



QUARTERLY ACCOUNTS

FIRST 9 MONTHS OF 2016

QUARTERLY ACCOUNTS

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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

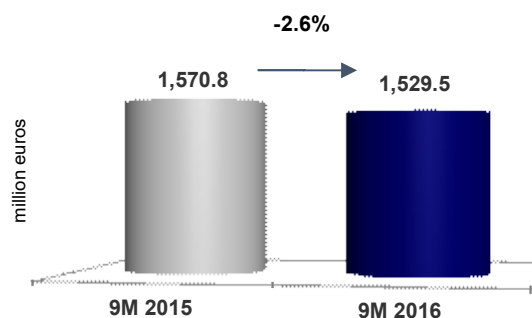
MANAGEMENT REPORT

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1 HIGHLIGHTS

LEADING BUSINESS INDICATORS:

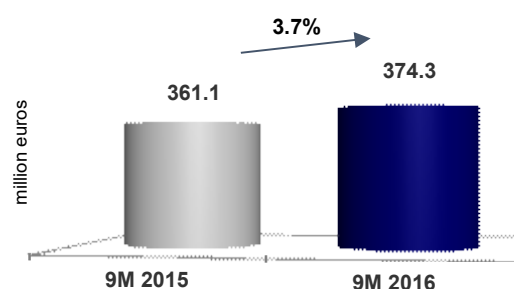


TURNOVER

In the first 9 months of 2016 the Semapa Group recorded a consolidated turnover of 1,529.5 million euros, a decrease of 2.6% from the same period in the previous year. Exports and foreign sales amounted to 1,190.5 million euros: 77.8% of turnover.

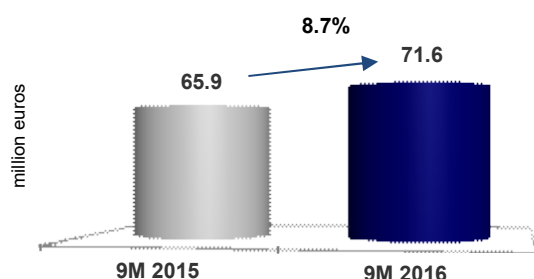
EBITDA

Total EBITDA for the first 9 months of 2016 rose by about 3.7% in relation to the same period in the previous year, standing at 374.3 million euros. The consolidated EBITDA margin stood at 24.5%, 1.5 p.p. higher than that in the previous year.



NET INCOME

Net income totalled 71.6 million euros, up by 8.7%. The EBITDA increase, improved financial results and income tax comparing favourably, more than offset the effects of depreciation and provisions and the decrease in Navigator's stake after July 2015.



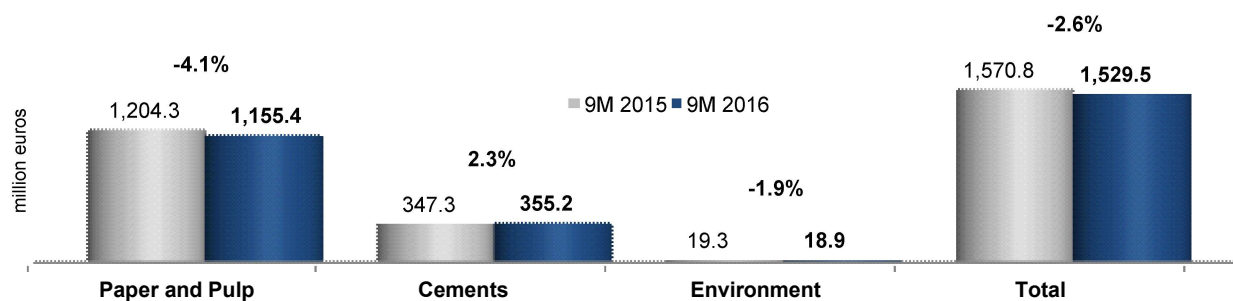
LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.	Q3 2016	Q3 2015	Var.
Turnover	1,529.5	1,570.8	-2.6%	506.7	541.1	-6.4%
Total EBITDA	374.3	361.1	3.7%	133.9	137.1	-2.3%
EBITDA margin (%)	24.5%	23.0%	1.5 p.p.	26.4%	25.3%	1.1 p.p.
Depreciation and impairment losses	(176.2)	(141.1)	-24.9%	(57.8)	(50.8)	-13.8%
Provisions (increases and reversals)	(2.3)	11.9	<-100%	(0.2)	1.8	<-100%
EBIT	195.8	231.9	-15.6%	75.8	88.1	-13.9%
EBIT margin (%)	12.8%	14.8%	-2.0 p.p.	15.0%	16.3%	-1.3 p.p.
Net financial profit	(57.0)	(104.1)	45.3%	(17.3)	(53.8)	67.9%
Profit before tax	138.8	127.7	8.7%	58.5	34.3	70.6%
Income tax	(22.7)	(26.4)	14.0%	(16.7)	(5.3)	<-100%
Retained profits for the period	116.1	101.4	14.6%	41.8	29.0	44.1%
Attributable to Semapa shareholders	71.6	65.9	8.7%	24.3	14.6	66.1%
Attributable to non-controlling interests (NCI)	44.6	35.5	25.5%	17.5	14.4	21.8%
Cash-flow	294.7	230.6	27.8%	99.8	78.0	28.0%
	30-09-2016	31-12-2015	Sep 16 vs. Dec15			
Equity (before NCI)	760.1	716.3	6.1%			
Net debt	1,839.9	1,803.0	2.0%			

