,930)	(1,332,948)	(6,165,628)	(816,574)
Other receipts / (payments) relating to operating activities		10,942,829	37,475,333	12,617,783	71,498,584
Cahs flow from operating activities (1)		**137,087,837**	**154,848,411**	**85,552,749**	**107,309,539**
INVESTING ACTIVITIES					
Inflows					
Financial investments		269,092	88,766	125,727	38,866
Property, plant and equipment		20,906	1,240,531	(34,216)	1,189,257
Interest and similar income		1,382,722	2,031,811	731,247	794,549
Dividends		868,684	1,505,827	727,187	1,356,063
		2,541,404	4,866,935	1,549,945	3,378,735
Outflows					
Financial investments		(27,990,328)	(147,875,305)	(27,591,969)	(110,516,066)
Cash and cash equivalents - changes in consolidation perimeter		12,664	11,620,134	12,664	1,926,505
Property, plant and equipment		(58,208,618)	(34,351,261)	(27,237,462)	(18,969,680)
		(86,186,282)	(170,606,432)	(54,816,767)	(127,559,241)
Cash flow from investing activities (2)		**(83,644,878)**	**(165,739,497)**	**(53,266,822)**	**(124,180,506)**
FINANCING ACTIVITIES					
Inflows					
Proceeds from borrowings		3,267,918,174	2,178,198,392	2,073,150,128	1,302,377,382
		3,267,918,174	2,178,198,392	2,073,150,128	1,302,377,382
Outflows					
Repayments of borrowings		(3,234,265,871)	(2,431,138,052)	(2,016,249,950)	(1,431,916,420)
Repayment of financial leases		(512,046)	(431,519)	(275,496)	2,213,194
Interest and similar expenses		(45,499,706)	(49,833,257)	(32,111,552)	(33,182,009)
Dividends		(86,377,051)	(102,693,570)	(86,021,703)	(102,623,552)
Treasury shares aquisitions		(9,281,394)	-	(5,253,941)	-
		(3,375,936,068)	(2,584,096,398)	(2,139,912,642)	(1,565,508,787)
Cash flow from financing activities (3)		**(108,017,894)**	**(405,898,006)**	**(66,762,514)**	**(263,131,405)**
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		**(54,574,935)**	**(416,789,092)**	**(34,476,587)**	**(280,002,372)**
EXCHANGE GAINS / (LOSSES) ON CASH AND CASH EQUIVALENTS		(3,803,537)	7,140,045	310,301	(3,305,556)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31	**206,255,763**	**602,971,772**	**182,043,577**	**476,630,652**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	**147,877,291**	**193,322,725**	**147,877,291**	**193,322,724**

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

(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 81,270,000
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 The Navigator Company, S.A. (former Portucel, S.A., referred to herein as Navigator or Navigator 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 30 August 2016.

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 2016 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 DISCLOSURES

COMPARABILITY

At the end of June 2015, the Brazilian subsidiary, NSOSPE, S.A., 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 2015.

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. However, the first semester of 2015 results (50%) were recognised by the equity accounting method.

1.3 BASIS OF CONSOLIDATION

1.3.1 SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights, to variable returns generated as a result of their involvement with the organization, and has the ability to affect these variables returns through the power it has on the relevant activities of the entity.

These company's shareholders equity and net profit/(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).

When, at the date of the acquisition of control, Semapa already holds a previously acquired interest in the subsidiary, its fair value is considered when determining the goodwill or negative goodwill.

In the event of acquisition of control over a subsidiary with a percentage less than 100%, when applying the purchase method, non-controlling interests can be measured either at their fair value or in the proportion of the fair value of the assets and liabilities acquired. This decision is made for each individual transaction.

Subsequent transactions of disposal or acquisition of shares with non-controlling interests, which do not involve change of control, do not result in the recognition of gains, losses or goodwill, and any difference between the transaction amount and the book value of the traded share is recognized in equity, under the caption Other Equity Instruments.

The acquisition cost is subsequently adjusted when the purchase price / consideration transferred is contingent upon the occurrence of specific events agreed with the seller / shareholder (e.g. realization of fair value of acquired assets).

Any contingent payments to be transferred by the Group are recognized at fair value as of the acquisition date. If the assumed obligation constitutes a financial liability, subsequent changes in fair value are recognized in the income statement. If the assumed obligation constitutes an equity instrument, no changes to the amount initially estimated are made.

In the event of losses in subsidiaries with non-controlling interests, these losses are proportionally attributed to non-controlling interests, despite the fact that they may become negative.

If the acquisition cost is less than the fair value of net assets of the acquired subsidiary (negative goodwill), the difference is recognized directly in the income statement under Other Operating Income. The transaction costs directly attributable are immediately recognized in the income statement.

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

The joint arrangements are classified as joint operations or joint ventures considering the contractual rights and obligations of each investor. Joint ventures are accounted for and measured using the equity method.

Joint operations are accounted for in the consolidated financial statements of the Group considering the share of assets held and liabilities jointly assumed, as well as income and expenses from the joint operation output. The assets, liabilities, income and expenses must be accounted for in accordance with applicable IFRS.

A jointly-controlled entity is a joint venture which involves the establishment of a company, a partnership or another 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 profit/(loss)) and by dividends received.

When the Group's share in the joint venture's losses is equal to or exceeds its investment in the joint venture, 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 joint venture. Unrealised losses are also eliminated, except if the transaction reveals evidence of impairment of a transferred asset.

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

1.4 SEGMENTAL REPORTING

An operating segment is a component of an entity:

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

The Navigator Company, 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 of America 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.

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 premixed concrete 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 a 100% interest in Supremo Cimentos, S.A., a cement company operating in southern Brazil with a fully integrated factory of clinker and cement placed in Adrianópolis, 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 subjected 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 date.

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 financial position of all Group entities that have a functional currency different from the Group's reporting currency are translated into the presentation 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 CO_2 emission rights.

1.6.1 CO_2 EMISSION RIGHTS

The CO_2 emission rights attributed to the Group at no cost within the PNALE (national plan for the assignment of CO_2 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 CO_2 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, CO_2 emission rights' portfolio is 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 amortisation 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), The Navigator Company and Navigator Paper Figueira, 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 operational 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 recognized 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 amortisation or depreciation) had the impairment loss not been recorded in previous years.

1.11 BIOLOGICAL ASSETS

Biological assets are measured at fair value deducted by costs at the point of harvest. The Group's biological assets mainly comprise the forests held for the production of timber, suitable for incorporating in the production process of BEKP, including among other species pine and cork.

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, the inherent cost of the rented forests and a discount rate.

All costs incurred in land preparation for first forestation are considered as a tangible asset, depreciated over their estimated useful life.

The discount rate corresponds to a market rate without inflation, determined on the basis of the Group's expected rate of return on its forests.

Changes in estimates of growth, growth period, price, cost and other assumptions are recognised as changes in fair value of biological assets.

At the time of harvest, wood is recognised at fair value less estimated costs since that point and the point of sale, as at this stage the power plants.

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, plus 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 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 income statement (Note 27).

If there is no market value or if it is not possible to determine one, equity investments are recognised at their subsequently measured at 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 statement of financial position 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 hedges, the realization of the cash flows must 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, among others.

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 statement of financial positions 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 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 includes current and deferred tax

CURRENT TAX

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the 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).

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise corporate 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:

- 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.

- 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 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 for 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.

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 repurchased, 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 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), 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 immediately recognised. 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.

Remeasurement 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).

Net interest corresponds to the application of the discount rate to the net liabilities amount (liability less the fair value of fund assets) and is recognized as a cost in the income statement, under the caption Payroll Costs.

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 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 HOLIDAY PAY, ALLOWANCES, BONUSES AND TERMINATION EMPLOYMENT BENEFITS

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.

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.

The termination employment benefits are recognized when the Group is no longer able to withdraw the offer of benefits; or in which the Group recognizes the costs of a restructuring under the provisions recognition scope. The benefits due over 12 months after the end of the reporting period are discounted to their present value.

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, since its classification date until its settlement.

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

Property, plant and equipment 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

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

1.31 NEW STANDARDS, CHANGES AND INTERPRETATION OF EXISTING STANDARDS

There are new standards, interpretations and amendments of existing standards that, despite having already been published, are only mandatory for the periods starting after 1 January 2016, as follows:

Standards and Interpretations that became effective on 1 February 2016	Change	Effective Date *
Annual improvements to IFRSs 2010-2012	Clarifications	1 February 2015
IAS 19 – Employee benefits	Accounting for employee contributions or other entities	1 February 2015
IAS 16 and IAS 38 – Acceptable methods of depreciation / amortisation	The methods of depreciation / amortization based on revenue, are not allowed.	1 January 2016
IAS 16 and IAS 41 – Agriculture: bearer plants	Plants that produce only consumable biological assets included within the scope of IAS 16 and measured at cost model or the revaluation model.	1 January 2016
IFRS 11 – Joint arrangements	Accounting for the acquisition of an interest in a joint operation that is a business	1 January 2016
IAS 1 – Presentation of financial statements	Review of disclosures under the IASB's project "Disclosure Initiative"	1 January 2016
IAS 27 – Separate financial statements	Option to measure investments in subsidiaries, joint ventures and associates using equity method	1 January 2016
Annual improvements to IFRSs 2012 - 2014	Several clarifications	1 January 2016

** Periods beginning on or after*

Standards and amendments effective, on or after 1 January 2016, not yet endorsed by EU	Change	Effective Date *
Amendments to IFRS 10, 12 and IAS 28: Investments - applying consolidation exception	Exemption to consolidate applied to investment entities, extended to a parent company that does not qualify as an investment entity but is a subsidiary of an investment entity.	1 January 2016
IAS 7 - Cash flow statement	Reconciliation of changes in financial liabilities with cash flows from financing activities.	1 January 2017
IAS 12 - Income Taxes	Deferred tax assets recognition on assets measured at fair value, the impact of temporary deductible differences in the estimate of future taxable income and the impact of restrictions on the recoverability of deferred tax assets.	1 January 2017
IFRS 2 – Share-based payment	Measurement of payment plans based on shares settled financially, accounting changes, and the classification of payment plans based on shares and settled in equity, when the employer has the obligation to withhold tax.	1 January 2018
IFRS 9 – Financial instruments	New standard for the accounting of financial instruments.	1 January 2018
IFRS 15 – Revenue from contracts with customers	Revenue recognition related to the delivery of assets and services, by applying the method of the 5 steps.	1 January 2018
Amendments to IFRS 15 – Revenue from contracts with customers	Identification of performance obligations, the moment of recognition of revenue from IP licenses, review of indicators for the classification of the principal versus agent relationship, and new schemes to simplify the transition.	1 January 2018
IFRS 16 - Leases	New definition of lease. New accounting of leases for renters. There are no changes to the accounting of leases by lessors.	1 January 2019

** Periods beginning on 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 assessed the effects on the consolidated financial statements 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 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 Sterling Pound (GBP), Polish Zloty (PLN) and Swiss Franc (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 or purchase 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 or settles the purchase, 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, hold 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 2016, based on the financial assets and liabilities that amounted to a net amount of Euro 362,714,203, creditor position (31 December 2015: 173,402,678, creditor 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 Krone	Turkish Lira	Swiss Franc	Danish Krone	Brazilian Real
As of 30 June 2016								
Assets								
Cash and cash equivalents	68,942,602	104,662	204,727	(39)	158,863	9,880	550	14,319,767
Receivables	51,356,531	12,953,953	3,835,662	162,381	-	1,407,962	137,047	34,303,095
Other assets	640,220	-	-	-	-	-	-	4,977,243
Total Financial Assets	**120,939,353**	**13,058,615**	**4,040,389**	**162,342**	**158,863**	**1,417,842**	**137,597**	**53,600,105**
Liabilities								
Interest-Bearing liabilities	(26,447,410)	-	-	-	-	-	-	(453,988,014)
Payables	(7,577,175)	(3,841)	(2,044)	(514,561)	-	-	-	(202,397,247)
Total Financial Liabilities	**(34,024,585)**	**(3,841)**	**(2,044)**	**(514,561)**	**-**	**-**	**-**	**(656,385,261)**
Derivative financial instruments	**(274,493,172)**	**(12,800,000)**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**(187,578,404)**	**254,774**	**4,038,345**	**(352,219)**	**158,863**	**1,417,842**	**137,597**	**(602,785,156)**
As of 31 December 2015								
Total Financial Assets	145,379,592	10,835,495	4,997,111	746,810	(56,556)	2,457,480	740,683	80,986,209
Total Financial Liabilities	(22,045,186)	(23,374)	(2,044)	(2,434,317)	-	-	(49,623)	(791,220,734)
Derivative financial instruments	**(110,050,000)**	**(8,700,000)**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**13,284,406**	**2,112,121**	**4,995,067**	**(1,687,507)**	**(56,556)**	**2,457,480**	**691,060**	**(710,234,525)**

Amounts in Foreign Currency	Australian Dollar	Norwegian Krone	Mozambican Metical	Morrocan Dirham	000 Lebanese Pounds	Tunisian Dinar	Angolan Kwanza
As of 30 June 2016							
Assets							
Cash and cash equivalents	-	204	10,364,415	625,016	19,837,772	6,264,296	880,093,994
Receivables	22,778	1,024,968	188,649	-	28,452,621	30,864,163	134,870,992
Other assets	-	-	-	-	-	74,059	66,721
Total Financial Assets	**22,778**	**1,025,172**	**10,553,064**	**625,016**	**48,290,393**	**37,202,518**	**1,015,031,707**
Liabilities							
Interest-Bearing liabilities	-	-	-	-	(12,521,381)	(58,596,721)	(1,248,799,904)
Payables	-	-	(20,279,784)	(65,211)	(26,792,647)	(29,573,284)	(716,497,050)
Total Financial Liabilities	**-**	**-**	**(20,279,784)**	**(65,211)**	**(39,314,028)**	**(88,170,005)**	**(1,965,296,954)**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**22,778**	**1,025,172**	**(9,726,720)**	**559,805**	**8,976,365**	**(50,967,487)**	**(950,265,247)**
As of 31 December 2015							
Total Financial Assets	170,763	1,026,457	30,364,361	487,365	52,638,357	49,015,285	1,059,447,798
Total Financial Liabilities	-	-	(53,389,395)	(131,017)	(39,377,524)	(90,634,968)	(1,905,161,199)
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net financial position	**170,763**	**1,026,457**	**(23,025,034)**	**356,348**	**13,260,833**	**(41,619,683)**	**(845,713,401)**

The exchange rate derivative financial instruments aim to hedge the currency risk of future transactions and foreign operation units, in foreign currency.

2.1.2 INTEREST RATE RISK

A significant share of the Group's financial liabilities cost 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.

On 30 June 2016 and 31 December 2015, the detail of the financial assets and liabilities with interest rate exposure, taking in consideration the maturities and the next repricing date was as follows:

Amounts in Euro	Until 1 mounth	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 30 June 2016						
Assets						
Non-current						
Other non-current assets	-	-	-	-	-	-
Current						
Cash equivalents	109,994,439	30,626,095	6,781,757	-	-	**147,402,291**
Total financial assets	**109,994,439**	**30,626,095**	**6,781,757**	**-**	**-**	**147,402,291**
Liabilities						
Non-current						
Interest bearing liabilities	389,654,263	30,853,767	322,075,000	796,603,897	344,861,162	**1,884,048,089**
Other liabilities	-	-	-	-	-	-
Current						
Interest bearing liabilities	81,414,712	14,515,254	85,063,392	2,900,690	-	**183,894,047**
Total financial liabilities	**471,068,974**	**45,369,020**	**407,138,392**	**799,504,587**	**344,861,162**	**2,067,942,136**
Difference	**(361,074,535)**	**(14,742,925)**	**(400,356,635)**	**(799,504,587)**	**(344,861,162)**	**(1,920,539,845)**

Amounts in Euro	Until 1 mounth	1-3 months	3-12 months	1-5 years	+ 5 years	Total
As of 31 December 2015						
Assets						
Non-current						
Other non-current assets	-	-	-	-	-	-
Current						
Cash equivalents	162,079,058	44,176,706	-	-	-	**206,255,764**
Total financial assets	**162,079,058**	**44,176,706**	**-**	**-**	**-**	**206,255,764**
Liabilities						
Non-current						
Interest bearing liabilities	276,906,487	51,675,729	420,971,141	516,704,815	241,154,223	**1,507,412,395**
Other liabilities	-	-	-	-	-	-
Current						
Interest bearing liabilities	230,121,217	10,583,188	275,401,058	1,923,764	-	**518,029,227**
Total financial liabilities	**507,027,704**	**62,258,917**	**696,372,199**	**518,628,579**	**241,154,223**	**2,025,441,622**
Difference	**(344,948,646)**	**(18,082,211)**	**(696,372,199)**	**(518,628,579)**	**(241,154,223)**	**(1,819,185,858)**

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:

(i) Changes in market interest rates affect interest income and expenses arising from financial instruments subject to floating rates;

(ii) 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;

(iii) Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;

(iv) 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 specialised 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 2016 and 31 December 2015, accounts receivable from customers showed the following ageing structure, considering the due dates for the open balances, before impairment charges:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total 30-06-2016	Total 31-12-2015
Not overdue	178,392,307	33,559,805	3,307,584	215,259,696	205,959,785
1 to 90 days	8,732,284	21,170,474	2,831,043	32,733,801	40,060,551
91 to 180 days	349,969	3,016,523	2,074,494	5,440,986	3,777,444
181 to 360 days	183,730	1,761,169	1,818,882	3,763,781	2,122,311
361 to 540 days	201,442	257,436	34,427	493,305	1,745,921
541 to 720 days	67,120	4,038,345	23,784	4,129,249	1,087,220
more than 721 days	837,379	11,809,263	709,776	13,356,418	14,122,000
	188,764,231	**75,613,015**	**10,799,990**	**275,177,236**	**268,875,232**
Litigation - doubtful debts	1,386,177	11,476,931	-	12,863,108	12,770,974
Impairments (Note 22)	(1,386,177)	(24,675,898)	(696,604)	(26,758,679)	(28,055,768)
Net receivables balance (Note 24)	**188,764,231**	**62,414,048**	**10,103,386**	**261,281,665**	**253,590,438**

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 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 2016 and 31 December 2015, for financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparts are financial institutions:

Amounts in Euro	30-06-2016	31-12-2015
AA-	13,065,073	12,843,478
A+	-	48,921
A	26,168,075	24,811,095
A-	966,802	435,555
BBB+	2,518,571	5,100,033
BBB	3,595	1,008
BB+	1,198,531	9,317,115
BB	372,493	24,767
BB-	1,655,380	27,405,274
B+	4,008,898	33,382,179
B	56,489	-
B-	26,778,415	-
Others	70,609,969	92,525,634
	147,402,291	205,895,059

The caption Others comprise short-term investments in 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	30-06-2016		31-12-2015	
	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	32,453,133	9,418,931	38,820,000	17,589,634
Overdue - more than 3 months	12,893,583	1,741,318	6,706,832	1,329,127
	45,346,716	11,160,249	45,526,832	18,918,761
Accounts receivable overdue and impaired				
Overdue - less than 3 months	280,668	-	275,416	-
Overdue - more than 3 months	26,167,565	-	27,780,352	-
	26,448,233	-	28,055,768	-

In accordance with the above-mentioned, it should be noted that the Group adopted a policy of credit insurance for all accounts receivable from costumers 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 2016 and 31 December 2015 is detailed in the following schedule:

Amounts in Euro	30-06-2016	31-12-2015
Non-current		
Available-for-sale financial assets (Note 21)	260,486	229,136
Other non-current assets	25,055,206	6,777,734
Current		
Receivables and other current assets (Note 24)	303,594,317	285,359,246
Derivative financial instruments (Note 24)	1,730,329	3,650,428
Cash and cash equivalents	147,402,291	205,895,059
	478,042,629	501,911,603
Credit risk exposures relating to off balance sheets itens		
Warranties (Note 39)	19,986,954	22,148,954
	19,986,954	22,148,954

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, assuring the adequate liquidity.