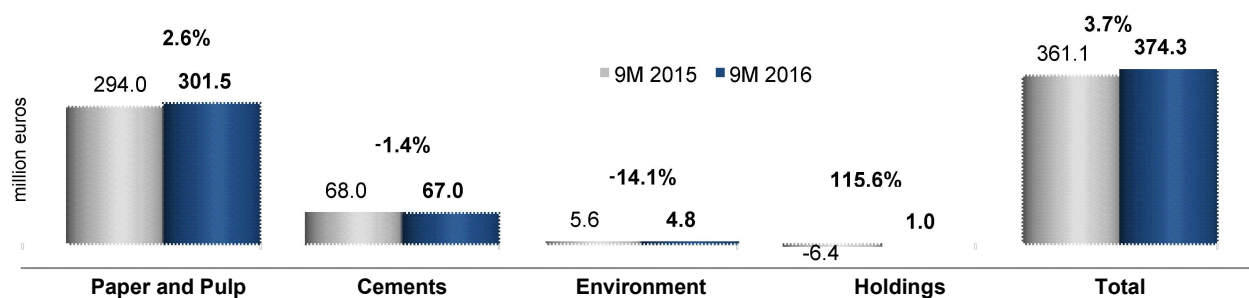
Notes:

- 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

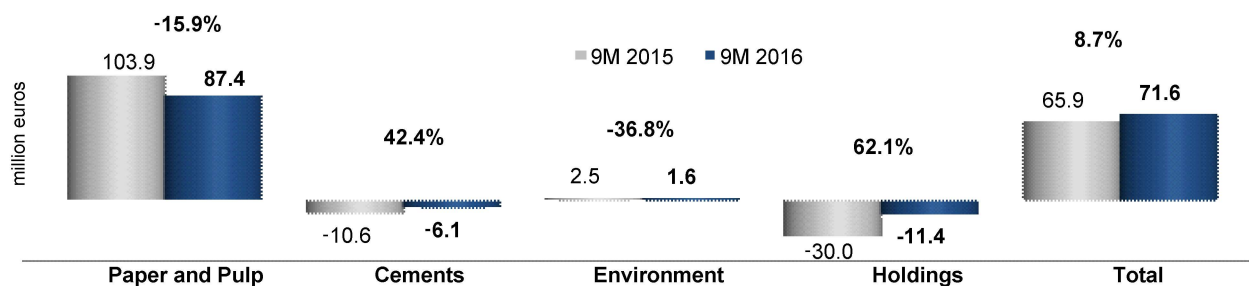
CONSOLIDATED TURNOVER CONTRIBUTION



CONSOLIDATED EBITDA CONTRIBUTION



CONSOLIDATED NET INCOME CONTRIBUTION



2 MAIN DEVELOPMENTS

- 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), for the duration of 3 years, the service acquisition contract for the collection of dead animals on the farm, transport to the slaughterhouse and stables, and processing and elimination, amounting to 35.993 million euros.
- At the Annual General 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 of 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 approximately 26.7 million euros (32.9 cents per outstanding share).

- Between 1 January 2016 and 30 September 2016, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. purchased 956,322 own shares, an investment of approximately 10 million euros. Semapa completed the third quarter with 586,329 own shares in the portfolio, representing 0.721% of its share capital.

3 OPERATIONAL PERFORMANCE

BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Paper and Pulp		Cement		Environment		Holdings		Consolidated
	9M 2016	9M 16/15	9M 2016	9M 16/15	9M 2016	9M 16/15	9M 2016	9M 16/15	9M 2016
Sales	1,155.4	-4.1%	355.2	2.3%	18.9	-1.9%	-	-	1,529.5
Total EBITDA	301.5	2.6%	67.0	-1.4%	4.8	-14.1%	1.0	115.6%	374.3
EBITDA margin (% Sales)	26.1%	1.7 p.p.	18.9%	-0.7 p.p.	25.2%	-3.6 p.p.	-	-	24.5%
Depreciation and impairment losses	(132.0)	-24.1%	(41.9)	-29.1%	(2.2)	-0.7%	(0.1)	13.2%	(176.2)
Provisions (increases and reversals)	(3.0)	-134.6%	0.6	128.5%	-	100.0%	-	-100.0%	(2.3)
EBIT	166.6	-15.1%	25.8	-22.8%	2.6	-22.2%	0.9	178.7%	195.8
EBIT margin (% Sales)	14.4%	-1.9 p.p.	7.3%	-2.4 p.p.	13.6%	-3.5 p.p.	-	-	12.8%
Net financial profit	(16.6)	63.0%	(27.8)	19.6%	(0.5)	27.2%	(12.1)	49.5%	(57.0)
Pre-tax profits	150.0	-0.9%	(2.0)	-70.7%	2.1	-20.9%	(11.3)	55.2%	138.8
Tax on profits	(24.0)	-32.3%	2.0	161.6%	(0.5)	-220.4%	(0.1)	97.7%	(22.7)
Retained profits for the period	126.0	-5.4%	(0.0)	99.1%	1.6	-36.8%	(11.4)	62.1%	116.1
Attributable to Semapa equity holders	87.4	-15.9%	(6.1)	42.4%	1.6	-36.8%	(11.4)	62.1%	71.6
Attributable to minority interests	38.5	31.5%	6.0	-2.9%	0.0	-	-	-	44.6
Cash-flow	260.9	13.0%	41.2	36.2%	3.8	-20.3%	(11.2)	68.2%	294.7
Net debt	723.4	10.5%	496.5	8.6%	17.5	-3.8%	602.5	-10.5%	1,839.9

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") as a listed company discloses detailed financial information. The following are the highlights of the 9 months results communication.

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

3.1 PAPER AND PULP BUSINESS AREA

IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.
Turnover	1,155.4	1,204.3	-4.1%
EBITDA	301.5	294.0	2.6%
EBITDA margin (%)	26.1%	24.4%	1.7 p.p.
Depreciation and impairment losses	(132.0)	(106.3)	-24.1%
Provisions (increases and reversals)	(3.0)	8.6	-134.6%
EBIT	166.6	196.3	-15.1%
EBT margin (%)	14.4%	16.3%	-1.9 p.p.
Net financial profit	(16.6)	(44.9)	63.0%
Profit before tax	150.0	151.4	-0.9%
Tax on profits	(24.0)	(18.1)	-32.3%
Retained profits for the period	126.0	133.2	-5.4%
Attributable to Navigator shareholders	126.0	133.6	-5.7%
Attributable to non-controlling interests (NCI)	(0.0)	(0.4)	94.5%
Cash-Flow	260.9	231.0	13.0%
	30-09-2016	31-12-2015	Sep 16 vs. Dec15
Equity (before NCI)	981.1	1,041.7	-5.8%
Net debt	723.4	654.5	10.5%

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)	Q3 2016	Q3 2015
Pulp and paper		
BEKP Output (pulp)	1,111	1,059
BEKP Sales	201	185
UWF Output (paper)	1,195	1,145
UWF Sales	1,156	1,130
FOEX – BHKP Euros/ton	600	724
FOEX – A4- BCopy Euros/ton	820	826
Tissue		
Output of reels for transformation and sales	32	21
Output of finished products	31	26
Sale of reels and other goods	6	2
Sale of finished products	31	28

In the first nine months of 2016, the turnover of Navigator stood at 1,155.4 million euros, compared to 1,204.3 million euros in the same period of the previous year. The drop in total sales arises mainly from less energy sales, after the sales price to the grid from the natural gas co-generation plant in Figueira da Foz were reviewed. In the paper business, Navigator stood out once again for the strong sales volume, setting a new record. Pulp and tissue paper turnover also evolved positively.

Although the significant decrease in capacity of the European industry fostered an improvement by 1 pp in the capacity utilisation rates, the **paper** business underwent in 2016 a deterioration in the UWF paper market conditions, pointing at approximately 4% less apparent consumption and a rise in total imports to the European market of more than 25%. Paper imports from Asia grew significantly, particularly in office paper, having driven global prices down. In this adverse context, Navigator sales of UWF paper stood at 1,155.5 thousand tons, a 2.2% increase compared to the first 9 months of 2015, thus reaching a new peak in terms of volume. Navigator increased its European sales while achieving significant growth in sales to international markets. The European A4 copy-B price index performed well (up by 1.4%), whilst Navigator's average price for Europe was in line with the previous year. Average price for the Group for all markets, however, was down on the previous year, largely due to unfavourable developments in the format mix. Paper sales amounted to 890 million euros, a new record for the period.

In the bleached eucalyptus **pulp** (BEKP) business, market conditions remained adverse during the first 9 months of 2016 and the reference prices of hardwood pulp (PIX – BHKP) at the end of September in Euros had dropped by 15% and in USD by 18%. However, Navigator had a sound operating performance, with volume of pulp placed on the market amounting to 201 thousand tons, pointing to a rise of 9% in sales, due 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 was also reflected in the Group's average sales price; in terms of value, sales dropped 3%.

In the **energy** business the first 9 months of 2016 featured the completion of the maintenance and repair work on the turbogenerators at the Cacia and Setúbal pulp mills. 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. Accordingly, total gross power generation in the period was down by 12.3% in relation to the same period in 2015.

From February, and as forecasted, natural gas cogeneration at Figueira da Foz switched to an own-consumption only basis, reducing the volume of power sales to the national grid, while reducing purchases of electricity for one of the paper mills. Power sales decreased in volume (MWh) by 22.4%. Several effects of energy purchase and sales, and the decrease in fuel purchase, mostly natural gas, have pulled the EBITDA down by about 8.1 million euros in relation to the same period in 2015.

In the **tissue** business unit, sales volume of goods and merchandise from the Vila Velha de Ródão plant grew approximately 27% in the first 9 months of 2016 (in tons sold), 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 close to 50 million euros.

The Navigator Group's EBITDA evolved favourably to 301.5 million euros in the first 9 months of 2016, which represents an increase of around 2.6% compared to the same period of the previous year and represents an improvement in the margin of 1.7 pp to 26.1%.

On the inputs side, the average purchase price of wood for the Group increased. Although the specific consumption improved, the rise in the consumption of imported wood and the deterioration of the supply mix caused the overall cost of purchase to rise. The import of wood from the Iberian Peninsula and outside is still necessary to make up for the gaps in the domestic market, while forest activity was also affected by this summer's wild fires.

Equal to the first half of the year, logistical costs for paper were brought down due to falling oil prices, increased use of ports closer to the mills (Setúbal and Figueira) and improvements in cross-cutting procedures and greater efficiency in the Group's trade operations.

Personnel costs grew by approximately 5.2 million euros in relation to the first 9 months of 2015, which was expected as the workforce increased by 401, to a total of 3,063 employees by the end of September, 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 and other non-recurrent impacts, personnel costs comparing 2015 to 2016 would have decreased by around 0.8 million euros, i.e. less 1%.