The liquidity of the agreed financial liabilities will generate the following not discounted cash flows, including interests till maturity at 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 2016						
Liabilities						
Interest bearing liabilities						
Bond loans	-	3,008,354	20,806,784	633,122,924	328,577,909	**985,515,972**
Commercial paper	315,793	5,527,072	7,694,047	706,410,196	-	**719,947,108**
Bank loans	45,405,885	18,735,998	104,402,270	274,194,688	120,421,300	**563,160,141**
Financial leases payables	73,716	147,341	835,066	1,960,471	656,286	**3,672,879**
Other liabilities	694,679	683,472	2,171,758	1,017,090	-	**4,566,999**
Derivative financial instruments	-	-	-	2,344,291	-	**2,344,291**
Total liabilities	**46,490,073**	**28,102,237**	**135,909,925**	**1,619,049,660**	**449,655,495**	**2,279,207,390**
As of 31 December 2015						
Liabilities						
Interest bearing liabilities						
Bond loans	-	-	190,602,303	657,831,362	212,780,375	**1,061,214,040**
Commercial paper	242,107	467,671	160,935,884	450,142,272	-	**611,787,933**
Bank loans	34,133,474	26,019,892	84,375,685	262,152,840	70,680,329	**477,362,219**
Financial leases payables	78,224	156,448	838,361	2,493,065	790,274	**4,356,372**
Other loans	86,863,674	69,409,181	2,587,828	2,326,450	-	**161,187,132**
Derivative financial instruments	-	-	640,982	3,837,017	-	**4,477,999**
Accounts payable and other liabilities	363,088	330,686	881,830	1,576,955	-	**3,152,559**
Total liabilities	**121,680,567**	**96,383,878**	**440,862,871**	**1,380,359,961**	**284,250,978**	**2,323,538,255**

As of 30 June 2016 and 31 December 2015, bank loans granted and not withdrawn amount to Euro 318,929,561 e Euro 736,308,629 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

At the end of the first semester of 2016, The Navigator Group managed an area of more than 120 thousand acres of land, from north to south of Portugal and Azores, divided in 1,400 Management Units in 167 counties, according to 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 356,210 hectares in Mozambique, which were prepared to plant 47 thousand hectares and planted 8.9 thousand hectares in the provinces of Manica and Zambezia, under a concession agreement reached with de Mozambique government.

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), a certification programmers 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 Portuguese 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, 47% of all certified Portuguese forests according with PECF standards and 32% of all certified Portuguese forests according with FSC standards.

The main risks associated with the sector are the ones related to the productive capacity of the plantations, the risk of wildfires as well as the regulatory risk, given the review announced by the Government of the legal regime applicable to forestation and reforestation with resort to forestry species, as established in Decree-Law No. 96/2013, of 19 July.

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 adequate 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 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 forests
(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 the Navigator Group is exposed to risks related to forest fires, namely:

(i) The destruction of current and future wood, stocks of 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 The Navigator 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 3 million euro, 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 210 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), TISSUE AND PELLETS

SUPPLY OF RAW MATERIALS

The wood supplied by the Group's forestry's 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 and exchange rate fluctuations and difficulties encountered in the supply of raw materials that could have a significant impact on the production costs of companies producing BEKP (Bleached Eucalyptus Kraft Pulp). Also relevant (mostly in imports) is the volatility of wood transportation costs to the factories, which floats depending on oil prices and sea freight costs.

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 to be around 400,000, on the applicable legislation and the speed of the responsible authorities in approving the new projects as well as the volatility in the legal regime, as exemplified by Decree-Law No. 93/2013 of 19 July, with a revision announced to 2016.

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 South America.

Regarding imports of wood, there is a risk related to its shipment from the place of origin to the harbours supplying the Group that are far from Cacia and Figueira da Foz 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 seeks to maximize the added value of its 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 originated from forests that are not certified, through a price bonus for certified wood, a new initiative from Group.

Furthermore, and considering the unparalleled contribution of the eucalyptus industry to the National Value Added of the Portuguese Economy, both direct and indirect, as well as the significance of such industries in exports and employment, and the increasing demand for eucalyptus, not easily satisfied by national forests, the Group has made the Government and the public opinion aware of the need to guarantee that, until the internal production of this type of wood does not increase significantly on an economically viable basis, the use of bio fuels for energy production should not be put ahead of the use of eucalyptus wood in the production of tradable goods.

As at 30 June 2016, an increase of 10% on the cost of a cubic meter of the eucalyptus wood consumed in the production of BEKP, would have had an impact in Group's earnings of some Euro 16,140,000 (30 June 2015: Euro 14,838,000).

For other raw materials namely 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 that 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 20% between 2005 and 2015. In addition, the quality levels achieved in the effluent treatment are among the highest and effluent volumes between 2005 and 2016 have been reduced by more than 24% as a result of investment in process improvement, aimed at minimizing the environmental impact of the Group.

MARKET PRICE FOR UWF PAPER, BEKP AND TISSUE

The increase in competition, caused by an imbalance of supply and demand in the BEKP, UWF, tissue or pellets markets may have a significant impact on prices and, as a consequence, in the Group's performance. The market prices of BEKP, UWF paper, tissue paper and pellets 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, Tissue paper and UWF Paper prices mainly arise from both changes in the world supply and demand and 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 market's volatility.

The BEKP and UWF 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.

On 30 June 2016, a 10% drop in the price per ton of BEKP and of 5% in the price per ton of UWF paper and Tissue paper sold by the Group in the period, would have represented an impact on its earnings of about Euro 6,570,000 and Euro 30,200,000 respectively (30 June 2015: Euro 6,400,000 and 29,000,000, respectively).

DEMAND FOR GROUP PRODUCTS

Notwithstanding the references below to the concentration of the portfolio of the Group's customers, any reduction in demand for BEKP, UWF paper, tissue and pellets in the markets of the European Union and the United States could have a significant impact on the Group's 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 Group’s major customers 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 global economy and the increase of unemployment can cause a slowdown or decline in demand for printing and writing paper, thus affecting the performance of the Group.

Regarding Tissue segment, the key variables affecting the demand are:

- (i) Expected future economic growth;
- (ii) Population growth and other demographic changes;
- (iii) Product penetration levels;
- (iv) Developments in the quality of Tissue paper and product specifications;
- (v) Substitution effects.

Tissue paper consumption is not very sensitive to cyclical changes in the economy, although it tends to grow faster with higher economic growth.

The importance of economic growth for the consumption of Tissue is more obvious in developing countries. When the level of the income per capita is very low, the consumption of Tissue tends to be reduced. There is a threshold after which consumption accelerates. Economic growth allows greater penetration of the product, which is one of the main drivers of demand for such paper in the population with lower incomes. The Tissue paper is a product that does not face major threats of substitution by other materials, and there are no expected changes at this level.

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 fibre.

Regarding this matter, and in the case of the UWF paper and Tissue, 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 market segments that are less sensitive to variations in demand, resulting in a lower exposure to this risk.

ENERGY

The process is dependent on the constant supply of electricity and steam energy. Responding to that, Group has several cogeneration units, which provide this supply, and redundancies were planned between the generating units in order to mitigate the risk of any unplanned stops of those units to pulp and paper mills. The excess production from the consumption needs is sold in the market at regulated tariffs for 15 years after the settlement. After this period, the defined tariffs do not compensate market production as they are lower than the ones in which the group incurs for acquiring electricity, which can be proven by the reduction shown in the revenues arising from this segment.

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 risk that there will be effects due to condition them.

In the 6 month period ended 30 June 2016, the expenditure with this project amounted to Euro 60,000,000 (31 December 2015: Euro 54,000,000), 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.

COUNTRY RISK - USA

The Colombo Energy Inc. project related to the new pellet plant in the USA (in Greenwood, South Carolina) has been launched on 18 July. The plant is expected to enter into continuous work from 22 August onwards. The investment amount is USD 119.4 million, subject to the specific country risk.

COMPETITION

Increased competition in the 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, new capacities may have a relevant impact in prices worldwide.

BEKP producers from the southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with significantly lower production costs when compared to the northern hemisphere producers, 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 this competitive pressure will remain strong in the future.

The Group sells more than 66% of its paper (2015: 63%) 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, nearly half of all the other markets (Overseas), despite the imposition of anti-dumping duties resulting from its strength in the domestic market (Portugal), which represents about 5% of paper sales.

CONCENTRATION OF CUSTOMER PORTFOLIO

As at 30 June 2016, the Group's 10 main BEKP customer groups accounted for 17% of the period's production of BEKP and 76% 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 sold.

As such, the Group considers its exposure to the risk of customer concentration regarding the sale of BEKP, as small.

As at 30 June 2016, the Group's 10 main customer groups for UWF paper represented 51% of this product's sales during the period, although the Group's 10 main individual costumer did not exceed 23% of the UWF paper sales. Also regarding UWF paper, the Group follows a strategy of mitigating the risk of customer concentration. The Group sells UWF paper to about 120 countries and 996 individual costumers, thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or customers.

Tissue sales amounted to Euro 33.1 million in the first semester of 2016, an increase of 30% when compared to the same period of 2015. Its commercial activity is mainly focused in the Iberian markets, representing 98 % of its sales. The 10 main customers represent about 49% of total sales.

With the new production equipment's in place, given the investment in the second Tissue paper machine made in 2015, the group believes it will be able to expand its commercial activity to external markets, namely to Spain and Western Europe.

The Colombo Energy Inc. project related to the new pellet plant in the USA (in Greenwood, South Carolina) has been launched on 18 July and produced its first pellets on 21 July. The plant is expected to enter into continuous work from 22 August onwards. The commercial activity will start in September. So far, only one contract was signed with a single customer, guaranteeing the placement of 40% of the plant's production for a period of 10 years.

The group plans to expand the commercial activity of pellets business to the European and US markets, both in the industrial and residential/domestic segment.

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.

On September 2014, BREF (Best available techniques Reference document – Commission executive decision 2014/687/EU) was approved for the paper and pulp sector, with redefined limits and requirements for these sectors. The companies have four years to promote the required adjustments to its practices and equipment's. Furthermore, the technical discussion on the Large Combustion Facilities Reference Document was finalized, being the formal and political approval expected for early 2017. The publication of this document will have an impact on the group's equipment, particularly in boilers and combustion facilities, which will be covered by the new legislation to be published, therefore requiring new investments.

As such, the group has been monitoring the technical development of this matter, trying to anticipate and plan the necessary improvements to their equipment so to comply with the limits to publish. There is a possibility that the group may need to perform additional investments in this area in order to comply with any changes in limits and environmental rules which may be approved.

To date, the legislative changes that are known relate to the evolution of the system of allocation of EU emission trading of CO_2 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 2013-2020 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 CO_2 emission rights allowances.

With this scenario, it is expected an increase the costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO_2 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 CO_2 emissions, in spite of the continuous increase in the production volume over the last years.

In 2015, an environmental strategic plan was analysed and established, aiming to adapt The Navigator Company Group to a set of new and future requirements in the environmental area, namely to the recently published reference document for the sector (Best available techniques Reference document – Commission executive decision 2014/687/EU) and for Large Combustion Facilities. The aforementioned reference documents correspond to the implementation of Directive 2010/75/EU on industrial emissions.

The Environmental Strategic Plan aimed for areas other than the environmental covered by this document. It was possible to confirm that Navigator Group is generically in compliance with this future referential and to identify some areas for improvement as well as technological solutions such as atmosphere emissions from biomass boilers.

RISKS ASSOCIATED WITH THE PRODUCTION OF ENERGY AND PELLETS

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, also enabling, among others, the group's wood suppliers to generate additional income from the sale of biomass and contributing to the reduction of the risk of fires in the country.

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, to produce electrical power trough biomass.

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, rather than the use of wood to produce electrical power.

In addition, and despite the legal provisions,

(i) Decree-Law 23/2010 and Act 140/2012, revised by Act 325-A/2012, applicable to the ERP system - Special Regime in cogeneration;
(ii) For units powered through residual forestry biomass, dedicated to the production of electricity, the legal framework is provided by Decree-Law 33-A/2005, revised by Decree-Law 225/2007, that extends from 15 to 25 years the guaranteed tariffs under the PRE, which enables some revenue stability to be planned for the near future,

there is a risk that the change in every tariffs may eventually paralyze the products produced by the Group, there is a risk that the change in energy prices for sale of energy produced from renewable resources will penalize those products (already occurring, with specific measures over the energy price and the introduction an Extraordinary Contribution to the Energy Sector affecting cogenerating units) with a capacity of more than 20MW. 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.

As a result of the measures taken under the Financial Adjustment Programme that Portugal was subject to, the whole remuneration system of the national electricity sector was revised, being the major impact in the electricity produced from cogeneration, one of the most efficient ways to produce energy.

The Group Navigator represents a relevant part (4.8%) of the energy produced in Portugal. The units owned and operated by the group have been watching a review of electricity prices over a transitory period initiated in 2012, through 2020 and ending in 2025. As a consequence, operation will become economically unfeasible. Over the aforementioned period, the energy generated by these units will no longer be sold to the national grid (already the case

in the gas cogeneration unit in Figueira da Foz), as it will no longer be economically feasible. These units will be converted into auto consumption units after the transitory period applicable to each installation.

RISKS ASSOCIATED TO TRANSPORT AND LOGISTICS

The Group exports over 95% of its production of UWF paper and about 31% of its tissue 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.

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

ENVIRONMENTAL LEGISLATION

In recent years, environmental legislation in Portugal and in the European Union has become increasingly restrictive regarding the control of effluents. Group Secil 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 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 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

The ETSA Group 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. This is more so, but not exclusively, 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;
- Volatility of fiscal policy and no reduction in corporate tax rate.

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 statement of financial position date.

These estimates are influenced by 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 and assumptions that if different may have an impact in the estimated recoverable value (Note 15).

3.2 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 2016, at this date all years until 2013, inclusive, have been reviewed by the Tax Authorities.

3.3 ACTUARIAL ASSUMPTIONS

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

As of 30 June 2016, a decrease of 0.5% in the discount rate used in the actuarial assumptions would mean an overall increase of liabilities amounting to approximately Euro 12 million in their assessed value.

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 2016, an increase of 0.5% in the discount rate of 5.97% (31 December 2015:7.4%) used to value those assets, would decrease their value by Euro 5.5 million.

To Mozambique, the increase of 0,5% in the used discount rate (11.99%) would result in a devaluation of this asset in about Euro 280,000.

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

In accordance to the approach defined in IFRS 8, operational segments should be identified based in the way internal financial information is organized and reported to the management. An operating segment is defined by IFRS 8 as a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

The Executive Committee of Semapa and subsidiaries is the ultimate operating decision maker, analysing periodic reports with operational information on segments, using them to monitor the operating performance of its businesses, as well as to decide on the best allocation of resources.