In addition to the operating performance described above, EBITDA in the period is the result of several non-recurrent elements, namely:

- Revaluation of biological assets in Portugal had a positive impact of around 10.5 million euros, resulting essentially from the adjustment of the discount rate;
- Impairment of biological assets in Mozambique brought down EBITDA by 3.5 million euros (the total amount of impairments in Mozambique was approximately 18 million euros, with the outstanding amount recognised under Depreciation, amortisation and impairments).
- The fire at the tissue mill in Vila Velha de Ródão in May impacted EBITDA negatively by 2.4 million euros;
- The indemnity payments received for the breakdown of TG3 e TG4 in Cacia in 2015 added 2.3 million euros to EBITDA.

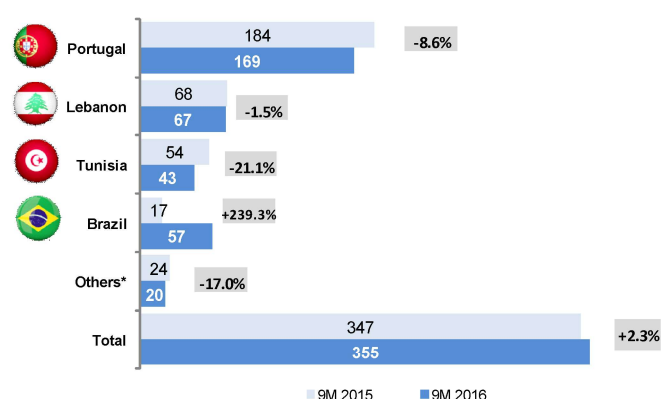
The EBITDA in the first 9 months of 2016, the impact of the aforementioned non-recurrent elements aside, was approximately the same compared to the same period in the previous year.

3.2 CEMENT AND DERIVATIVES BUSINESS AREA

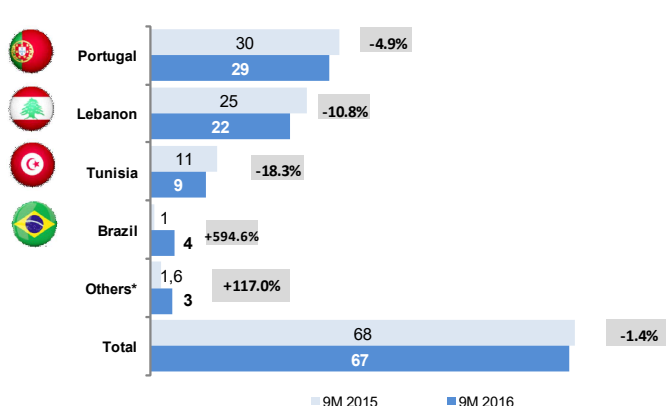
IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.
Sales	355.2	347.3	2.3%
EBITDA	67.0	68.0	-1.4%
EBITDA Margin (%)	18.9%	19.6%	-0.7 p.p.
Depreciation and impairment losses	(41.9)	(32.4)	-29.1%
Provisions (increases and reversals)	0.6	(2.2)	128.5%
EBIT	25.8	33.4	-22.8%
EBIT Margin (%)	7.3%	9.6%	-2.4 p.p.
Net financial profit	(27.8)	(34.5)	19.6%
Pre-tax profit	(2.0)	(1.2)	-70.7%
Tax on profits	2.0	(3.2)	161.6%
Retained profits for the period	(0.0)	(4.3)	99.1%
Attributable to Secil equity holders	(6.1)	(10.6)	42.4%
Attributable to non-controlling interests (NCI)	6.0	6.2	-2.9%
Cash-flow	41.2	30.3	36.2%
	30-09-2016	31-12-2015	Sep 16 vs. Dec 15
Equity (before NCI)	439.1	426.1	3.0%
Net debt	496.5	457.4	8.6%

(million euros)

TURNOVER



EBITDA



* includes Angola and Cape Verde

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

in 1 000 t	9M 2016	9M 2015	Var.
Annual cement production capacity	9,750	9,750	0%
Sales			
Grey cement	3,845	3,456	11%
White cement	61	61	-1%
Clinker	351	324	8%
Aggregates	1,880	1,556	21%
Precast concrete	45	21	108%
Mortars	82	77	6%
Hydraulic lime	6	20	-68%
Mortar fixative	18	12	57%
in 1 000 m3			
Ready-mixed	909	1,005	-10%

In the first 9 months of 2016, the turnover in the Cement business area was 355.2 million euros, 2.3% 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 positive impact on turnover, which in the first 9 months of 2016 amounted to 57.1 million euros in this part of the World.

EBITDA stood at 67.0 million euros, which translated into a decrease of around 0.9 million euros in relation to same period in 2015. EBITDA dropped essentially as a result of operations in Portugal, where this indicator decreased around 1.5 million euros, and in Lebanon, where it dropped 2.7 million euros. In the first 9 months of 2016, the EBITDA margin stood at 18.9%, 0.7 p.p. down on the same period in the previous year.

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 1.1% growth is seen for 2016 (Bank of Portugal – October 2016 Economic Bulletin). The Construction Production Index (INE –Indices of Production, Employment and Remuneration in Construction – August 2016) was down by 3.7% in August 2016, on a year-on-year basis.

According to the latest figures available, cement consumption in mainland Portugal was down by 5.2% year on year. It is thus estimated that the market reached approximately 1.9 million tons.

In this environment, turnover for overall operations in Portugal during the first 9 months of 2016 was down by 8.6% compared to the previous year, totalling 168.6 million euros.

In the *Cement* business in Portugal, including sales in Portugal and exports, although the amounts sold in the domestic market increased 2.8% in relation to figures in the first 9 months of 2015, the quantities sold for export dropped around 6.7%, compared to the same period in 2015. Consequently, the turnover of the whole unit dropped 4.6%, resulting in 112.8 million euros in the first 9 months of 2016. This was mostly the 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 9 months of 2016 stood at approximately 55.7 million euros, down by 15.7% in relation to the same period of the previous year.

Mention should be made to the *Ready-mix concrete* business unit, which dropped 26.6% in comparison with the same period of 2015, with turnover amounting to 34.4 million euros in the first 9 months of 2016, resulting from less amounts sold once the Marão Tunnel project was completed. Additionally, sales in the first 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 and 3rd quarter, which helped accumulated sales on September 2016 to pick up slightly compared to the same period in 2015 (excluding the Marão Tunnel effect).

In the first 9 months of 2016, EBITDA for total operations in Portugal was down by 4.9% over the same period in 2015, at 28.7 million euros vs. 30.2 million euros.

The *Cement* business unit in Portugal recorded EBITDA of 25.8 million euros, slightly up on the figure recorded in the first 9 months of 2015. This includes CO₂ license sales (in September 2016, 2.4 million euros of gains were recorded, whereas in the same period of the previous year sales had amounted to 1.6 million euros) 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 and Others* business units was approximately 2.9 million euros, against 4.5 million euros over the same period in the last year.

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. According to the latest figures published by the IMF, the Lebanese economy is expected to grow by 1% in 2016, as was the case in 2015 (World Economic Outlook, IMF October 2016).

As regards cement consumption in the first 9 months of 2016, the market grew 7.6%, unlike what happened in 2015. This was due to more favourable weather conditions in the first quarter of 2016 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 dropped in the third quarter of 2016.

Turnover on combined operations in Lebanon decreased 1.5% compared to the same period in the previous year, amounting to around 67.3 million euros.

The sales of *Cement and Clinker* totalled 823 thousand tons, up by 1.0% compared to the same period in 2015. The competitive nature of the market has been challenging, reflecting in the 2.6% fall of average prices in the local currency. Turnover dropped by approximately 0.7%, totalling 62.3 million euros.

The turnover of the *Concrete* business unit in the first 9 months of 2016 dropped 11.1%, to 5.0 million euros, with a performance below that of the same period in the previous year, as a result of the decrease in the amounts sold by around 3.3% and the drop in sales price.

In the first 9 months of 2016, total EBITDA from operations in Lebanon stood at 22.3 million euros, down by 10.8% in relation to the previous year.

The drop in EBITDA arose from less clinker and cement produced. Clinker production was down due to the programmed shut down of line 2 in Q1 to fit in the bag filter. The *Cement* unit recorded EBITDA of 22.1 million euros, down by 9.8% over the figure recorded in the same period in 2015.

In **Tunisia**, after the political transition, the economic transformation required to ensure sustained growth remains to be concluded. According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 1.5% in 2016, above the 0.8% figure registered in 2015 (World Economic Outlook, IMF October 2016).

The climate of uncertainty impacted cement consumption, which dropped about 3.7% in the first 9 months 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 9 months of 2016 stood at approximately 42.7 million euros, representing a 21.1% fall on a year-on-year basis.

The turnover of the *Cement and Clinker* business unit dropped approximately 23.5%, and stood at 37.1 million euros, due to the decrease in turnover in the domestic and external market. Amounts sold were down by about 9.6% in the domestic market and exports were down by 45.9%. The aforementioned constraints and greater competition determined the pace of sales of this unit.

The turnover of the *Concrete* business unit in the first 9 months of 2016 dropped 1.8% to 5.3 million euros, with a performance below that of the same period in the previous year. As a result, the amounts sold rose around 6.2% and the sales price dropped.

EBITDA from business operations in Tunisia in the first 9 months of 2016 stood at 8.7 million euros, down by 18.3% in comparison with the same period of the previous year. It should be noted that 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.

The outlook for 2016 for **Angola** is gloomy. The IMF expects the Angolan economy to not grow in 2016 (World Economic Outlook, IMF October 2016). 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, maintain a rather negative image for the construction and public works sector.

The cement market in Angola was not immune to these difficulties and in the first 9 months of 2016 it had dropped around 31.8%, 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 20.7% in relation to the same period of the previous year, amounting to 122.5 thousand tons of cement sold. This decrease was due to market contraction, considering the current conditions of the Angolan economy. Turnover amounted to 14.8 million euros in total, down by 21.3% compared to the first 9 months of 2015. This decrease is negatively influenced by the depreciation of the kwanza against the euro by 6.2 million euros. The exchange rate effect aside, the turnover would have been 12% more than in the first 9 months of 2015, as the sales price increased significantly (+48%), 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. Such improvement helped to offset the rise in variable unit costs due to: i) higher clinker import cost (arising from the devaluation of the kwanza); and ii) significantly higher energy and fuel costs.

The combined effect of the factors previously mentioned resulted in the improvement of the EBITDA, which reached 2.4 million euros in the first 9 months of 2016, compared to 1.1 million euros in the same period of the previous year.

The economy of **Cape Verde** is expected to grow by 3.6% in 2016, a value higher than the 1.8% recorded in 2015 (World Economic Outlook, IMF October 2016). According to available data, cement consumption in the first 9 months of 2016 is believed to have grown 15% in relation to the same period of the previous year.