Financial information by operating segment for the period ended 30 June 2016 is shown as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
Revenue	778,570,196	231,828,066	12,421,317	-	1,022,819,579
Operational results	100,284,838	17,739,514	1,743,085	218,831	119,986,268
Net financial results (Note 10)	(13,462,204)	(17,757,853)	(321,134)	(9,314,917)	(40,856,108)
Group share of (loss) / gains of associated companies and joint ventures	-	1,144,690	-	-	1,144,690
Income tax expense (Note 11)	(7,109,552)	1,450,665	(365,916)	91,212	(5,933,591)
Profit for the period	**79,713,082**	**2,577,016**	**1,056,035**	**(9,004,874)**	**74,341,259**
Profit for the period - Attributable to non-controlling interest	(24,239,862)	(2,809,735)	(118)	-	(27,049,715)
Profit for the period - Attributable to Semapa's Shareholders	**55,473,220**	**(232,719)**	**1,055,917**	**(9,004,874)**	**47,291,544**
OTHER INFORMATION					
Segment assets	2,334,942,361	1,527,640,139	95,240,040	121,953,781	4,079,776,321
Deferred tax assets (Note 28)	48,347,010	28,083,809	94,149	-	76,524,968
Investment in associates and joint ventures (Note 19)	-	3,650,081	-	-	3,650,081
Total segment liabilities	1,383,952,269	984,088,172	31,669,823	552,339,374	2,952,049,638
Depreciation, amortisation and impairment losses (Note 8)	93,591,302	23,172,062	1,488,639	95,338	118,347,341
Provisions (Note 30)	1,398,423	730,283	-	-	2,128,706
Capital expenditures (Note 17)	75,262,820	9,231,633	730,970	31,895	85,257,318

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

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
REVENUE					
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 (Note 10)	(17,847,353)	(7,237,434)	(434,807)	(20,496,319)	(46,015,913)
Group share of (loss) / gains of associated companies and joint ventures	-	(4,343,583)	-	-	(4,343,583)
Income tax expense (Note 11)	(9,249,007)	(6,251,000)	(270,401)	(5,274,316)	(21,044,724)
Profit for the period	**94,920,664**	**3,839,426**	**1,280,660**	**(27,662,751)**	**72,377,999**
Profit for the period - Attributable to non-controlling interest	(17,854,869)	(3,278,792)	-	-	(21,133,661)
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 (Note 28)	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 ventures (Note 19)	-	3,347,346	-	-	3,347,346
Total segment liabilities	1,334,117,778	903,587,476	33,332,400	750,212,668	3,021,250,322
Depreciation, amortisation and impairment losses (Note 8)	68,477,168	20,225,678	1,444,840	110,554	90,258,240
Provisions (Note 30)	(5,990,714)	1,468,012	19,796	(5,510,000)	(10,012,906)
Capital expenditures (Note 17)	73,343,768	6,589,579	2,647,039	8,039	82,588,425

GEOGRAPHICAL SEGMENTS

1st Semester 2016	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Sales and services rendered					
Portugal	132,058,021	79,339,616	8,856,743	**220,254,380**	21.53%
Rest of Europe	437,459,826	2,017,487	3,530,904	**443,008,217**	43.31%
America	89,261,128	36,925,446	-	**126,186,574**	12.34%
Africa	71,231,485	70,396,749	33,670	**141,661,904**	13.85%
Asia	48,404,563	43,148,768	-	**91,553,331**	8.95%
Overseas	155,173	-	-	**155,173**	0.02%
	778,570,196	**231,828,066**	**12,421,317**	**1,022,819,579**	**100.00%**

1st Semester 2015	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Sales and services rendered					
Portugal	132,145,178	82,955,604	9,860,168	**224,960,950**	21.85%
Rest of Europe	448,270,185	1,491,025	2,590,029	**452,351,239**	43.93%
America	103,704,577	6,694,377	-	**110,398,954**	10.72%
Africa	64,138,122	87,522,911	106,609	**151,767,642**	14.74%
Asia	46,518,761	43,562,207	-	**90,080,968**	8.75%
Overseas	146,802	-	-	**146,802**	0.01%
	794,923,625	**222,226,124**	**12,556,806**	**1,029,706,555**	**100.00%**

The revenue presented in different business 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

As of 30 June 2016 and 2015, the caption other income comprises:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Grants - CO2 emission allowances	8,340,928	8,241,056
Impairment reversal	1,686,750	1,286,370
Gains on disposals of CO2 emission allowances	1,958,500	-
Supplementary income	1,971,355	324,862
Gains on disposals of non-current assets	490,461	329,121
Gains on inventories	2,128,693	1,026,784
Gains on disposals of current assets	5,816	6,160
Government grants	211,711	270,510
Own work capitalised	7,405,383	7,980,324
Revenues from waste management	162,853	263,446
Other operating income	8,602,270	7,202,932
	32,964,720	**26,931,565**

As at 30 June 2016 the caption Own work capitalised comprises Euro 7,393,612 (30 June 2015: Euro 7,948,442) regarding the preparation of land for forestation. These costs are related with the Mozambique project, capitalised in accordance with the accounting policy described in Note 1.11.

The amount presented under the caption Grants – CO_2 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

As of 30 June 2016 and 2015, Costs, expenses and losses were detailed as follows:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Cost of sales and services rendered		
Cost of inventories sold and consumed	(415,548,619)	(423,835,315)
Cost of materials and services consumed		
Energy and fluids	(76,546,060)	(84,564,649)
Inventory transportation	(76,224,225)	(72,867,745)
Professional fees	(45,266,043)	(38,261,150)
Repair and maintenance	(23,205,453)	(26,436,966)
Fees	(2,914,920)	(3,683,948)
Insurance	(7,039,733)	(9,688,281)
Subcontracts	(1,025,221)	(3,163,399)
Others	(37,756,923)	(52,015,216)
	(269,978,578)	**(290,681,354)**
Variation in production	4,662,312	15,356,714
Payroll costs		
Statutory bodies	(9,486,701)	(12,042,899)
Other remmunerations	(80,395,574)	(73,147,511)
Pension costs	(2,157,062)	(1,329,690)
Other payroll costs	(29,685,228)	(26,844,932)
	(121,724,565)	**(113,365,032)**
Others costs and losses		
Membership fees	(286,048)	(510,590)
Donations	(327,921)	(293,149)
Cost with CO2 emission allowances	(7,156,678)	(7,652,073)
Inventories and other receivables impairment	(1,614,521)	(1,853,101)
Losses on inventories	(2,709,520)	(749,962)
Indirect taxes	(4,926,556)	(3,504,926)
Losses on disposal of non-current assets	(88,649)	(699,378)
Other operating costs	(2,560,887)	(4,480,505)
	(19,670,780)	**(19,743,684)**
Provisions	(2,128,706)	10,012,906
Total of Costs, Expenses and Losses	**(824,388,936)**	**(822,255,765)**

The caption Other payroll costs, in the first semester of 2016 and 2015, was detailed as follows:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Other payroll cost		
Social Security tax contribution	(19,415,817)	(15,011,121)
Insurance	(1,964,992)	(673,765)
Social responsibilities	(3,279,882)	(3,385,204)
Other payroll cost	(5,024,537)	(7,774,842)
	(29,685,228)	**(26,844,932)**

7. REMUNERATION OF STATUTORY BODIES

As of 30 June 2016 and 2015, the caption Remuneration of Statutory Bodies was detailed as follows:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Members of Semapa's Board of Directors	4,334,724	5,675,456
Profit-sharing bonuses reclassified to payroll costs	-	2,377,075
Corporate bodies from other group companies	5,151,977	3,990,368
	9,486,701	**12,042,899**

In the first semester of 2015, the caption Statutory Bodies comprises Euro 2,377,075 of Profit-sharing bonuses reclassified to Payroll costs related with the profit-sharing deliberated at the Annual General Meeting of the 2014 financial statements approval that took place on 30 April 2015. According with the applicable accounting standards, and taking into account that the deliberation of the profit-sharing bonuses occurred after the financial statements were approved for issue, the bonuses were reclassified to the 2015 income statement.

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

As of 30 June 2016 and 2015, the caption Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Depreciation of property, plant and equipment		
Land	(2,251,603)	(2,074,034)
Environmental restoration and landscaping	(57,836)	-
Buildings	(9,993,509)	(9,064,903)
Other tangible assets	(95,601,981)	(83,914,976)
Government grants	4,469,653	3,179,377
	(103,435,276)	(91,874,536)
Amortisation and impairment losses of intangible assets		
Industrial property and other rights	(9,614)	(15,061)
CO2 emission rights	(1,618,487)	(85,314)
	(1,628,101)	(100,375)
Impairment losses in assets held for sale	(25,003)	(25,003)
Impairment losses in investment properties	(9,396)	(9,396)
Impairment (losses) / reversals in tangible assets		
Land	(14,478,835)	812,073
Buildings	243,498	297,584
Equipments and other tangibles	285,377	694,554
Assets under construction	-	(53,141)
	(13,949,960)	1,751,070
ICMS -Tax on movement of goods and services		
Tax included in depreciations (Brazil)	700,395	-
	700,395	-
	(118,347,341)	**(90,258,240)**

The increase in depreciation of property, plant and equipment mainly results from the beginning of the depreciation of the new investments of the subsidiary Navigator in Cacia and Vila Velha Rodão, as well as from the consolidation of subsidiary Supremo Cimentos in Brazil (Note 1.2).

In the first semester of 2015, an impairment loss regarding the project in Mozambique was also recognized, following the assessment made by the group on those assets, in the amount of Euros 14,478,835.

9. GROUP SHARE OF (LOSS)/GAINS OF ASSOCIATED COMPANIES AND JOINT VENTURES

In the first semester of 2016 and 2015, the Group recorded its share of the net income/ (loss) of associated companies and joint-ventures as follows:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Joint Ventures		
Supremo Cimentos, S.A.	-	(5,551,271)
Related Parties		
Setefrete, SGPS, S.A.	1,072,620	1,159,706
J.M.J. - Henriques, Lda.	(52)	(69)
Ave-Gestão Ambiental e Val. Energética, S.A.	72,122	48,051
	1,144,690	**(4,343,583)**

In the first semester of 2015, 50% of the results of supremo Cimentos was incorporated in the consolidated accounts by application of the equity method. 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

As of 30 June 2016 and 2015, Net financial results comprise:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Interest paid on loans from shareholders (Note 35)	(44,156)	(7,987)
Interest paid on borrowings	(35,408,150)	(36,210,465)
Interest paid on loans from associated companies and joint ventures (Note 35)	(2,572)	2,537,642
Other interest earned	3,729,387	1,633,415
Fair value in available-for-sale financial assets (Note 21)	(35,503)	-
Financial assets at fair value through profit and loss	(27,040)	(47,404)
Gains / (losses) on financial instruments - hedging (Note 34)	(2,717,365)	(10,046,188)
Gains / (losses) on financial instruments - trading (Note 34)	(483,356)	1,106,737
Expenses with loans issuing and other comissions	(5,946,299)	(6,253,165)
Early repayment of bond financing	(6,046,500)	-
Foreign exchange gains / (losses)	4,252,113	1,076,786
(Costs)/gains with compensatory interest	2,520,197	72,296
Other financial expenses	(651,193)	(185,530)
Other financial income	4,329	307,950
	(40,856,108)	**(46,015,913)**

As disclosed to the market, the subsidiary Navigator proceeded to the partial early repayment of Euro 350 million Senior Notes 5.375% bonds, in the amount of Euro 150 million (during the second half of 2015 it had an early repayment of 200 million), which led to the immediate recognition of a premium paid for the early repayment of High Yield loan in the amount of Euro 6,046,500.

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

The Semapa Group 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 (CIT) Code.

As of 30 June 2016, the tax business group led by Semapa as the dominant society comprises Secil and ETSA Groups, as well has all the subsidiaries that meet the legal requirements of the Corporate Income Tax Code. The companies that integrate the Navigator Group also integrate the tax business group led by The Navigator Company, S.A..

Companies included within the consolidation scope of the group of companies subject to this regime, calculate and recognise corporate 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, 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 of 30 June 2016 and 2015, income tax expense comprises:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Current tax	(17,782,510)	(20,608,637)
Provisions for current tax	6,252,503	5,080,519
Deferred tax	5,596,416	(5,516,606)
	(5,933,591)	**(21,044,724)**

The reconciliation of the effective tax rate in the period ended 30 June 2016 and 2015 is as follows:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Profit before tax	80,274,850	93,422,723
Expected income tax	18,061,841	21,020,113
State surcharge	880,678	9,534,894
Differences (a)	(51,198,122)	8,691,487
Prior year tax adjustments	(827,344)	3,100,488
Recoverable tax losses carried forward	(238,045)	(27,745,643)
Non recoverable tax losses	27,896,397	29,557,649
Impairment and reversal of provisions	16,151,690	(13,820,597)
Impact of the change in the income tax rate	7,822,348	(768,245)
Provision for current tax	-	3,287,393
Tax benefits	(13,012,056)	(13,317,281)
Other	396,204	1,504,466
	5,933,591	**21,044,724**
Effective tax rate	7.39%	22.53%

(a) This amount is made up essentially of :

Effects arising from the application of the equity method	(1,144,690)	4,343,583
Capital gains / (losses) for tax purposes	(179,491,938)	90,430,982
Capital gains / (losses) for accounting purposes	(119,583)	295,887
Impairment of taxed provisions	2,539,041	1,905,530
Tax benefits	(2,293,457)	(1,727,137)
Reversal of taxed provisions	(19,705,860)	(11,783,441)
Intra-group earning's subject to taxation	207,574	134,875
Employees benefits	1,182,497	(8,684,059)
Others	(28,720,794)	(36,287,391)
	(227,547,210)	38,628,829
Tax effect (22.5%)	**(51,198,122)**	**8,691,487**

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 10% of the share capital.

All companies included in Semapa's and Navigator's tax business groups have a tax reporting period starting on 1 July of each year and ending on 30 June of the following year

12. EARNINGS PER SHARE

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

Amounts in Euro	1st Semester 2016	1st Semester 2015
Profit attributable to Semapa's shareholders	47,291,544	51,244,338
Weighted average number of ordinary shares in issue	81,272,056	106,504,470
Basic earnings per share	0.582	0.481
Diluted earnings per share	0.582	0.481

13. NON-CONTROLLING INTERESTS

As of 30 June 2016 and 2015, non-controlling interests shown in the Income statement are detailed as follows:

	Income	
Amounts in Euro	1st Semester 2016	1st Semester 2015
The Navigator Company, S.A.	24,457,391	17,851,906
Raiz - Instituto de Investigação da Floresta e Papel	(29,559)	2,963
Portucel Moçambique	(187,970)	-
Secil Betões e Inertes Group	882	5,062
Société des Ciments de Gabés	28,527	5,423
IRP - Indústria de Rebocos de Portugal, S.A.	33,289	44,221
Secil - Companhia de Cimento do Lobito, S.A.	(592,074)	(1,162,931)
Ciments de Sibline, S.A.L.	3,257,281	4,330,438
Cimentos Madeira Group	40,934	51,382
ETSA - Investimentos, SGPS, S.A.	118	143
Others	40,896	5,054
	27,049,715	**21,133,661**

As of 30 June 2016 and 31 December 2015, non-controlling interests in the Consolidated Statement of financial position are detailed as follows:

	Equity	
Amounts in Euro	30-06-2016	31-12-2015
The Navigator Company, S.A.	288,263,690	318,741,724
Raiz - Instituto de Investigação da Floresta e Papel	194,063	242,425
Portucel Moçambique	8,704,835	8,379,878
Secil Betões e Inertes Group	71,403	70,521
Société des Ciments de Gabés	1,079,690	1,167,373
IRP - Indústria de Rebocos de Portugal, S.A.	489,111	455,823
Secil - Companhia de Cimento do Lobito, S.A.	(933,002)	(441,657)
Ciments de Sibline, S.A.L.	73,255,394	80,385,115
Cimentos Madeira Group	5,179,543	5,138,167
ETSA - Investimentos, SGPS, S.A.	7,105	6,987
Others	1,109,014	1,143,099
	377,420,846	**415,289,455**

In 2014, the Group celebrated agreements with IFC - International Finance Corporation leading IFC to participate in Portucel Moçambique S.A. share capital, in order to ensure the construction phase of the Group's forestry project in Mozambique. In 2015, Portucel Mozambique S.A. operated a share capital increase amounting to Metical 1,000 million

to Metical 1,680,798, from which IFC subscribed, Metical 332,798 million, corresponding to 19.8% of the share capital (Note 24).

As the conditions to the capital increase realized by the Group in its own share by incorporating credits held over the society are substantially met, it was recognized in the Group's Financial Statements, having the corresponding non-controlling interests also been recognized.

The movement in the non-controlling interests', by operating segments, in the years ended 30 June 2016 and 31 December 2015 is as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
Balance as of 1 January 2015	**244,841,042**	**91,576,804**	**6,568**	**336,424,414**
Acquisitions / (Disposals)	132,461,706	(222,601)	-	132,239,105
Dividends	(98,167,519)	(13,207,278)	-	(111,374,797)
Currency translation reserve	1,334,728	6,402,602	-	7,737,330
Financial instruments	406,445	-	-	406,445
Actuarial gains and losses	(375,687)	(7,896)	-	(383,583)
Other movements in equity	984,778	(694)	(1)	984,083
Profit for the year	45,878,534	3,377,504	420	49,256,458
Balance as of 31 December 2015	**327,364,027**	**87,918,441**	**6,987**	**415,289,455**
Acquisitions / (Disposals)	-	(75,557)	-	(75,557)
Dividends	(52,018,480)	(8,867,088)	-	(60,885,568)
Currency translation reserve	944,727	(1,534,640)	-	(589,913)
Financial instruments	(1,987,063)	18	-	(1,987,045)
Actuarial gains and losses	(1,845,177)	243	-	(1,844,934)
Other movements in equity	464,693	-	-	464,693
Profit for the year	24,239,862	2,809,735	118	27,049,715
Balance as of 30 June 2016	**297,162,589**	**80,251,152**	**7,105**	**377,420,846**

The increase verified on the non-controlling interests affected to the Pulp and Paper segment is mainly due to the increase share of the non-controlling interests in Navigator's equity related with the public exchange offer realized by Semapa during the year of 2015.