Turnover for combined operations in this country in the first 9 months of 2016 stood at approximately 4.7 million euros, representing a 0.1% fall on a year-on-year basis. EBITDA amounted to 1.0 million euros, representing an increase of 116.8%.

In the 9 months of 2016, the effect of the consolidation of all activities in **Brazil** developed by the Supremo Group¹ on turnover was of 57.1 million euros. EBITDA stood at 3.9 million euros in the same period.

¹ 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.

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)	9M 2016	9M 2015	Var.
Sales	57.1	42.4	34.8%
EBITDA	3.9	(2.9)	>100%
EBITDA Margin (%)	6.8%	-6.8%	13.6 p.p.
Depreciation and impairment losses	(8.5)	(4.8)	-76.4%
Provisions (increases and reversals)	(0.1)	(0.0)	<-100%
EBIT	(4.7)	(7.7)	39.0%
EBIT Margin (%)	-8.3%	-18.3%	10.0 p.p.
Net financial profit	(10.3)	(21.0)	50.9%
Profit before tax	(15.0)	(28.7)	47.7%
Tax on profits	2.7	8.1	-67.0%
Retained profits for the period	(12.4)	(20.6)	40.1%
Attributable to Supremo equity holders	(12.4)	(20.6)	40.1%
Attributable to minority interests (MI)	-	-	
Cash-flow	-3.7	-15.8	76.2%
	30-09-2016	31-12-2015	Sep 16 vs. Dec15
Equity (before MI)	162.6	151.1	7.6%
Net debt	143.5	121.0	18.6%

Recent IMF projections point to a contraction of the Brazilian economy of 3.3% in 2016 (World Economic Outlook, IMF, October 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 context, the construction industry was naturally affected: less works and projects, with an impact on cement consumption. Recent information (SNIC – September 2016) about the cement market in Brazil suggests a drop in the market in the first 9 months of 2016 of around 12.9%. In the south of Brazil, the core market of the Supremo Group, the decrease amounted to 4.7%.

In the first 9 months of 2016, total operations by the Supremo Group generated turnover of 57.1 million euros, of which 47.9 million euros from cement and clinker and 9.2 million euros from ready-mixed concrete. It should be noted that the Adrianópolis plant began production only in late April 2015 and, consequently, the average daily sales volume increased. During the period under analysis, 851.6 thousand tons of cement and clinker and 161 thousand tons of ready-mixed concrete were sold.

In the first 9 months of 2016, EBITDA stood at 3.9 million euros, compared to a negative figure of 2.9 million euros in the same period of the previous year.

When the new plant began operating, depreciation rose from 4.8 million euros in the first 9 months of 2015 to 8.5 million euros at the end of the first 9 months of 2016.

Net financial charges of the Supremo Group stood at a negative figure of 10.3 million euros at the end of the third quarter of 2016 vs. the negative value of 21 million euros on the same period in the previous year, positively influenced by foreign exchange gains.

Consequently, net income for the first nine months of 2016 totalled the negative figure of 12.4 million euros, representing an improvement of around 8.3 million euros compared to the same period in the previous year.

At the end of the third quarter of 2016, net debt of the Supremo Group amounted to 143.5 million euros, which translated an increase of 22.5 million euros compared to the figure on 31 December 2015, mostly due to the adverse foreign exchange evolution.

3.3 ENVIRONMENT BUSINESS AREA

IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.
Turnover	18.9	19.3	-1.9%
EBITDA	4.8	5.6	-14.1%
EBITDA margin (%)	25.2%	28.8%	-3.6 p.p.
Depreciation and impairment losses	(2.2)	(2.2)	-0.7%
Provisions (increases and reversals)	-	(0.1)	100.0%
EBIT	2.6	3.3	-22.2%
EBIT margin (%)	13.6%	17.1%	-3.5 p.p.
Net financial profit	(0.5)	(0.7)	27.2%
Profit before tax	2.1	2.6	-20.9%
Tax on profits	(0.5)	(0.2)	-220.4%
Retained profits for the period	1.6	2.5	-36.8%
Attributable to ETSA shareholders	1.6	2.5	-36.8%
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	3.8	4.7	-20.3%
	30-09-2016	31-12-2015	Sep 16 vs. Dec15
Equity (before NCI)	64.1	62.5	2.5%
Net debt	17.5	18.1	-3.8%

Notes:

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

The ETSA Group recorded turnover of 18.9 million euros in the first 9 months of 2016, down by around 1.9% in comparison with the same period in 2015.

The reduction is the result of less 6.0% of consolidated services delivered, mostly due to the Government's decision to cancel temporarily and exceptionally the official SIRCA collection from 26 August to 4 October.

In the first 9 months of 2016, the EBITDA of the ETSA Group totalled about 4.8 million euros, which represented a decrease of around 14.1% compared to the same period of 2015, in spite of the rise in the collection and production/processing activity, cumulatively due to: i) the suspension of the SIRCA service, ii) narrower commercial margins of sales, caused by the rise in the cost of raw materials year on year and iii) the reduction in the cost of thermal and mineral fuels used in the industrial conversion process and transport of by-products.

The EBITDA margin stood at 25.2%, down by around 3.6 p.p. over the margin for the same period of 2015.

Net Debt did not drop more since the debt overdue by the Portuguese State on 30 September 2016, concerning the services delivered since December 2015 and until July 2016, amounted to approximately 3.8 million euros.

3.4 HOLDINGS (SEMAPA SGPS AND INSTRUMENTAL SUB-HOLDINGS)

IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.
EBITDA	1.0	(6.4)	115.6%
Depreciation and impairment losses	(0.1)	(0.2)	13.2%
Provisions (increases and reversals)	-	5.5	-100.0%
EBIT	0.9	(1.1)	178.7%
Net financial profit	(12.1)	(24.0)	49.5%
Profit before tax	(11.3)	(25.1)	55.2%
Tax on profits	(0.1)	(4.9)	97.7%
Retained profits for the period	(11.4)	(30.0)	62.1%
Attributable to Semapa shareholders	(11.4)	(30.0)	62.1%
Cash-Flow	-11.2	-35.3	68.2%
	30-09-2016	31-12-2015	Sep 16 vs. Dec15
Net debt	602.5	673.0	-10.5%

In the first 9 months of 2016, EBITDA of the holdings amounted to 1 million euros, comparing favourably with the negative amount of 6.4 million euros for the same period of the previous year. Note that in the same period in 2015, EBITDA had been negatively impacted by the reclassification of balance sheet gratuities, referred to 2014, paid after the decision adopted at the Annual General Meeting in 2015, for personnel costs by virtue of the accounting standards in force.

4 CONSOLIDATED FINANCIAL PERFORMANCE

CONSOLIDATED NET DEBT

(million euros)	30-09-2016	31-12-2015	Var.
Pulp and Paper	723.4	654.5	68.9
Cement	496.5	457.4	39.1
Environment	17.5	18.1	-0.7
Holdings	602.5	673.0	-70.5
Total	1,839.9	1,803.0	36.9

At 30 September 2016, consolidated net debt stood at 1,839.9 million euros, representing an increase of 36.9 million euros from the figure recorded at year-end 2015. Turnover by business area was as follows:

- Pulp and paper: +68.9 million euros, including investments of about 100.6 million euros and the payment of dividends of 170 million euros;
- Cement: +39.1 million euros, reflecting the value of foreign currency denominated debt which increased by 18.3 million euros and the contribution paid to the sellers of Supremo (21 million euros);
- Environment: -0.7 million euros; and
- Holdings: -70.5 million euros, resulting namely from Navigator dividends received following the purchase of own shares, corporate income tax (IRC) and dividend payments.

FINANCIAL RESULTS

In the first 9 months of 2016 financial results amounted to a negative figure of 57.0 million euros, an improvement of 45.3% in relation to the figure recorded in the same period in the previous year. The positive variation of 47.1 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;
- Interest accrued as a result 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. In September 2015, Navigator had already repaid 200 million euros of the bonds issued, of which 16.2 million euros in costs were recorded in the third quarter of 2015.

CONSOLIDATED NET INCOME

Consolidated net income in the first 9 months of 2016 attributable to shareholders of Semapa was 71.6 million euros, which represents an improvement of 8.7% compared to the same period in the previous year. Net income per share stood at 0.883 euros, representing a rise of 35.2% on the same period of the previous year, partly explained by the cancellation of shares after the third quarter of 2015.

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

- An increase in total EBITDA of approximately 13.2 million euros;
- An increase in depreciation and impairment losses of 35.1 million euros, reflecting essentially upwards adjustment of the depreciation of some of the Navigator Group's assets and the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão, and the full consolidation of Supremo. This caption also includes a number of non-recurrent 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;
- Increase of provisions with a value of 14.2 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 47.1 million euros, in relation to the previous year;
- An increase of about 3.7 million euros in income taxes, due essentially to the fact that deferred tax assets related to Semapa's tax losses were reversed, compared to the same period in the previous year.
- 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 completed in July 2015.

5 SHARE PRICE PERFORMANCE



Note: Closing market prices

The first nine months of 2016 presented a degree of risk aversion and a high level of volatility. The markets reacted to a series of factors, including 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, 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 nine months with net losses, in spite of the recovery in the third quarter. The PSI20 was down by approximately 13.5% 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. The Italian stock exchange index, the FTSE MIB, performed negatively and ended the first 9 months of 2016 with a 23.4% loss. The UK stock exchange did not cease to surprise, as the FTSE ended the period with a 10.5% gain. 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 in the first nine months of 2016.

In this context, the value of Semapa shares in the period decreased 10.3%, above PSI20 average (-13.5%). The Semapa stock value reached a high of 13.00 euros on 13 January, and a low of 9.661 euros on 27 June.

6 OUTLOOK

The IMF outlook for global growth for the remaining months of 2016 and 2017 remains pessimistic. 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, much below ECB projections for the euro area (1.7%). After a 1.5% growth in GDP in 2015, a 1.1% growth is seen for 2016 (Bank of Portugal – October 2016 Economic Bulletin). 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

On the side of the **paper** business, European manufacturers are still under much pressure from competition due to increasing imports from the Asian market. Such pressure, alongside the drop in paper pulp prices and decreasing prices of non-integrated paper manufacturers, brought overall market prices down. Navigator also made adjustments to the prices of its products, which will produce effects mostly from the fourth quarter onwards. In this difficult setting, the Group continues to act on the variables within their power, reducing costs, diversifying and broadening its sales base, resorting to multi-channel campaigns to enhance its brands.

In the **pulp** market, some pressure factors felt since the beginning of the year persist, in particular the strong growth in supply estimated for 2016, 2017 and 2018. However, the following are some of the factors which may impact the market positively: possible delay in placing short and long fibre capacity, the growing price differential between short fibre and long fibre pulp, strong pulp purchases in China and closing obsolete capacity by Chinese authorities.