14. APPLICATION OF PREVIOUS YEAR'S PROFIT

In accordance with the resolutions of the Annual General Meeting of the financial statements approval, the profit of the 2015 and 2014 exercises were applied as follows:

	Application of year's net profit	
Amounts in Euro	2015	2014
Dividens distribution	26,724,361	39,939,176
Profit-sharing bonuses reclassified to payroll	3,207,519	2,602,602
Other reserves	51,598,161	70,256,068
Profit for the year	**81,530,041**	**112,797,846**
Dividends per share	**0.3290**	**0.3750**

The legal reserves are constituted by the maximum amount.

At the Annual General Meeting of the company, which took place on 20 April 2016, the distribution of dividends amounting to Euro 26.7 million (32.9 cents per share) was approved. It was also approved an amount up to Euro 3,800,000 of the 2015 net profit for Board members and other employees' profit-sharing bonuses.

15. GOODWILL

The movement in Goodwill for the period's ended as of 30 June 2016 and 31 December 2015 was as follows:

Amounts in Euro	30-06-2016	31-12-2015
Balance at the beginning of year	**335,643,370**	**296,680,236**
Perimeter variations	-	27,436,872
Acquisitions	4,986,216	37,681,421
Disposals	-	(13,240,613)
Exchange rate adjustments	10,329,090	(12,914,546)
Final balance	**350,958,676**	**335,643,370**

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 operating segment identified in Note 4, as follows:

Amounts in Euro	30-06-2016	31-12-2015
Cement and derivatives	191,628,214	176,312,908
Pulp and paper	122,907,528	122,907,528
Environment	36,422,934	36,422,934
	350,958,676	**335,643,370**

In accordance with IAS 36, Goodwill is subject to impairment tests performed on an annual basis, in accordance to the accounting policy described in Note 1.7. As a result of the performed CGU's impairment tests, the recoverable value was determined based on value in use, according to the discounted cash flows method.

CHANGES IN THE PERIMETER

By the end of May 2016, Secil Group acquired 100% of Finlandimmo Holding B.V. a Dutch trader based in Gouda, 100% owned by Lagan Cement Group.

As a result, Secil Group now holds the entire share capital of Finlandimmo Holding B.V. and its subsidiaries Finlandimmo B.V. and Lagan Cement B.V..

As a result the following goodwill was determined as follows:

Amounts in Euro	Finlandimmo Holding B.V.
Cash and cash equivalents	12,664
Property, plant and equipment	1,156,566
Inventories	432,900
State and other public entities	12,915
Receivable and other current assets	1,359,395
Non - controlling interests	-
Other non-current liabilities	(1,401,219)
State and other public entities	(51,285)
Other current liabilities	(474,649)
Total (sold)/acquired	**1,047,287**
Positive acquisition difference (Note 15)	4,986,216
Acquisition difference in Equity	-
Assests (Sold)/ Acquisition Cost	**6,033,503**
Cash and cash equivalents	(12,664)
Net assets (Sold)/acquired	**6,020,839**

16. OTHER INTANGIBLE ASSETS

As of 30 June 2016 and 31 December 2015, changes under the other intangible assets heading were as follows:

Amounts in Euro	Brands	Expenditures on research and development	Industrial properties and other rights	CO2 emission allowances	Assets under construction	Total
Acquisition cost						
Amount as of 1 January 2015	**258,910,130**	**11,737**	**273,822**	**20,852,745**	**32,548**	**280,080,982**
Change of consolidation perimeter	26,549,889	-	-	288,276	-	26,838,165
Acquisition / attributions	-	-	-	21,158,004	20,361	21,178,365
Disposals	-	-	-	(1,384,000)	-	(1,384,000)
Adjustments, transfers and write-off's	-	-	(58,879)	(16,775,571)	(49,065)	(16,883,515)
Exchange rate adjustment	(1,602,282)	-	-	(13,618)	-	(1,615,900)
Amount as of 31 December 2015	**283,857,737**	**11,737**	**214,943**	**24,125,836**	**3,844**	**308,214,097**
Change of perimeter	-	-	-	13,618	-	13,618
Acquisition / attributions	-	-	3,300	11,366,934	1,669	11,371,903
Disposals	-	-	-	(2,422,000)	-	(2,422,000)
Adjustments, transfers and write-off's	(35,456)	-	35,456	(17,012,609)	-	(17,012,609)
Exchange rate adjustment	2,963,610	-	-	(13,618)	-	2,949,992
Amount as of 30 June 2016	**286,785,891**	**11,737**	**253,699**	**16,058,161**	**5,513**	**303,115,001**
Accumulated amortisation and impairment losses						
Amount as of 1 January 2015	**-**	**(10,844)**	**(240,655)**	**(2)**	**-**	**(251,501)**
Amortisation and impairment losses	(11,075,942)	-	(32,522)	(144,997)	-	(11,253,461)
Adjustments , transfers and write-off'	-	-	58,879	119,498	-	178,377
Exchange rate adjustment	(211,908)	-	-	-	-	(211,908)
Amounts as of 31 December 2015	**(11,287,850)**	**(10,844)**	**(214,298)**	**(25,501)**	**-**	**(11,538,493)**
Amortisation and impairment losses	-	-	(9,614)	(1,618,487)	-	(1,628,101)
Adjustments , transfers and write-off'	-	-	(1,895)	-	-	(1,895)
Exchange rate adjustment	218,526	-	-	-	-	218,526
Amount as of 30 June 2016	**(11,069,324)**	**(10,844)**	**(225,807)**	**(1,643,988)**	**-**	**(12,949,963)**
Net book value as of 1 January 2015	**258,910,130**	**893**	**33,167**	**20,852,743**	**32,548**	**279,829,481**
Net book value as of 31 December 2015	**272,569,887**	**893**	**645**	**24,100,335**	**3,844**	**296,675,604**
Net book value as of 30 June 2016	**275,716,567**	**893**	**27,892**	**14,414,173**	**5,513**	**290,165,038**

Brands are not subjected to amortisation as their useful life is considered to be undefined (Note 1.6).

For valuation purposes, is considered that brand 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.

Brands are subject to impairment tests to determine the recoverable amount based on its value in use, in accordance with the discounted cash flow method.

17. PROPERTY, PLANT AND EQUIPMENT

The following movements were registered in the periods ended 30 June 2016 and 31 December 2015 under the caption Property, plant and equipment, as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition Cost					
Amount as of 1 January 2015	**370,106,877**	**997,199,702**	**4,851,367,332**	**61,702,791**	**6,280,376,702**
Change of consolidation perimeter	63,820,274	65,750,405	201,416,646	85,128,653	416,115,978
Acquisition	3,744,300	5,687,667	8,992,121	160,494,992	178,919,080
Disposals	(1,946,403)	(3,274,977)	(4,412,902)	(56,445)	(9,690,727)
Adjustments, tranfers and write-off's	750,248	47,142,941	150,050,882	(197,311,209)	632,862
Exchange rate adjustment	(8,798,722)	(10,489,982)	(17,492,500)	(6,808,638)	(43,589,842)
Amount as of 31 December 2015	**427,676,574**	**1,102,015,756**	**5,189,921,579**	**103,150,144**	**6,822,764,053**
Acquisition	143,000	97,539	1,177,553	83,839,226	85,257,318
Disposals	-	(61,570)	(2,996,227)	-	(3,057,797)
Adjustments, tranfers and write-off's	3,710,212	(20,321,025)	15,995,124	(18,114,742)	(18,730,431)
Exchange rate adjustment	5,478,273	10,538,363	10,576,008	143,095	26,735,739
Amount as of 30 June 2016	**437,685,528**	**1,092,910,370**	**5,214,746,002**	**169,017,723**	**6,914,359,623**
Accumulated depreciations and impairment losses					
Amount as of 1 January 2015	**(52,326,209)**	**(646,683,431)**	**(3,569,237,738)**	**(2,389,186)**	**(4,270,636,564)**
Change of consolidation perimeter	(839,748)	(3,019,328)	(20,896,664)	-	(24,755,740)
Depreciation and impairment losses	(4,569,572)	(19,217,571)	(169,284,196)	(1,778,035)	(194,849,374)
Disposals	-	1,570,751	3,723,862	-	5,294,613
Adjustments, tranfers and write-off's	1,410,010	4,526,592	1,645,122	(1)	7,581,723
Exchange rate adjustment	(342,925)	(1,653,241)	(6,890,236)	425,632	(8,460,770)
Amount as of 31 December 2015	**(56,668,444)**	**(664,476,228)**	**(3,760,939,850)**	**(3,741,590)**	**(4,485,826,112)**
Depreciation and impairment losses	(2,251,603)	(9,807,849)	(94,007,094)	(14,478,835)	(120,545,381)
Disposals	-	29,819	2,789,943	-	2,819,762
Adjustments, tranfers and write-off's	-	5,271,676	(3,857,269)	-	1,414,407
Exchange rate adjustment	1,292,078	3,129,798	9,670,580	-	14,092,456
Amount as of 30 June 2016	**(57,627,969)**	**(666,058,539)**	**(3,846,372,110)**	**(18,220,425)**	**(4,588,279,043)**
Net book value as of 1 January 2015	**317,780,668**	**350,516,271**	**1,282,129,594**	**59,313,605**	**2,009,740,138**
Net book value as of 31 December 2015	**371,008,130**	**437,539,528**	**1,428,981,729**	**99,408,554**	**2,336,937,941**
Ner book value as of 30 June 2016	**380,057,559**	**426,851,831**	**1,368,373,892**	**150,797,298**	**2,326,080,580**

Commitments related to Property, plant and equipment acquisitions, as well as those that are given as guarantees are detailed in Notes 39 and 40 respectively.

18. BIOLOGICAL ASSETS

As of 30 June 2016 and 31 December 2015, changes in biological assets were as follows:

Amounts in Euro	30-06-2016	31-12-2015
Amount at the beginning of the year	**116,996,927**	**113,969,423**
Changes in fair value		
Logging in the period	(11,742,244)	(11,865,206)
Growth	11,964,844	481,650
New plantations	859,511	2,218,068
Other changes in fair value	5,856,136	8,823,592
Total changes in fair value	**6,938,247**	**(341,896)**
Second semester	**-**	**3,369,400**
	123,935,174	**116,996,927**

The amounts show as other changes in fair value mainly relates to the management costs for the forestry assets (silviculture, structure and rent costs) and are as follows:

Amounts in Euro	30-06-2016	30-06-2015
Other changes in fair value		
Forestry	1,993,050	2,640,820
Struture	1,854,390	1,761,563
Fixed and variable costs	5,196,927	4,421,209
Mozambique Project Impairment	(3,188,231)	-
	5,856,136	**8,823,592**

Biological assets as of 30 June 2016 and 31 December 2015 are as follows:

Amounts in Euro	30-06-2016	31-12-2015
Eucalyptus (Portugal)	112,713,197	104,896,897
Pine (Portugal)	5,718,735	5,407,458
Cork (Portugal)	1,604,205	1,346,681
Other species (Portugal)	159,212	128,445
Eucalyptus (Mozambique)	3,739,825	5,217,446
	123,935,174	**116,996,927**

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

Amounts in Euro	30/06/2016	30/06/2015
Euchaliptus (Portugal) - wood potential extraction km3ssc	11,690	11,468
Pine (Portugal) - wood potential extraction k ton	481	496
Pine (Portugal) -pinecones potential extraction k ton	n/a	n/a
Cork (Portugal) - cork potential extraction k @	626	636
Eucalyptus (Portugal) - wood potencial extraction h m3ssc (1)	1,988	577

(1) Evaluation for areas with one or more years of age as at the end of 2014

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

19. INVESTMENT IN ASSOCIATES AND JOINT-VENTURES

The following movements were registered in this caption during the periods ended 30 June 2016 and 31 December 2015:

Amounts in Euro	30-06-2016	31-12-2015
Opening balance	**3,403,708**	**87,086,273**
Change in consolidation perimeter	-	(77,889,593)
Appropriated net profit	1,144,690	(4,287,184)
Dividends received	(868,684)	(1,505,827)
Fair value in associates	(29,434)	-
Exchange rate adjustments	(199)	39
Closing balance	**3,650,081**	**3,403,708**

As of 30 June 2016 and 31 December 2015 the caption Investments in associates and joint ventures presented in the consolidated statement of financial position, including goodwill comprises:

	Book Value			
Entities	% Held	30-06-2016	% Held	31-12-2015
Associated companies				
Setefrete, SGPS, S.A.	25.00%	3,211,566	25.00%	2,895,568
MC - Materiaux de Construction	49.36%	2,066	49.36%	2,264
J.M.J. - Henriques, Lda.	50.00%	378,390	50.00%	378,442
Ave, S.A.	35.00%	58,059	35.00%	127,434
		3,650,081		**3,403,708**

At the end of June 2015, the Brazilian subsidiary, NSOSPE, S.A., acquired the remaining 50% of the share capital of Supremo Cimentos S.A., and obtained control of 100% of the subsidiary. Until then, the previously held interest in the company was recognised in the consolidated financial statements by the equity method. Due to the control acquisition, the company was incorporated in the consolidated financial statements under the full consolidation method, since 30 June 2015.

The investment in associated Setefrete, SGPS, S.A. includes an amount of Euro 2,227,750 of goodwill.

At 30 June 2016 and 31 December 2015, the financial information relating to associated companies was as follows:

		30 June 2016				
Amounts in Euros		Total assets	Total liabilities	Equity	Net Profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	3,277,468	3,111,574	165,894	206,064	3,871,449
MC- Materiaux de Construction	c)	658,562	633,478	25,084	(93,139)	4,019,944
J.M.J. - Henriques, Lda.	b)	1,079,439	322,658	756,781	(103)	-
Setefrete, SGPS, S.A.	a)	8,561,251	4,625,989	3,935,262	4,290,479	9,675,923

a) 31 May 2016 figures
b) 30 June 2016 figures
c) 31 December 2015 figures

Amounts in Euros		31 December 2015 Total assets	Total liabilities	Equity	Net Profit	Revenue
Ave-Gestão Ambiental e Valorização Energética, S.A.	a)	3,917,745	3,553,638	364,107	303,136	11,747,355
MC- Materiaux de Construction	b)	721,482	694,002	27,480	(97,997)	4,229,614
J.M.J. - Henriques, Lda.	b)	1,078,986	322,102	756,884	(3,434)	-
Setefrete, SGPS, S.A.	c)	8,105,038	5,433,765	2,671,273	4,638,825	102,813

a) 30 November 2015 figure

b) 31 December 2015 figure

c) 31 December 2014, adjusted of distributed dividends on the period ended 31 December 2015

At 30 June 2016 and 31 December 2015, the financial information relating to joint-ventures was as follows:

Amounts in Euro	Secil Unicon 30-06-2016	31-12-2015
Assets		
Non-current Assets	8,203	7,845
Current Assets	3,291,416	3,763,159
	3,299,619	**3,771,004**
Liabilities		
Non-current liabilities	5,362,219	5,809,634
Current liabilities	5,876,990	5,816,666
	11,239,209	**11,626,300**
Non-Controlling interest	**(2,878,033)**	**(2,765,743)**
Net asset	**(5,061,557)**	**(5,089,553)**

Amounts in Euro	30-06-2016	31-12-2015
Revenues	2,022,190	4,782,747
Operational results	(382,435)	(398,100)
Profit before tax	(549,099)	(917,622)
Non- controlling interests	(112,291)	(187,699)
Profit for the year	(442,009)	(739,105)

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following movements were registered in this caption during the periods ended 30 June 2016 and 31 December 2015:

Amounts in Euro	30/06/2016	31/12/2015
Opening balance	**451,485**	**482,923**
Acquisitions	-	-
Disposals	(377,187)	-
Changes in fair value	(27,040)	(31,438)
	47,258	**451,485**

As of 30 June 2016 and 31 December 2015, Financial assets at fair value through profit or loss comprises:

Amounts in Euro	Fair Value 30-06-2016	Fair Value 31-12-2015
CEMG Holding Fund	-	435,665
Others	47,258	15,820
	47,258	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 during the periods ended 30 June 2016 and 31 December 2015:

Amounts in Euro	30-06-2016	31-12-2015
Fair value at the beginning of the year	**229,136**	**346,257**
Acquisitions	-	29,308
Transfers	66,853	-
Changes in fair value (Note 10)	(35,503)	(146,429)
	260,486	**229,136**

As of 30 June 2016 and 31 December 2015 the fair value of available-for-sale financial assets comprises:

Amounts in Euro	Fair Value 30-06-2016	Fair Value 31-12-2015
Liaision Technologie	260,486	229,136
	260,486	**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

In the periods ended 30 June 2016 and 31 December 2015, the following movements were registered on impairments in non-current assets:

Amounts in Euro	Other non--current assets	Property, plant and equipment	Investments in associates	Total
As of 1 January 2015	**1,855,975**	**102,292**	**2,002**	**1,960,269**
Increases	-	-	-	-
Direct utilisations	-	-	14,100	14,100
As of 31 December 2015	**1,855,975**	**102,292**	**16,102**	**1,974,369**
Increases	-	-	-	-
Direct utilisations	-	-	-	-
As of 30 June 2016	**1,855,975**	**102,292**	**16,102**	**1,974,369**

** Goodwill impairment referring to companies subsidiaries*

During the period ended 30 June 2016 and 31 December 2015, the following movements were registered on impairments in current assets:

Amounts in Euro	Inventories	Accounts receivable	Other receivables	Total
As of 1 January 2015	**11,384,186**	**26,440,979**	**7,495,677**	**45,320,842**
Change of consolidation perimeter	890,363	235,137	-	1,125,500
Exchange rate adjustment	272,111	(105,720)	5,132	171,523
Increases (Note 6)	2,372,304	2,270,847	816,553	5,459,704
Reversals (Note 5)	(562,476)	(1,612,221)	-	(2,174,697)
Direct utilisations	(10,610)	6,506	-	(4,104)
As of 31 December 2015	**14,345,878**	**27,235,528**	**8,317,362**	**49,898,768**
Change of consolidation perimeter	-	17,771	-	17,771
Increases (Note 6)	328,591	1,002,394	283,536	1,614,521
Reversals (Note 5)	(578,970)	(1,073,442)	(34,338)	(1,686,750)
Direct utilisations	(7,550)	(81,041)	-	(88,591)
As of 30 June 2016	**13,567,998**	**26,758,679**	**8,556,969**	**48,883,646**

23. INVENTORIES

As of 30 June 2016 and 31 December 2015 the caption Inventories comprised:

Amounts in Euro	30-06-2016	31-12-2015
Raw Materials	198,037,512	185,432,836
Work in progress	20,673,519	14,395,489
Byproducts and waste	1,450,915	1,072,438
Finished and intermediate products	105,143,735	108,857,913
Advances to inventories' suppliers	801	1,002
	325,306,482	**309,759,678**

Note: The presented figures are net of impairment losses. (Note 22)

During the periods ended 30 June 2016 and 31 December 2015, movements in Raw materials, finished products and goods and Advances to inventories were as follows:

Amounts in Euro	30-06-2016	31-12-2015
Opening balance	294,291,751	272,062,699
Acquisitions	424,438,916	872,189,346
Closing balance	(303,182,048)	(294,291,751)
Cost of inventories sold and consumed (Note 6)	**415,548,619**	**849,960,294**

As of 30 June 2016 and 31 December 2015, location of inventories by geographical segment, were as follows:

Amounts in Euro	30-06-2016	31-12-2015
Portugal	242,922,023	222,513,096
Other European countries	3,836,907	6,333,152
USA	31,161,170	27,267,940
Africa	21,028,980	22,733,123
Asia	26,357,402	30,912,367
	325,306,482	**309,759,678**

24. RECEIVABLES AND OTHER CURRENT ASSETS

As of 30 June 2016 and 31 December 2015 the caption Receivables and other current assets comprised:

Amounts in Euro	30-06-2016	31-12-2015
Accounts receivable	261,281,665	253,590,438
Accounts receivable - related parties (Note 35)	1,658,251	879,025
Derivative financial instruments (Note 34)	1,730,329	3,650,428
Other receivables	38,687,155	27,438,052
Accrued income	1,967,246	3,451,731
Deferred costs	17,165,107	20,585,542
	322,489,753	**309,595,216**

Note: The presented figures are net of impairment losses.

As of 30 June 2016 and 31 December 2015, Other receivables comprised:

Amounts in Euro	30/06/2016	31/12/2015
Other receivables		
Advance payments to suppliers	6,036,473	1,640,696
Financial incentives to be received	636,421	-
Collateral provided to other parties	614,384	1,199,423
Capital subscribers	5,713,990	5,713,991
Department of Commerce (EUA)	17,584,593	-
Others	8,101,294	18,883,942
	38,687,155	**27,438,052**

The caption Advance payment to suppliers includes an amount of Euro 5,131,353 which refers to advanced payments made to wood suppliers. As a way of ensuring the sustainability of the forest value chain to the industry, the Group Navigator advances payments to its suppliers upon presentation of guarantees, for the wood to be bought throughout the year. Those advances are settled as supplies are performed.

Capital Subscribers include the amount of Portucel Moçambique S.A. share equity that was subscribed by IFC - International Finance Corporation which was realized during July 2016 (Note 13).

In 2015 the Navigator Group was subject to an investigation of alleged dumping practices in UWF imports to the United States of America, having been imposed an anti-dumping provisional tax rate over those sales of 29.53%. On 11 January 2016, the US Department of Commerce has settled the final tax rate in 7.8%. The amount receivable corresponds to the difference between the anti-dumping rates over paper sales to the United States.

Although the final rate is substantially lower than the initially determined margin, The Navigator Company fully disagrees with any anti-dumping margin and will use all legal resources available to demonstrate that this measure is not justified, as there is no difference between paper exports to the United States and the domestic market.

As of 30 June 2016 and 31 December 2015, Accrued income and deferred costs were detailed as follows:

Amounts in Euro	30-06-2016	31-12-2015
Accrued income		
Interest receivable	584,329	776,353
Other	1,382,917	2,675,378
	1,967,246	**3,451,731**
Deferred costs		
Maintenance and repair	313,610	-
Insurance	5,415,579	2,197,647
Rents and leases	3,254,596	4,762,247
Post-employment plans	-	3,755,326
Other	8,181,322	9,870,322
	17,165,107	**20,585,542**
	19,132,353	**24,037,273**

As of 31 December 2015, the excess funding for some of the funds allocated to the defined benefit plans referred to above, amounting to Euro 3,755,326, were recognised as current assets by enabling secure a lower need for future contribution by the Group to finance those plans (Note 29).

25. STATE AND OTHER PUBLIC ENTITIES

At 30 June 2016 and 31 December 2015, there were no arrears debts to the State and other public entities.

As mentioned in Note 11, 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 Secil and ETSA Groups. The same is applied to the tax business Group dominated by Navigator. 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.

The balances relating to these entities were as follows:

CURRENT ASSETS

Amounts in Euro	30-06-2016	31-12-2015
Corporate Income Tax - CIT	17,516,114	3,639,642
Personnel Income Tax - withheld on salaries	97,693	124,750
Value added tax	8,248,672	17,855,100
Value added tax - refund requested	51,293,853	47,165,878
ICMS -Tax on movement of goods and services	6,287,443	-
Credit PIS and COFINS on fixed assets	1,641,961	-
Other	195,772	227,569
	85,281,508	**69,012,939**

CURRENT LIABILITIES

Amounts in Euro	30-06-2016	31-12-2015
Corporate Income Tax - CIT	46,167,057	37,348,475
Personnel Income Tax - withheld on salaries	4,362,541	3,407,002
Value added tax	35,637,296	38,556,467
Social Security	5,778,044	4,012,759
ICMS -Tax on movement of goods and services	7,978,239	-
Additional tax payments	14,068,376	27,396,686
Other	1,171,766	536,251
	115,163,319	**111,257,640**

As of 30 June 2016 and 31 December 2015, the caption Corporate Income tax – CIT comprise (net between current assets and current liabilities) is detailed as follows:

Amounts in Euro	30-06-2016	31-12-2015
Year income tax	46,619,315	39,001,519
Exchange rate differences	(54,305)	68,905
Payments on account and additional payments on account	(16,465,619)	(5,084,565)
Witholding tax	(105,587)	(2,088,990)
Prior years corporate income tax	(1,342,861)	1,811,964
	28,650,943	**33,708,833**

The movement of provisions for additional tax liabilities, in the periods ended 30 June 2016 and 31 December 2015 is as follows:

Amounts in Euro	30/06/2016	31/12/2015
Opening balance	27,396,686	57,222,485
Increases	-	6,170,831
Decreases	(1,073,586)	(2,853,919)
Transfers	(12,254,724)	(33,142,711)
	14,068,376	**27,396,686**

26. SHARE CAPITAL AND TREASURY SHARE

As of 30 June 2016 and 31 December 2015, Semapa share capital was fully subscribed and paid up, being represented by 81,270,000 shares and by 81,645,523 shares, respectively, with a unit nominal value of 1 Euro.

At the Annual General Meeting held on 20 April 2016, the following resolutions were adopted:

- Approval of the share capital decrease from Euro 81,645,523 to Euro 81,270,000, in the amount of Euro 375,523, by the cancellation of 375,523 own shares, pursuant to Article 463 of the Commercial Companies Code, with the resulting amendment to no. 1 of article 4 of the articles of association;

- Approval of the share capital increase from Euro 81,270,000 to Euro 117,028,800, in the amount of Euro 35,758,800, by incorporation of reserves, with a proportional increase in the amount of Euro 0.44 per share, the nominal value of all the shares of the Company, which shall be Euro 1.44 per share and with the resulting amendment to no. 1 of article 4 of the articles of association,

- Approval of the share capital decrease from Euro 117,028,800 to Euro 81,270,000, in the amount of Euro 35,758,800, for the purpose of releasing excess capital by transferring to free reserves the amount of share capital released and through the proportional nominal value reduction of each share in Euro 0.44 per share to a nominal amount of Euro 1 per share, with the resulting amendment to no. 1 of article 4, related with share capital composition and the no. 4 of article 9 related with the number of shares corresponding to one vote.

- Payment of dividends on the results of 2015 amounting to approximately EUR 26.7 million (32.9 cents per outstanding share).

At 30 June 2016 and 31 December 2015, the following entities had substantial holdings in the company's capital:

Name	Number of shares	% 30-06-2016	% 31-12-2015
Longapar, SGPS, S.A.	22,225,400	27.35	27.22
Cimo - Gestão de Participações, SGPS, S.A.	16,199,031	19.93	19.84
Sodim, SGPS, S.A.	15,252,726	18.77	18.68
Bestinver Gestión, SGIIC, S.A.	7,166,756	8.82	8.78
Cimigest, SGPS, S.A.	3,185,019	3.92	3.90
Santander Asset Management España, SA	2,268,346	2.79	2.78
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.77	0.77
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.66	0.66
Treasury shares	523,901	0.64	0.01
Other shareholders with interest lower than 2%	13,288,622	16.35	17.37
	81,270,000	**100.00**	**100.00**

As of 30 June 2016, Semapa - Sociedade de Investimento e Gestão, SGPS, SA holds 523,901 treasury shares.

27. RESERVES AND RETAINED EARNINGS

As of 30 June 2016 and 31 December 2015 the captions Fair value reserve, Translation reserve and Other reserves comprised:

Amounts in Euro	30-06-2016	31-12-2015
Fair value of financial instruments	(5,917,001)	(3,639,345)
Other fair value reserves	(1,281,742)	(1,281,742)
Total amount of fair value reserve	**(7,198,743)**	**(4,921,087)**
Translation reserve	**(36,867,942)**	**(65,903,206)**
Legal reserve	16,695,625	23,666,489
Others reserves	700,921,321	642,029,919
Total amount of other reserves	**717,616,946**	**665,696,408**
Total	**673,550,261**	**594,872,115**

FAIR VALUE OF FINANCIAL INSTRUMENTS

The negative amount of Euro 5,917,001 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, namely Tunisia, Lebanon, Angola, USA (including net investment), United Kingdom, and Brazil.

LEGAL RESERVE

Commercial Company law prescribes that at least 5% of 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.

The 2015 reduction of Euro 376,791,932 in other reserves is due to the aforementioned extinctions of treasury shares and corresponds to the difference between the nominal value of the cancelled shares (which reduced the share capital) and the acquisition value for which they were initially recorded.

RETAINED EARNINGS

INCREASE AND DECREASE INTEREST HELD IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

The Group records in this caption the differences between the group share of net assets acquired/disposed of and the acquisition/disposal price to non-controlling interest of already controlled entities.

As of 30 June 2016, the accumulated negative amount of these differences, regarding additional stake acquisition in subsidiaries, amounts to Euro 416,498,687 (31 December 2015: 416,498,687 negative amount).

Following the closure of the general public tender offer 84,539,108 shares of The Navigator Company were given in exchange for Semapa's own shares, thus a gain of Euro 165,213,913 was recognised directly in the consolidated shareholder's equity under the caption Retained earnings, due to the fact that the transaction qualifies has a disposal to non-controlling interest without loss of control.

REMEASUREMENTS (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 2016, the group recorded negative remeasurements, net of deferred taxes, amounting to Euro 3,721,933.

28. DEFERRED TAXES

The following movement took place in the caption Deferred tax assets and liabilities during the period ended 30 June 2016:

	As of 1	Exchange	Income statement		Retained	Transfers	Assets held	As of 30
Amount in Euro	January 2016	adjustment	Increases	Decreases	earnings		for sale	June 2016
Temporary differences originating deferred tax assets								
Tax losses carried forward	23,773,019	6,891,020	12,942,749	43,257	-	(43,257)	-	43,606,788
Taxed provisions	25,295,497	(464,626)	1,386,148	(1,155,709)	-	(1)	-	25,061,309
Harmonisation of depreciation criteria	106,391,961	-	-	(11,634,922)	-	(1)	-	94,757,038
Underfunding of pension funds	5,903,648	(8,554)	5,788	(374,914)	24,699	-	-	5,550,667
Financial instruments	5,337,254	-	-	-	8,506,358	-	-	13,843,612
Deferred accouting gains on inter-group transactions	28,069,893	10,181	26,359,090	-	-	-	-	54,439,164
Fiscal investment incentives	14,766,526	-	1,028,410	(729,446)	-	-	-	15,065,490
Fair values of business combinations	1,678,976	(32,504)	-	-	-	-	-	1,646,472
Other temporary differences	11,956,517	1,004,269	-	(8,041,724)	-	946,039	-	5,865,101
	224,449,115	**7,399,786**	**41,722,185**	**(23,169,282)**	**8,531,057**	**902,780**	**-**	**259,835,641**
	-	-	-	-	-	-	-	-
Temporay differences originating deferred tax liabilities								
Fixed tangible asset revaluation	(56,949,332)	(9,429,552)	-	249,709	-	(1)	-	(66,129,176)
Retirements benefits	(3,965,861)	-	(17,058)	8,970,563	(7,175,130)	2	-	(2,187,484)
Derivative financial instruments	(234,446)	-	-	-	(542,760)	(1)	-	(777,207)
Fiscal incentives	(11,991,792)	-	-	-	124,655	-	-	(11,867,137)
Harmonisation of depreciation criteria	(470,774,266)	(356,027)	(4,399,928)	22,739,916	-	-	-	(452,790,305)
Deferred accounting losses on inter-group transactions	(689,367)	-	-	39,705	-	-	-	(649,662)
Valuation of biological assets	-	-	(8,317,596)	-	-	-	-	(8,317,596)
Fair value of intangible assets - brands	(250,854,281)	1,155,975	-	-	-	(1)	-	(249,698,307)
Fair value of tangible assets	(142,048,141)	-	-	7,635,775	-	-	-	(134,412,366)
Fair value of business combinations	(193,509,554)	574,105	-	4,572,363	-	1	(15,156)	(188,378,241)
Other temporay differences	(2,726,080)	(197,494)	-	1,509,310	-	6,612	-	(1,407,652)
	(1,133,743,120)	**(8,252,993)**	**(12,734,582)**	**45,717,341**	**(7,593,235)**	**6,612**	**(15,156)**	**(1,116,615,133)**
Deferred tax assets	**74,480,542**	**2,578,132**	**7,100,593**	**(10,133,747)**	**2,499,450**	**(2)**	**-**	**76,524,968**
Deferred tax liabilities	**(305,515,909)**	**(3,676,524)**	**(2,247,073)**	**10,876,643**	**(2,083,357)**	**1,487**	**(3,374)**	**(302,648,107)**

The following movement took place in the caption Deferred income tax assets and liabilities during the year ended 31 December 2015:

Amount 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 31 December 2015
Temporary differences originating deferred tax assets									
Tax losses carried forward	111,677,463	(4,305,110)	18,360,466	(115,900,245)	-	1,606,865	-	12,333,580	23,773,019
Taxed provisions	28,318,559	319,766	1,418,694	(5,821,730)	-	-	-	1,060,208	25,295,497
Harmonisation of depreciation criteria	51,484,087	-	69,095,053	(14,187,179)	-	-	-	-	106,391,961
Underfunding of pension funds	6,804,762	(22,250)	-	(1,030,740)	151,876	-	-	-	5,903,648
Financial instruments	6,843,951	-	-	-	(1,506,697)	-	-	-	5,337,254
Deferred accounting gains on inter-group transactions	23,511,326	(10,617)	7,962,925	(3,393,741)	-	-	-	-	28,069,893
Valuing growth forests	-	-	1,275,824	-	-	-	-	-	1,275,824
Fiscal investment incentives	16,524,492	-	-	(1,757,966)	-	-	-	-	14,766,526
Fair values of business combinations	1,505,510	173,466	-	-	-	-	-	-	1,678,976
Other temporary differences	1,116,492	(2,056,093)	9,360,489	(1,826,142)	-	(1,242,019)	-	6,603,790	11,956,517
	247,786,642	**(5,900,838)**	**107,473,451**	**(143,917,743)**	**(1,354,821)**	**364,846**	**-**	**19,997,578**	**224,449,115**
Temporay differences originating deferred tax liabilities									
Fixed tangible asset revaluation	(10,502,140)	10,631,387	-	1,000,414	-	-	-	(58,078,993)	(56,949,332)
Retirements benefits	(5,968,265)	-	(8,097,873)	74,934	10,025,343	-	-	-	(3,965,861)
Derivative financial instruments	(144,728)	-	-	-	(89,718)	-	-	-	(234,446)
Valuation of biological assets	(477,515)	-	-	477,515	-	-	-	-	-
Tax incentives	-	-	-	-	-	-	-	(11,991,792)	(11,991,792)
Harmonisation of depreciation criteria	(498,818,087)	1,772,874	(29,405,695)	68,506,916	(3,752,884)	-	-	(9,077,390)	(470,774,266)
Deferred accounting losses on inter-group transactions	(3,837,662)	-	(358,958)	3,827,345	(320,092)	-	-	-	(689,367)
Fair value of intangible assets - brands	(258,910,130)	(3,232,002)	-	11,287,851	-	-	-	-	(250,854,281)
Fair value of tangible assets	(157,319,691)	-	-	15,271,550	-	-	-	-	(142,048,141)
Fair value of business combinations	(176,481,657)	697,197	-	8,855,107	-	-	(30,312)	(26,549,889)	(193,509,554)
Other temporay differences	(283,005)	629,526	(700,248)	15,992	-	-	-	(2,388,345)	(2,726,080)
	(1,112,742,880)	**10,498,982**	**(38,562,774)**	**109,317,624**	**5,862,649**	**-**	**(30,312)**	**(108,086,409)**	**(1,133,743,120)**
Deferred tax assets	64,957,138	(2,110,891)	29,047,258	(31,928,650)	(340,226)	13,296,328	-	6,799,176	79,720,133
Efect of change in tax rate	(5,239,591)	-	-	-	-	-	-	-	(5,239,591)
Deferred tax assets	**59,717,547**	**(2,110,891)**	**29,047,258**	**(31,928,650)**	**(340,226)**	**13,296,328**	**-**	**6,799,176**	**74,480,542**
Deferred tax liabilities	(317,351,757)	4,856,844	(9,221,424)	26,597,216	1,562,179	-	(6,747)	(35,969,912)	(329,533,601)
Efect of change in tax rate	24,017,692	-	-	-	-	-	-	-	24,017,692
Deferred tax liabilities	**(293,334,065)**	**4,856,844**	**(9,221,424)**	**26,597,216**	**1,562,179**	**-**	**(6,747)**	**(35,969,912)**	**(305,515,909)**

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 2016 and 31 December 2015:

30 June 2016	Pulp and paper	Cement and Derivatives	Holdings	Total
Group liabilities for past services				
Active	57,215,039	96,667	-	57,311,706
Ex - collaborator	18,773,143	-	-	18,773,143
Retirees	64,390,443	26,121,866	1,264,629	91,776,938
Market value of the pension funds	(140,151,433)	(23,428,543)	-	(163,579,976)
Equity	-	209,842	-	209,842
Insurance policies	-	(165,503)	-	(165,503)
Reserve account (overfunding due to the change to a deferred contribution plan)	-	(659,795)	-	(659,795)
Unfunded pensions liabilities	**227,192**	**2,174,534**	**1,264,629**	**3,666,355**
Other unfunded liabilities				
Healthcare assistance	-	74,114	-	74,114
Retirement and death liabilities	-	110,716	-	110,716
Long-service award liabilities	-	378,774	-	378,774
Total net liabilities	**227,192**	**2,738,138**	**1,264,629**	**4,229,959**

31 December 2015	Pulp and paper	Cement and Derivatives	Holdings	Total
Group liabilities for past services				
Active	59,309,768	105,590	-	59,415,358
Ex - collaborator	16,865,214	-	-	16,865,214
Retirees	63,137,380	27,198,841	1,296,605	91,632,826
Market value of the pension funds	(143,067,688)	(23,907,220)	-	(166,974,908)
Equity	-	261,049	-	261,049
Insurance policies	-	(206,932)	-	(206,932)
Reserve account (overfunding due to the change to a defined contribution plan)	-	(704,608)	-	(704,608)
Unfunded pensions liabilities	**(3,755,326)**	**2,746,720**	**1,296,605**	**287,999**
Other unfunded liabilities				
Healthcare assistance	-	74,989	-	74,989
Retirement and death liabilities	-	109,559	-	109,559
Long-service award liabilities	-	439,870	-	439,870
Total net liabilities	**(3,755,326)**	**3,371,138**	**1,296,605**	**912,417**
Total unfunded liabilities	**-**	**3,371,138**	**1,296,605**	**4,667,743**
Overfunding (Note 24)	**(3,755,326)**	**-**	**-**	**(3,755,326)**

As of 31 December 2015 the Pulp and Paper segment presents an overfunding allocated to its liabilities, amounting to Euro 3,755,326 (Note 24).

SUB-GROUP NAVIGATOR

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 The Navigator Company that chose not to move to the defined contribution plan, together with the retired employees as of the transition date (1 January 2009) and from 1 January 2014, the former employees of the Navigator Paper Figueira (ex-Soporcel), Navigator Forest Portugal (ex-PortucelSoporcel Florestal), RAIZ, Empremédia and Navigator Lusa (ex-PortucelSoporcel Lusa), are entitled, after retirement in case of disability, to a monthly retirement pension or disability supplement. 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 Navigator Paper Figueira, Navigator Forest Portugal, Empremédia, Navigator 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 2010 and 2013, respectively, the Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries The Navigator Company and the Navigator Paper Figueira, Navigator Forest Portugal, Empremédia, Navigator Lusa e RAIZ, to defined contribution plans for the current employees, keeping the acquired benefits of former employees as defined benefit plans. The acquired rights attributable to former employees and retirees in case they leave the company or in case of a job change or retirement, will remain unchanged.

Notwithstanding, following a negotiation process with its employees as a result of the aforementioned changes to the pension plans, Soporcel allowed its active employees as of 1 January 2014 to choose, until 16 January 2015, to choose between the following alternatives:

- Alternative A – Benefit safeguard plan, or
- Alternative B – Pure defined contribution plan.

This possibility to choose between these two alternatives was granted to the employees in early 2015, with reference to the situation as of 31 December 2013, aiming to bypass the changes that had been made to the Soporcel pension plan, by simulating that the option had been granted as of 1 January 2014, by the time of the conversion of the defined benefit plan into a defined contribution plan.

Thus, in order to face that increase in the liabilities, the Group carried out additional contributions to the defined benefit plan in 2015.

The Group also holds liabilities related to post-employment defined benefit plans regarding 13 The Navigator Company employees that chose not to accept the conversion to defined contribution plan, together with former employees, retirees or, when applicable, with granted rights.

As of 30 June 2016, the liability related with post-employment benefit plans for two members of Navigator's Board of Directors was Euro 1,787,661 (31 December 2015: Euro 1,697,024).

SECIL SUB-GROUP

The Secil Group Pension Fund 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., Betomadeira, S.A. and Brimade, S.A..

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., Betomadeira, S.A. and Societé des Ciments de Gabes 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 liability assumed by Secil Martingança, SA are guaranteed directly by this entity.

Since 26 June 2012 the responsibilities of Cimentos Madeira, Lda and Betomadeira - Betões and Britas da Madeira, S.A. related to all retirees and pensioners that were receiving a pension, were transferred to Cimentos Madeira defined benefit pension plan 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

The subsidiary Cimentos Madeira, Lda., provide 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.

LIABILITIES FOR RETIREMENT AND DEATH BENEFITS

The subsidiary Societé des Ciments de Gabés assumed the commitment to its employees to pay an old-age retirement and disability subsidy and a death subsidy, with the following attribution criteria:

- at Societé des Ciments de Gabés (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 subsidiaries 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 2016 and 31 December 2015 for the purpose of calculating the liabilities for past services on those dates, were based on the following assumptions:

	30-06-2016	31-12-2015
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
Motality table	TV 88/90	TV 88/90
Wage growth rate	1.00%	1.00%
Technicall interest rate - Pulp and Paper Segment	2.50%	2.50%
Technical interest rate - Cement Segment	2.00%	2.00%
Assets rate of return - Pulp and Paper Segment	2.50%	2.50%
Assets rate of return - Cement Segment	2.00%	2.00%
Pensions growth rate - Cement segment	0.45%	0.45%
Pensions growth rate - other segments	0.75%	0.75%
Semapa pensions reversability rate	50.00%	50.00%
Number of Semapa complement annual payments	12	12

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	2012	2013	2014	2015	1st Semester 2016
Present value of liabilities	155,057,532	99,516,232	100,073,116	168,798,865	168,635,233
Fair value of plan assets and reserve account	145,554,473	95,945,454	99,038,106	167,886,448	164,405,274
Surplus / (deficit)	**(9,503,059)**	**(3,570,778)**	**(1,035,010)**	**(912,417)**	**(4,229,959)**
Net actuarial gains / (losses)	**11,654,475**	**(6,786,377)**	**343,040**	**(10,421,772)**	**(3,224,013)**

FUNDS LINKED TO BENEFIT PLANS' PENSIONS

During the first semester of 2016 and the year of 2015, fund's assets/insurance policies registered the following movements:

	30-06-2016		31-12-2015	
Amounts in Euro	Autonomous fund	Covered capital	Autonomous fund	Covered capital
Opening balance	**166,974,909**	**206,932**	**98,021,037**	**221,975**
Change to a defined contribution plan	-	-	50,755,836	-
Exchange rate adjustment	-	(16,685)	-	4,061
Endowments made in the year	-	18,062	22,449,723	46,423
Expected return	2,264,183	1,383	2,393,835	47
Differences between actual and expected returns	(2,580,406)	-	(6,281)	-
Pensions paid	(3,078,710)	-	(6,639,241)	-
Retirement charged	-	(44,189)	-	(65,574)
Closing balance	**163,579,976**	**165,503**	**166,974,909**	**206,932**

As at 30 June 2016 and 31 December 2015, fund's assets were made up as follows:

Amounts in Euro	30-06-2016	%	31-12-2015	%
Bonds	90,566,276	55.4%	104,602,244	62.6%
Shares	37,113,853	22.7%	37,075,412	22.2%
Liquidity	26,516,624	16.2%	15,476,813	9.3%
Public debt	9,225,563	5.6%	8,484,672	5.1%
Real Estate	142,754	0.1%	1,059,428	0.6%
Other applications	14,906	0.0%	276,340	0.2%
	163,579,976	**100.0%**	**166,974,909**	**100.0%**

MOVEMENTS IN 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 2016, are as follows:

Amounts in Euro	Opening balance	Exchange rate	Costs and incomes	Actuarial losses and incomes	Payments	Individual accounts	Closing balance
Benefícios pós emprego							
Assumed by the group	6,511,600	-	77,419	5,378	(396,226)	-	6,198,171
Autonomous fund	161,401,798	-	2,716,077	397,190	(3,078,709)	227,260	161,663,616
Insurance policy	261,049	(21,110)	(8,428)	15,743	(44,189)	6,777	209,842
Retirement and death	109,559	(4,129)	5,788	(502)	-	-	110,716
Healthcare assitance	74,989	-	495	(277)	(1,093)	-	74,114
Long service award	439,870	-	17,415	-	(78,511)	-	378,774
	168,798,865	**(25,239)**	**2,808,766**	**417,532**	**(3,598,728)**	**234,037**	**168,635,233**

COSTS INCURRED IN PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

As of 30 June 2016 and 2015 costs incurred in pensions and other post-employment benefits, were detailed as follows:

	30-06-2016					
Amounts in Euro	Current services	Interest cost	Expected return on the plan assets	Net effect of reintroduction of BD plans	Period contributions	Impact in the profit for the year
Post-employment benefits						
Assumed by the group	1,050,803	1,759,452	(1,763,479)	(15,935)	625,842	1,656,683
Autonomous fund	1,418	209,082	(227,260)	-	-	(16,760)
Insurance policy	3,966	(5,618)	(6,776)	-	-	(8,428)
Retirement and death	3,391	2,397	-	-	-	5,788
Healthcare assistance	-	495	-	-	-	495
Long service award	13,531	3,884	-	-	-	17,415
Contributions to defined contribution plans	-	-	-	-	501,869	501,869
	1,073,109	**1,969,692**	**(1,997,515)**	**(15,935)**	**1,127,711**	**2,157,062**

Amounts in Euro	30-06-2015 Current services	Interest cost	Expected return on the plan assets	Curtalments and settlements	Period contributions	Impact in the profit for the year
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**

ACTUARIAL GAINS/ LOSSES) IN THE STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

Actuarial gains and losses recognised in the first semester of 2016, in the statement of comprehensive consolidated income, are detailed as follows:

Amounts in Euro	Other gains and losses	Real vs expected income	Gross value	Deferred taxes	Impact on equity
Post-employment benefits					
Assumed by the group	(5,378)	-	**(5,378)**	1,490	**(3,888)**
Autonomous fund	(3,487,464)	268,050	**(3,219,414)**	(499,350)	**(3,718,764)**
Retirement and death	502	-	**502**	-	**502**
Healthcare assitance	277	-	**277**	(60)	**217**
	(3,492,063)	**268,050**	**(3,224,013)**	**(497,920)**	**(3,721,933)**

30. PROVISIONS

During the course of the periods ended 30 June 2016 and 31 December 2015, the following movements took place in the caption Provisions:

Amounts in Euro	Legal claims	Tax claims	Environmental restauration	Others	Total
As of 1 January 2015	**2,943,468**	**24,107,664**	**7,179,748**	**47,704,588**	**81,935,468**
Change in perimeter	-	-	7,506	1,151,134	1,158,640
Increases	21,191	-	419	12,157,745	12,179,355
Reversals	(52,236)	-	(157,298)	(20,960,448)	(21,169,982)
Direct utilisations	-	-	(174,155)	(2,369,223)	(2,543,378)
Exchange adjustments	-	-	(1,431)	163,552	162,121
Financial discounts	-	-	289,714	-	289,714
Transfers and adjustments	(286,376)	32,106,930	-	398,323	32,218,877
As of 31 December 2015	**2,626,047**	**56,214,594**	**7,144,503**	**38,245,671**	**104,230,815**
Increases (Note 6)	291,007	-	396	4,552,980	4,844,383
Reversals (Note 6)	(965)	(1,662,828)	(78,648)	(973,236)	(2,715,677)
Direct utilisations	-	-	(9,803)	(891,194)	(900,997)
Exchange adjustments	-	-	1,365	25,335	26,700
Financial discounts	-	-	144,744	-	144,744
Transfers and adjustments	(1,102)	(5,660,114)	-	309,924	(5,351,292)
As of 30 June 2016	**2,914,987**	**48,891,652**	**7,202,557**	**41,269,480**	**100,278,676**

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 statement of financial position date, about the potential disagreement with the tax authorities, considering most recent updates about these events.

The amount shown as Others is related with provisions for multiple risks of different natures, which may originate cash outflows in the future.

31. INTEREST-BEARING LIABILITIES

As of 30 June 2016 and 31 December 2015 Group's net debt was as follows:

Amounts in Euro	30-06-2016	31-12-2015
Interest-bearing liabilities		
Non-current	1,876,744,620	1,497,214,815
Current	182,344,183	512,032,570
	2,059,088,803	**2,009,247,385**
Cash and cash equivalents		
Cash	475,000	360,705
Short term bank deposits	108,467,487	60,639,929
Other short term investments	38,934,804	145,255,130
	147,877,291	**206,255,764**
Net interest-bearing debt	**1,911,211,512**	**1,802,991,621**

NON-CURRENT INTEREST-BEARING LIABILITIES

As of 30 June 2016 and 31 December 2015, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2016	31-12-2015
Non-current		
Bond loans	866,000,000	760,000,000
Commercial paper	682,500,000	213,700,000
Bank loans	327,668,279	509,945,116
Expenses with loans issuing	(9,838,492)	(10,799,427)
Interest-bearing bank debt	**1,866,329,787**	**1,472,845,689**
Financial leases	2,331,785	2,913,024
Other loans	7,065,958	7,390,242
Other interest-bearing debts	1,017,090	14,065,860
Other interest-bearing debts	**10,414,833**	**24,369,126**
Non current interest-bearing liabilities	**1,876,744,620**	**1,497,214,815**

BOND LOANS

As of 30 June 2016 and 31 December 2015, current and non-current bond loans were as follows:

Amounts in Euro	30-06-2016	31-12-2015
Bond loans		
Portucel Senior Notes Due 2020	-	150,000,000
Portucel 2015 / 2023	200,000,000	200,000,000
Portucel 2016 / 2021	100,000,000	-
Semapa 2006 / 2016	-	175,000,000
Semapa 2006 / 2016	-	1,087,000
Semapa 2014 / 2019	150,000,000	150,000,000
Semapa 2014 / 2020	80,000,000	80,000,000
Semapa 2016 / 2021	100,000,000	-
SBI 2007 / 2017	40,000,000	40,000,000
Secil 2015/2020	60,000,000	60,000,000
Secil 2015/2020	80,000,000	80,000,000
Secil 2016/2021	26,000,000	-
Secil 2016/2023	30,000,000	-
	866,000,000	**936,087,000**

BOND LOANS SEMAPA

In June 2016 Semapa issued fixed interest-rate bonds amounting to EUR 100 million with a maturity of seven years (2023). The emission is not admitted to listing.

In April 2014 Semapa issued a bond loan amounting to Euro 150 million with maturity of 5 years (2019). On 30 June 2016 the unit market value of these bonds was Euro 100.56.

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 "Semapa 2006/2016 Bonds – 2ª Emissão", which were first issued by Euro 50 million. On 30 June 2016 the unit market value of these bonds was Euro 101.270. In May 2016, Semapa proceeded to the full repayment of the remaining amount of “Obrigações Semapa 2006/2016 – 2.ª Emissão”.

During the first half of 2016, Semapa repaid the bond loan contracted in 2006, of Euro 175 million, which was quoted in Euronext Lisbon under the caption “Obrigações Semapa 2006/2016”.

BOND LOANS NAVIGATOR

On 13 May 2016, Navigator proceeded to the early redemption of the remaining bonds Portucel Senior Notes 5.375%, maturing in 2020, amounting to 150 million euros, in addition to the EUR 200 million already repaid in September 2015. Additionally, this subsidiary materialized new financing operations, namely a bond loan of 100 million euros with a maturity of 5 years.

BOND LOANS SECIL

The subsidiary Secil Betões e Inertes, S.A., issued in 2007 a bond loan amounting to Euro 40,000,000. The reimbursement of this bond will occur on the 10th year (2017). However the anticipated reimbursement (Call Option), partial or total, can be exercised on the 10th, 12th, 14th, 16th and 18th dates of interests' payments.

In 2015 Secil renegotiated three bond loans. The loan of EUR 60 million was repaid and was issued a new one for the same amount that will be repaid at par in June 2020.

In 2013, Secil contracted two bond loans amounting to Euro 40,000,000 each. These two loans were reimbursed and a new bond loan was issued for the amount of Euros 80,000,000, with a full reimbursement schedule to June 2020. However the reimbursement (Call Option) can be exercised on the 4th, 6th and 8th interests' payments dates.

In January 2016 Secil issued a private placement bond loan at a fixed interest- rate amounting to Euro 26,000,000. These bonds will be fully redeemed at par, in 2021.

In February 2016 Secil issued a bond loan at a fixed interest-rate amounting to Euro 30,000,000 and maturing in 2023. These bonds will be repaid in seven equal semi-annual consecutive instalments, from the 8th date of interest payment on. Total early redemption can be triggered (call option) in the 10th or 12th date of interest payment.

COMMERCIAL PAPER

In 2015, Semapa contracted a commercial paper amounting Euro 25,000,000 with 4 years maturity, fully issued on 30 June 2016.

In 2014, Semapa contracted a commercial paper program amounting to Euro 120 million for a period of four years. As at 30 June 2016, Euro 42.5 million were in place.

In 2013, Semapa contracted a commercial paper amounting Euro 100,000,000 with 7 years maturity. As at 30 June 2016 no issues were in place.

Semapa SGPS has contracted a commercial paper program up to a maximum of Euro 100 million, maturing in September 2020, dating back to 2008, which have been renegotiated. This commercial paper program was initially contracted up to a maximum of Euro 70 million. On June 30, 2016, this program was fully utilised.

In June 2016, expired the term of the commercial paper program up to a maximum amount of EUR 175 million.

During the 1st half of 2016, the Navigator Company contracted two new commercial paper program, amounting to Euro 100 million and Euro 70 million, for a period of five years. At 30 June 2016, Euro 65,000,000 and 70,000,000, respectively, were issued.

In December 2012, The Navigator Company issued a commercial paper program amounting to Euro 125,000,000, underwritten by the bank and maturing in three years. During 2015, the conditions of this program have been renegotiated, namely its maturity date that was extended to May 2020. On 30 June 2016, the amount of Euro 125,000,000 was fully used.

In July 2015, The Navigator Company entered into two new commercial paper programs amounting to Euro 125 million, for a period of 5 years. On 30 June 2016, the amount was fully issued.

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	30-06-2016	31-12-2015
1 to 2 years	169,119,131	44,202,713
2 to 3 years	365,043,033	174,781,242
3 to 4 years	377,486,853	358,235,647
4 to 5 years	553,756,024	496,092,091
More than 5 years	418,846,286	431,789,525
	1,884,251,327	**1,505,101,218**

As of 30 June 2016 and 31 December 2015, non-current bank loans were as follows:

Amount in Euro	30-06-2016	31-12-2015	Reference rate
Non-current			
Holdings			
Banco BIC	-	2,857,143	Euribor 3m
Banco do Brasil	17,500,000	17,500,000	Euribor 3m
Abanca	40,000,000	-	Euribor 12m
Cement and derivatives segment			
Amen Bank	76,237	2,715,604	TMM
Banque Mediterranee	6,949,630	6,940,558	Several
UBCI Credit	6,490,156	7,675,439	TMM
Banco Santander Brasil	45,300,497	40,106,605	CDI
BNDES	55,334,019	43,283,620	TJLP
Banco BIC	12,075,000	34,725,016	Euribor 6m
Banco do Brasil	5,654,560	4,314,436	CDI
Banco Popular	15,000,000	-	CDI
Haitong	6,951,085	-	CDI
Other	3,839,080	6,159,955	Several
Paper and pulp segment			
BEI	105,386,904	334,577,851	Euribor 6m
Environment segment			
Banco BPI	3,333,333	4,366,668	Several
Banco BIC	3,777,778	4,722,221	Euribor 6m
Total	**327,668,279**	**509,945,116**	

CURRENT INTEREST-BEARING LIABILITIES

As of 30 June 2016 and 31 December 2015, current interest-bearing liabilities were as follows:

Amounts in Euro	30-06-2016	31-12-2015
Current		
Bond loans	-	176,087,000
Commercial paper	5,000,000	158,750,000
Bank loans	135,684,742	122,126,511
Expenses with bond loans issuing	(1,899,027)	(2,577,430)
Interest-bearing bank debt	**138,785,715**	**454,386,081**
Shareholders short-term loans (Note 23)	8,486,400	21,710,283
Financial leases	899,701	917,559
Other loans - QREN	349,165	2,837,311
Other debts	33,823,202	32,181,336
Other interest-bearing debts	**43,558,468**	**57,646,489**
Current interest-bearing liabilities	**182,344,183**	**512,032,570**

As of 30 June 2016 and 31 December 2015, current bank loans were as follows:

Amount in Euro	30-06-2016	31-12-2015	Reference rate
Current			
Holdings			
Caixa Geral de Depósitos	1,645,483	460,583	Euribor 12m
BPI	2,394,000	-	Euribor 6m
Banco BIC	5,714,286	5,714,286	Euribor 3m
Cement and derivatives segment			
Banco Santander Totta	-	5,000,000	Euribor 6m
Banco BIC	12,175,000	6,262,492	Euribor 6m
Banco Comercial Português	-	1,865,805	Several
Banco Itaú	2,396,084	16,734,783	CDI
Banco Santander Brasil	5,662,562	4,718,424	CDI
BNDES	13,751,153	9,631,089	TJLP
BCG	-	3,765,326	CDI
Banco Caixa Geral	4,021,690	-	CDI
Banco do Brasil	3,919,547	1,725,774	CDI
Haitong	1,390,217	1,970,231	CDI
Other	26,477,167	18,237,674	Several
Paper and pulp segment			
BEI	19,702,381	19,702,381	Euribor 6m
Other	26,862,503	20,876,209	Several
Environment segment			
Banco BIC	2,138,889	2,138,889	Several
Banco BPI	3,866,667	2,566,666	Several
Banco Popular	2,500,000	500,000	Euribor 6m
Caixa Geral de Depósitos	1,067,113	255,899	Euribor 12m
Total	**135,684,742**	**122,126,511**	

BANK CREDIT FACILITIES GRANTED AND NOT DRAWN

At 30 June 2016 and 31 December 2015, bank credit facilities granted and not drawn amounted to Euro 318,929,561 and Euro 736,308,629 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 debt/ 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, as of 30 June 2016 and 31 December 2015 the group comply with the financial ratios limits imposed under its financing contracts.

32. PAYABLES AND OTHER CURRENT LIABILITIES

As of 30 June 2016 and 31 December 2015, the caption Payables and other current liabilities comprised:

Amounts in Euro	30-06-2016	31-12-2015
Accounts payable to suppliers	179,616,727	186,396,831
Accounts payable to suppliers of fixed assets	9,746,895	12,190,493
Instituto do Ambiente	4,792,719	18,471,042
Derivative financial instruments (Note 34)	12,441,930	6,266,980
Other creditors	10,963,035	12,205,999
Related parties (Note 35)	3,729,895	4,176,786
Accrued costs	95,038,511	104,329,085
Deferred income	16,830,376	14,147,807
	333,160,088	**358,185,023**

As of 30 June 2016 and 31 December 2015, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	30-06-2016	31-12-2015
Accrued costs		
Insurance costs	125,661	112,841
Payroll expenses	49,103,975	51,055,225
Interest payable	11,788,824	15,167,923
Accrued - energy costs	8,729,650	10,384,355
Transport services	768,738	809,553
Repair and maintenance costs	-	-
Bank services	480,524	189,851
Audit fees	33,681	54,990
Consulting fees	1,375,352	1,521,309
IT Services	224,332	219,505
Other	22,407,774	24,813,533
	95,038,511	**104,329,085**
Deferred income		
Government grants	5,552,043	6,280,003
Grants - CO2 emission allowances	10,657,211	7,526,256
Others	621,122	341,548
	16,830,376	**14,147,807**

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 of 30 June 2016 and 31 December of 2015, 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 2016	Financial instruments - trading	Financial intruments - hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interests - bearing liabilities	Non financial Assets/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 through profit or loss	-	-	-	47,258	-	-	-
Financial assets held-for-sale	-	-	-	-	260,486	-	-
Other non-current assets	-	-	25,055,206	-	-	-	-
Current assets	643,819	1,086,510	303,594,317	-	-	-	17,165,107
Cash and cash equivalents	-	-	147,877,291	-	-	-	-
Total assets	**643,819**	**1,086,510**	**476,526,814**	**47,258**	**260,486**	**-**	**17,165,107**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,876,744,620	-
Other liabilities	-	-	-	-	-	-	37,406,083
Current interest-bearing liabilities	-	-	-	-	-	182,344,183	-
Current liabilities	965,696	11,476,234	-	-	-	299,095,063	21,623,095
Total liabilities	**965,696**	**11,476,234**	**-**	**-**	**-**	**2,358,183,866**	**59,029,178**

31 December 2015	Financial instruments - trading	Financial intruments - hedging	Loans and other accounts receivable	Financial assets at fair value through profit or loss	Financial assets held-for-sale	Other interests - bearing liabilities	Non financial Assets/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 through profit or loss	-	-	-	342,968	-	-	-
Financial assets held-for-sale	-	-	-	-	229,136	-	-
Other non-current assets	-	-	6,777,734	-	-	-	-
Current assets	2,236,063	1,414,365	285,359,246	-	-	-	20,585,542
Cash and cash equivalents	-	-	206,255,764	-	-	-	-
Total assets	**2,236,063**	**1,414,365**	**498,392,744**	**342,968**	**229,136**	**-**	**20,585,542**
Liabilities							
Non-current interest-bearing liabilities	-	-	-	-	-	1,497,214,815	-
Other liabilities	-	-	-	-	-	-	43,480,192
Current interest-bearing liabilities	-	-	-	-	-	512,032,570	-
Current liabilities	646,872	5,620,108	-	-	-	319,299,194	32,618,849
Total liabilities	**646,872**	**5,620,108**	**-**	**-**	**-**	**2,328,546,579**	**76,099,041**

As of 30 June 2016 and 31 December 2015 the fair value of these assets and liabilities is similar to the amount recognised in the consolidated statement of financial position.

The following table presents the Group´s assets and liabilities measure at fair value, according to the following hierarchic levels:

- Level 1: Fair value of financial instruments is based on prices ruling on active, liquid markets at the date of the 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	30-06-2016	Level 1	Level 2
Financial assets at fair value recognised in reserves			
Hedging derivatives (Note 34)	**1,086,510**	-	1,086,510
Financial assets at fair value through profit or loss			
Trading derivatives (Note 34)	**643,819**	-	643,819
Financial assets at fair value through profit or loss			
Shares (Note 20)	**47,258**	47,258	-
Financial assets held-for-sale			
Shares (Note 21)	**260,486**	260,486	-
	2,038,073	**307,744**	**1,730,329**

Amounts in Euro	31-12-2015	Level 1	Level 2
Financial assets at fair value recognised in reserves			
Hedging derivatives (Note 34)	**1,414,365**	-	1,414,365
Financial assets at fair value through profit or loss			
Trading derivatives (Note 34)	**2,236,063**	-	2,236,063
Financial assets at fair value through profit or loss			
Shares (Note 20)	**342,968**	342,968	-
Financial assets held-for-sale			
Shares (Note 21)	**229,136**	229,136	-
	4,222,532	**572,104**	**3,650,428**

LIABILITIES MEASURED AT FAIR VALUE

Amounts in Euro	30-06-2016	Level 1	Level 2
Financial liabilities at fair value recognised in reserves			
Hedging derivatives (Note 34)	**(11,476,234)**	-	(11,476,234)
Financial liabilities at fair value through profit or loss			
Trading derivatives (Note 34)	**(965,696)**	-	(965,696)
	(12,441,930)	**-**	**(12,441,930)**

Amounts in Euro	31-12-2015	Level 1	Level 2
Financial liabilities at fair value recognised in reserves			
Hedging derivatives (Note 34)	**(5,620,108)**	-	(5,620,108)
Financial liabilities at fair value through profit or loss			
Trading derivatives (Note 34)	**(646,872)**	-	(646,872)
	(6,266,980)	**-**	**(6,266,980)**

DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 June 2016, details of the fair value of derivative financial instruments were as follows:

Amount in Euro	Fair Value change (trading)	Fair Value change (hedging)	Total
As of 1 January 2016	**1,589,191**	**(4,205,743)**	**(2,616,552)**
New contracts / Settlement	(1,695,668)	3,400,503	1,704,835
Changes in fair value recognised in results (Note 10)	(483,356)	(2,717,365)	(3,200,721)
Changes in fair value recognised in reserves	-	(6,578,969)	(6,578,969)
Exchange rate adjustment	267,956	(288,150)	(20,194)
As of 30 June 2016	**(321,877)**	**(10,389,724)**	**(10,711,601)**

DETAILS 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.

The movement in the balances presented in the consolidated statement of financial position for the period ended 30 June 2016 and the year ended 31 December 2015, relating to financial instruments was as follows:

			30-06-2016			31-12-2015
Amounts in Euro	Amount	Maturity	Positive	Negative	Net	Net
Hedging						
Interest rate collar (SWAP's)	175,000,000	2016	-	-	-	(2,282,117)
Coverage of net investment (USD)	25,050,000	2016	-	(223,098)	(223,098)	543,992
Exchange rate forwards - future sales (USD)	175,800,000	2016	1,086,510	-	1,086,510	-
Interest rate swaps (SWAP's) EUR	505,000,000	2020/23	-	(11,253,136)	(11,253,136)	(2,467,618)
			1,086,510	**(11,476,234)**	**(10,389,724)**	**(4,205,743)**
Trading						
Exchange rate forwards (USD)	73,643,172	2016	643,819	(911,243)	(267,424)	1,302,089
Exchange rate forwards (GBP)	12,800,000	2016	-	749,774	749,774	229,435
Future purchase of CO2 licenses	1,931,000	2018	-	(804,227)	(804,227)	57,667
			643,819	**(965,696)**	**(321,877)**	**1,589,191**
			1,730,329	**(12,441,930)**	**(10,711,601)**	**(2,616,552)**

EXCHANGE RATE COVERAGE

The Group has a currency exposure on sales invoiced in foreign currencies, namely 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 statement of financial position 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. 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.

COVERAGE OF INVESTMENT 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 31 December 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 fair value reserve caption on equity.

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.

This hedge is designated until the maturity of the hedging instruments.

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 2016 and 31 December 2015, related parties receivables and shareholders balances are detailed as follows:

	30-06-2016			31-12-2015		
Amounts in Euro	Other receivables (Note 24)	Other payables (Note 32)	Interest-bearing liabilities (Note 31)	Other receivables (Note 24)	Other payables (Note 32)	Interest-bearing liabilities (Note 31)
Shareholders						
Cimigest, SGPS, S.A.	-	-	5,847,048	-	-	2,754,259
Cimo SGPS, S.A.	-	-	368,175	-	-	-
Longapar, SGPS, S.A.	-	1,160	72,924	-	1,160	16,890,763
OEM SGPS, S.A.	-	-	2,198,253	-	-	2,065,261
Other related entities						
Ave-Gestão Ambiental, S.A.	142,948	430,250	-	105,490	588,654	-
Cimilonga - Imobiliária, S.A.		8,702	-	-	6,839	-
Cotif Sicar	-	60,911	-	-	182,002	-
Enermontijo, S.A.	558,474	4,670	-	433,951	4,982	-
Enerpar, SGPS, S.A.	-	36,035	-	-	46,694	-
Hotel Ritz, S.A.	-	2,486	-	-	-	-
Inertogrande	211,795	-	-	211,296	-	-
J.M.J. Henriques, Lda.	120,925	-	-	121,275	-	-
Margem - Companhia de Mineração, S.A.			-	-	-	-
Secil Prebetão, S.A.	564,401	12,506	-	385,520	19,670	-
Secil Unicon - S.G.P.S., Lda.	59,708	-	-	55,444	-	-
Seribo, S.A.	-	317,502	-	-	315,097	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	312,745	-	-	300,942	-
Other subsidiaries shareholders	-	2,542,928	-	-	2,710,746	-
Total	**1,658,251**	**3,729,895**	**8,486,400**	**1,312,976**	**4,176,786**	**21,710,283**

As of 30 June 2016 and 31 December 2015, transactions between shareholders and other related parties comprised:

	1st Semester 2016			
Amounts in Euro	Service purchase	Sales of goods and services rendered	Operating income	Net financial costs
Shareholders				
Cimigest SGPS, S.A.	(53,870)	-	-	(9,050)
Cimo SGPS, S.A.	-	-	-	(234)
Longapar, SGPS, S.A.	-	-	-	(29,549)
OEM SGPS, S.A.	-	-	-	(5,323)
	(53,870)	**-**	**-**	**(44,156)**
Other related entities				
Ave-Gestão Ambiental, S.A.	(1,523,166)	25,510	(43,441)	-
Cimilonga - Imobiliária, S.A.	(507,214)	-	-	-
Enermontijo, S.A.	(149,121)	539,536	-	-
Enerpar, SGPS, S.A.	(147,502)	-	-	-
Secil Prebetão, S.A.	(21,321)	356,793	43,732	-
Seribo, S.A.	-	-	-	(2,405)
Setefrete, S.A.	(1,558,168)	-	24,086	-
Others	-	-	-	(167)
	(3,906,492)	**921,839**	**24,377**	**(2,572)**

	1st Semester 2015			
Amounts in Euro	Service purchase	Sales of goods and services rendered	Operating income	Net financial costs
Shareholders				
Cimigest SGPS, S.A.	(53,870)	-	-	(532)
Cimo SGPS, S.A.	-	-	-	(3,102)
Longapar, SGPS, S.A.	-	-	-	(269)
OEM SGPS, S.A.	-	-	-	(4,084)
	(53,870)	**-**	**-**	**(7,987)**
Other related entities				
Ave-Gestão Ambiental, S.A.	(2,363,509)	16,133	6,806	-
Enerpar, SGPS, S.A.	(1,751,232)	-	-	-
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
Margem - Comp.ª Mineração, S.A.	-	-	1,462,131	-
Others	-	-	-	(493)
	(5,772,921)	**4,380,592**	**1,515,686**	**2,537,642**

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.

Expenditures capitalised and recognised as costs in the periods ended 30 June 2016 and 2015, were as follows:

	30/06/2016			30/06/2015		
Amounts in Euro	Revenue	Expenses of the period	Capitalisation of the period	Revenue	Expenses of the period	Capitalisation of the period
Atmospheric emissions	-	479,049	-	-	347,079	12,666
Management of residual waters	-	103,799	-	-	14,848	-
Residual managements	(189,212)	688,471	-	(394,526)	703,023	115,826
Protection of nature	-	268,600	-	-	274,276	-
Protection of soils and undergroung waters	-	4,774,007	-	-	4,461,017	297,580
Materials recycling	-	2,409	-	-	-	-
Liquid effluent treatment	-	775,933	-	-	589,843	-
Expense with electrofilters	-	513,815	-	-	333,084	-
Solid waste landfill	-	12,315	-	-	61,584	-
Sewerage	-	90,659	-	-	302,548	-
Security facilities improvement	-	-	-	-	-	67,303
Other environmental protectin activities	-	417,724	40,000	-	211,744	205,873
	(189,212)	8,126,781	40,000	(394,526)	7,299,046	699,248

37. AUDIT FEES

In the period ended 30 June 2016 and 2015, expenses with statutory audit and audit services, comprised:

Amounts in Euro	1st Semester 2016	1st Semester 2015
Statutory audit services		
Statutory auditors services	178,611	208,955
Auditor services in foreign subsidiaries	70,402	121,023
Tax consultancy services	36,229	28,463
Other reliability assurance services	60,809	63,558
	346,051	421,999

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 2016 and 31 December 2015, the number of employees in service of the Group's various companies, was as follows:

Segment	30-06-2016	31-12-2015	Var. 16/15
Pulp and paper	3,058	2,662	396
Cement and derivatives	2,574	2,647	(73)
Environment	271	287	(16)
Holdings and others	24	25	(1)
	5,927	5,621	306

The increase observed in the pulp and paper segment is due to the internalization of a set of effective that in 2015 were outsourced.

39. COMMITMENTS

As of 30 June 2016 and 31 December 2015, the guarantees and other financial commitments provided by the Group were as follows:

Amounts in Euro	30/06/2016	31/12/2015
Warranties		
IAPMEI (in the perimeter of QREN)	6,204,105	1,806,964
Clearance products	1,835,250	2,723,960
AT - Portuguese Tax Authorities	-	1,124,184
Agência Estatal de Administ. Tributaria Espanhola	1,033,204	-
Direção Geral de Alfândegas	762,244	54,414
APSS - Admi. dos Portos de Setúbal e Sesimbra	2,593,639	2,593,639
Alfândega de Setúbal	800,000	800,000
APDL - Administração do Porto de Leixões	707,343	704,162
Simria	338,829	327,775
Instituto de Conservação da Natureza - Arrábida	406,539	406,540
Secretaria Regional do Ambiente e Recursos Naturais	274,595	274,595
IAPMEI (PEDIP scope)	209,914	209,914
Comissão de Coordenação e Desenv. Regional Norte	236,403	236,403
Comissão de Coordenação e Desenv. Regional Centro	863,173	863,173
Comissão de Coordenação e Desenv. Regional LVT	1,118,892	1,118,892
Comissão de Coordenação e Desenv. Regional Algarve	453,360	519,165
Others	2,149,464	1,812,064
	19,986,954	22,148,954
Other commitments		
Of purchase		
Tangible fixed assets	41,128,435	29,603,350
Others	19,155,417	41,036,349
Forestry land rents	70,382,008	68,339,646
Mortgage loan guarantee	1,287,186	1,356,285
	131,953,046	140,335,630
	151,940,000	162,484,584

40. OTHER COMMITMENTS OF THE GROUP

INVESTMENT IN A NEW PLANT IN ANGOLA

In 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 - commenced 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 by 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 the "Lobito New Cement Factory" involving an amount of USD 91,539,000, contracted on 14 December 2007, by Secil Lobito and by "ANIP – Agência Nacional para o Investimento Privado", the latter representing the Angolan state.

Furthermore, in 2008, an electric-power generating plant costing USD 18,000,000 was added to the investment.

Secil Lobito is updating this project to the current Angolan reality. Accordingly, in October 2015, Secil Lobito delivered to U.T.I.P. - Unidade Técnica para o Investimento Privado, set up under the new Private Investment Law, an amendment draft to the previously mentioned Private Investment Project approved in December 2007 by the Council of Ministers of Angola. This amendment was prepared following the several contacts with ANIP, and comprises the update and review of certain subjects and conditions of which the effective feasibility, development and implementation of the investment project relies on.

DEPOSIT BAIL

The subsidiary Ciminpart sold, in 2012, his participation in VIROC to a Recovery Fund. In this process, Secil constituted a pledge over a bank deposit amounting to of Euro 1,100,000.

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 The Navigator Company 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. The Navigator Company 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 an appeal to the Administrative Supreme Court (STA) was performed, which has brought down the action to Central Administrative Court (TCA) on July 4, 2013.

PUBLIC DEBT SETTLEMENT FUND

In addition to the tax matters described below, a second request to the Public Debt Settlement Fund 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 May 24, 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. The Court gave reason to the claims in this regard Group, and it is waiting for a hearing for examination of witnesses, and experts have been appointed by the parties, whose report is expected by the end of the year.

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 (25 November 2006) are the responsibility of the Public Debt Settlement Fund. The Navigator Company 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, The Navigator Company 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, the aforementioned Fund is liable as detailed:

Amounts in Euro	Year	Requested values	1st reimbursement	Reduction arising from payment under RERD	Processes determined to behalf of the Group	Open Amount
The Navigator Company						
VAT - Germany	1998-2004	5,850,000	(5,850,000)	-	-	-
Corporate Income Tax	2001	314,340	-	-	(314,340)	-
Corporate Income Tax	2002	625,033	(625,033)	-	-	-
VAT	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
		33,278,627	**(8,210,545)**	**(2,468,472)**	**(477,678)**	**22,121,932**
Navigator Paper Figueira						
Corporate Income tax	2002	18,923	-	-	-	18,923
Corporate Income Tax (Replacement Statment)	2003	5,725,771	-	-	-	5,725,771
VAT	2003	2,509,101	-	-	-	2,509,101
Stamp tax	2004	497,669	-	-	(497,669)	-
		8,751,464	**-**	**-**	**(497,669)**	**8,253,795**
		42,030,091	**(8,210,545)**	**(2,468,472)**	**(975,347)**	**30,375,727**

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 2016.

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 2016 and 31 December 2015, against the Euro, were as follows:

	30/06/2016	31/12/2015	Valuation/ (depreciation)
TND (tunisian dinar)			
Average exchange rate for the year	2.2896	2.1761	(5.22%)
Exchange rate at the end of the year	2.4229	2.2116	(9.55%)
LBN (lebanese pound)			
Average exchange rate for the year	1,682.30	1,672.60	(0.58%)
Exchange rate at the end of the year	1,673.60	1,641.20	(1.97%)
USD (american dollar)			
Average exchange rate for the year	1.1159	1.1085	(0.67%)
Exchange rate at the end of the year	1.1102	1.0887	(1.97%)
GBP (sterling pound)			
Average exchange rate for the year	0.7789	0.7259	(7.31%)
Exchange rate at the end of the year	0.8265	0.7340	(12.61%)
PLN (polish zloty)			
Average exchange rate for the year	4.3674	4.1844	(4.37%)
Exchange rate at the end of the year	4.4362	4.2639	(4.04%)
SEK (swedish krone)			
Average exchange rate for the year	9.3014	9.3530	0.55%
Exchange rate at the end of the year	9.4242	9.1895	(2.55%)
CZK (czech krone)			
Average exchange rate for the year	27.0400	27.2804	0.88%
Exchange rate at the end of the year	27.1310	27.0230	(0.40%)
CHF (swiss franc)			
Average exchange rate for the year	1.0961	1.0690	(2.54%)
Exchange rate at the end of the year	1.0867	1.0835	(0.30%)
TRY (turkish lira)			
Average exchange rate for the year	3.2585	3.0275	(7.63%)
Exchange rate at the end of the year	3.2060	3.1765	(0.93%)

	30/06/2016	31/12/2015	Valuation/ (depreciation)
DKK (danish krone)			
Average exchange rate for the year	7.4499	7.4588	0.12%
Exchange rate at the end of the year	7.4393	7.4626	0.31%
HUF (hungarian florim)			
Average exchange rate for the year	312.7372	309.9458	(0.90%)
Exchange rate at the end of the year	317.0600	315.9800	(0.34%)
AUD (australian dollar)			
Average exchange rate for the year	1.5214	1.4775	(2.97%)
Exchange rate at the end of the year	1.4929	1.4897	(0.21%)
MZM (mozambican metical)			
Average exchange rate for the year	57.8668	42.5652	(35.95%)
Exchange rate at the end of the year	70.2000	49.3400	(42.28%)
BRL (brazilian real)			
Average exchange rate for the year	4.1252	3.6959	(11.62%)
Exchange rate at the end of the year	3.5408	4.2493	16.67%
MAD (moroccan dirame)			
Average exchange rate for the year	10.9181	10.8606	(0.53%)
Exchange rate at the end of the year	10.8980	10.8120	(0.80%)
NOK (norwegian krone)			
Average exchange rate for the year	9.4209	8.9516	(5.24%)
Exchange rate at the end of the year	9.3008	9.6030	3.15%
AOA (angolan kwanza)			
Average exchange rate for the year	183.2575	135.5674	(35.18%)
Exchange rate at the end of the year	187.1647	149.7158	(25.01%)

43. COMPANIES INCLUDED IN THE CONSOLIDATION

INSTRUMENTAL COMPANIES INCLUDED IN CONSOLIDATION

Name	Head	Direct and indirect % of equity held by 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.	Amsterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Celcimo S.L.	Madrid	-	100.00	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 NAVIGATOR – UNDER FULL CONSOLIDATION

Name	Head Office	Direct and indirect % equity held by Portucel			% of shares held by Semapa
		Direct	Indirect	Total	
Parent - company:					
The Navigator Company, S.A.	Setúbal	35.71	33.69	69.40	69.40
Subsidiaries:					
Navigator Paper Figueira, S.A.	Figueira da Foz	100.00	-	100.00	69.40
Portucel Florestal, SA	Setúbal	100.00	-	100.00	69.40
Navigator Parques Industriais, SA	Setúbal	100.00	-	100.00	69.40
Enerpulp – Cogeração Energética de Pasta, SA	Setúbal	100.00	-	100.00	69.40
About Balance - SGPS, SA	Lisbon	100.00	-	100.00	69.40
Navigator Tissue Rodão, SA	Vila Velha de Ródão	-	100.00	100.00	69.40
Navigator Tissue Cacia, SA	Aveiro	-	100.00	100.00	69.40
Navigator Internacional Holding SGPS SA	Setúbal	100.00	-	100.00	69.40
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	20.05	60.15	80.20	55.66
Portucel Florestal Brasil - Gestão de Participações, Ltda	Brazil	25.00	75.00	100.00	69.40
Colombo Energy Inc.	USA	-	100.00	100.00	69.40
Portucel Finance, Zoo	Poland	25.00	75.00	100.00	69.40
Navigator Africa, SRL	Italy	-	100.00	100.00	69.40
Navigator Floresta, SGPS, SA	Setúbal	100.00	-	100.00	69.40
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, SA	Setúbal	-	100.00	100.00	69.40
Gavião - Sociedade de Caça e Turismo, S.A.	Setúbal		100.00	100.00	69.40
Navigator Forest Portugal, SA	Setúbal	-	100.00	100.00	69.40
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios ACE	Portugal	-	64.80	64.80	44.97
Viveiros Aliança - Empresa Produtora de Plantas, SA	Palmela	-	100.00	100.00	69.40
Atlantic Forests, SA	Setúbal	-	100.00	100.00	69.40
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	94.00	94.00	65.24
Bosques do Atlantico, SL	Spain	-	100.00	100.00	69.40
Navigator Pulp Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00	69.40
Navigator Pulp Figueira, SA	Figueira da Foz	-	100.00	100.00	69.40
Navigator Pulp Setúbal, S.A.	Setúbal	-	100.00	100.00	69.40
Navigator Pulp Cacia, S.A.	Aveiro	-	100.00	100.00	69.40
Portucel International GmbH	Germany	-	100.00	100.00	69.40
Navigator Paper Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00	69.40
About the Future - Empresa Produtora de Papel, SA	Setúbal	-	100.00	100.00	69.40
Navigator Paper Setúbal, S.A.	Setúbal	-	100.00	100.00	69.40
Portucel Soporcel North America Inc.	USA	-	100.00	100.00	69.40
Navigator Sales & Marketing, SA	Belgium	25.00	75.00	100.00	69.40
Navigator Lusa, Lda	Figueira da Foz	-	100.00	100.00	69.40
Navigator Fine Paper , S.A.	Setúbal	-	100.00	100.00	69.40
Navigator Switzerland Ltd.	Switzerland	25.00	75.00	100.00	69.40
PortucelSoporcel Afrique du Nord	Morocco	-	100.00	100.00	69.40
PortucelSoporcel España, SA	Spain	-	100.00	100.00	69.40
Navigator Netherlands, BV	Netherlands	-	100.00	100.00	69.40
PortucelSoporcel France, EURL	France	-	100.00	100.00	69.40
Navigator Paper Company UK, Ltd	UK	-	100.00	100.00	69.40
Navigator Italia, SRL	Italy	-	100.00	100.00	69.40
PortucelSoporcel Deutschland, GmbH	Germany	-	100.00	100.00	69.40
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	69.40
PortucelSoporcel Poland SP Z O	Poland	-	100.00	100.00	69.40
Navigator Eurasia	Turkey	-	100.00	100.00	69.40
Navigator Rus Company, LLC	Russia	-	100.00	100.00	69.40
Navigator Participações Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00	69.40
Arboser – Serviços Agro-Industriais, SA	Setúbal	-	100.00	100.00	69.40
EMA21 - Engenharia e Manutenção Industrial Século XXI, SA	Setúbal	-	100.00	100.00	69.40
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	91.15	91.15	63.26
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	92.56	92.56	64.24
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	91.47	91.47	63.48
Empremédia - Corretores de Seguros, SA	Lisbon	-	100.00	100.00	69.40
EucaliptusLand, SA	Setúbal	-	100.00	100.00	69.40
Headbox - Operação e Contolo Industrial, SA	Setúbal	-	100.00	100.00	69.40
Navigator Added Value, SA	Setúbal	-	100.00	100.00	69.40
Navigator Abastecimento de Madeira, ACE	Setúbal	-	100.00	100.00	69.40

SUBSIDIARY COMPANIES OF SUB-GROUP SECIL – UNDER FULL CONSOLIDATION

Name	Head Office	Direct and indirect % equity held by Secil			% of sares held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	-	100.00	99.998	99.998
Subsidiaries:					
Hewbol, S.G.P.S., Lda.	Funchal	100.00	-	100.00	99.998
Somera Trading Inc.	Panama	-	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	-	100.00	100.00	99.998
Seciment Investments, B.V.	Amsterdam	100.00	-	100.00	99.998
I3 Participações e Serviços, Ltda.	Rio de Janeiro	-	100.00	100.00	99.998
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, 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
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	100.00	-	100.00	99.998
Britobetão - Central de Betão, Lda.	Évora	9.00	82.00	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.	Lisboa	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	-	99.37	99.37	99.368
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
NSOSPE - Empreendimentos e Participações, SA	Brazil	-	100.00	100.00	99.998
Supremo Cimentos, SA	Brazil	-	100.00	100.00	99.998
Margem - Companhia de Mineração, SA	Brazil	-	100.00	100.00	99.998
Nacional Mineração e Engenharia S.A.	Brazil	-	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	-	57.14	57.14	57.142
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
Secil Netherlands BV	Netherlands	100.00	-	100.00	99.998
Secil Immo Netherlands BV	Netherlands	-	100.00	100.00	99.998
Secil Cement BV	Netherlands		100.00	100.00	99.998

44. SUBSEQUENT EVENTS

From 30 June 2016 until the present date, Semapa - Sociedade de Investimento e Gestão, SGPS, SA acquired 62,428 treasury shares, now holding 586,329 shares representing 0.721% of its share capital.

In the end of July it was materialized the entrance of the International Financial Corporation - IFC – on the capital of Mozambique Portucel, through the subscription of an initial amount of about 5 million USD by this entity.

In August 2016, ETSA, through the ITS / LLF consortium, signed a purchase contract with Direção-Geral de Alimentação e Veterinária (DGAV), amounting to Euro 35,993,000, for the collection of animals dead in the exploration or in the transport to the slaughterhouse and coach-house as well as for its appropriate processing and disposal. The contract is valid for three years and will take effect as soon as the Court (Tribunal de Contas) issues the prior approval. Until the contract is signed, these services are suspended as per the statement issued by DGAV.

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.

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

Carlos Eduardo Coelho Alves

Francisco José Melo e Castro Guedes

Manuel Custódio de Oliveira

Vítor Manuel Galvão Rocha Novais Gonçalves

Vítor Paulo Paranhos Pereira

PART 5

LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF YEAR INFORMATION

Review Report on the Condensed Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

1 We have reviewed the accompanying condensed consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., which comprise the consolidated statement of financial position as at 30 June 2016 (which shows total assets of Euro 4,079,776,321 and total shareholder's equity of Euro 1,127,726,683, including non-controlling interests of Euro 377,420,846 and a net profit of Euro 47,291,544), the consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Board of Directors' responsibility

2 The Board of Directors is responsible for the preparation and fair presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

4 A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

5 The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an opinion on these condensed consolidated financial statements.

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 20161485

Conclusion

6 Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed consolidated financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. as at 30 June 2016 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

2 September 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão de Valores Mobiliários with no. 9077
represented by:

Jorge Manuel Santos Costa, R.O.C.

(This is a translation, not to be signed)