Concerning the project for increasing the pulp capacity, in Figueira da Foz, the pre-engineering studies made during the third quarter were finished, favourably confirming the viability of this option. The project has an estimated amount of global investment of around 82 million euros and envisages enhancing capacity from

70 thousand tons a year to a total capacity of 650 thousand tons of BEKP pulp. The progression of this investment is still pending clarification of additional conditions, namely the availability and access to raw material.

In the Iberian **tissue** market, tendencies in the wider economy in Portugal and Spain, and their impact on consumption, will be crucial to successful performance in this sector in the coming months.

The Colombo Energy project for a new **pellet** mill in the US (in Greenwood, South Carolina) has begun continuous operations and the first shipment will be exported to Europe in the fourth quarter. The preliminary trials for the quality control of the finished product were positive, hinting at premium quality and high calorific fuel. Having secured 10 years of sales corresponding to 40% of the plant's capacity, commercial efforts are still pursued in the industrial market (Europe and possibly Japan/Korea) and in the residential market (Europe and the United States).

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. The country's political and economic environment remains unstable, translating into movement restrictions and safety concerns for staff and the service providers involved in the project, with manifest harm to the pace of operations.

Nonetheless, during the first 9 months of 2016, forestation operations were well underway and 4,400 ha have been planted in Zambézia, mainly backed by the production of plants by Luá Forest Nursery, which has supplied to date, in 2016, more than 5,3 million cloned eucalyptus saplings. Total area planted to date is estimated at 10,800 ha, 9,100 ha of which in Zambézia. At the same time, the first year of the Social Development Plan was completed successfully, which enabled the implementation on the ground of several support initiatives for families and communities covered by this Project, which are one of the core pillars of the Group's investment and commitment in Mozambique.

A pilot operation for the export of eucalyptus wood chips from Zambézia through the port of Nacala has been put in place, which will be assessing the mandatory legal procedures for licensing the operation, the service-delivery capacity and the reliability of the country's logistics.

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 coming months, either in the domestic

market or in the case of exports, as the economy of the main destination markets is dependent on oil price fluctuations.

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 1.5% growth of the economy is the forecast for **Tunisia**. However, economic growth prospects remain very uncertain due to the unstable environment. Competition should continue intense and increased pressure on sales prices is expected (in the domestic and foreign markets).

The outlook in 2016 for **Angola** is gloomy, as the IMF is not expecting any economic growth in 2016. Although the cement market is expected to drop in 2016, increasing costs will impact clinker producers more than Secil 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 3.3%. 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 sector 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 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 54.6% of total accrued sales on 30 September 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, 27 October 2016

THE BOARD OF DIRECTORS

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Vítor Manuel Galvão Rocha Novais Gonçalves

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PART 2

CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

SEPARATE CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 AND 2015

Amounts in Euro	Note	9M 2016 (unaudited)	9M 2015 (unaudited)	3rd Quarter 2016 (unaudited)	3rd Quarter 2015 (unaudited)
Revenues					
Sales	4	1,514,861,073	1,546,487,840	501,817,616	534,095,160
Services rendered	4	14,618,513	24,352,826	4,842,391	7,038,951
Other income					
Gains on disposal of non-current assets	5	1,916,609	437,620	1,426,148	108,499
Other operating income	5	45,923,586	39,622,905	13,449,327	13,020,461
Change in fair value of biological assets		10,579,146	(2,124,969)	3,640,900	(1,783,073)
Costs, expenses and losses					
Cost of inventories sold and consumed	6	(607,695,904)	(642,596,289)	(192,147,285)	(218,760,974)
Variation in production	6	14,481,560	32,760,520	9,819,248	17,403,806
Cost of materials and services consumed	6	(415,073,691)	(439,478,099)	(145,095,113)	(148,796,745)
Payroll costs	6	(177,862,064)	(166,977,795)	(56,137,499)	(53,612,763)
Other costs and losses	6	(27,420,228)	(31,385,890)	(7,749,448)	(11,642,206)
Provisions	6	(2,347,472)	11,856,987	(218,766)	1,844,081
Depreciation, amortisation and impairment losses	7	(176,191,357)	(141,103,684)	(57,844,016)	(50,845,444)
Operational results		195,789,771	231,851,972	75,803,503	88,069,753
Group share of (loss)/gains of associated companies and joint-ventures		1,309,694	(4,312,668)	165,004	30,915
Net financial results	8	(58,294,614)	(99,805,140)	(17,438,506)	(53,789,227)
Profit before tax		138,804,851	127,734,164	58,530,001	34,311,441
Income tax	9	(22,677,523)	(26,360,101)	(16,743,932)	(5,315,377)
Net profit		116,127,328	101,374,063	41,786,069	28,996,064
Net profit for the period					
Attributable to Semapa shareholders		71,554,484	65,855,485	24,262,940	14,611,147
Attributable to non-controlling interests	11	44,572,844	35,518,578	17,523,129	14,384,917
Earnings per share					
Basic earnings per share, Eur	10	0.880	0.618	0.299	0.129
Diluted earnings per share, Eur	10	0.880	0.618	0.299	0.129

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 AND 2015

Amounts in Euro	Note	9M 2016 (unaudited)	9M 2015 (unaudited)	3rd Quarter 2016 (unaudited)	3rd Quarter 2015 (unaudited)
Net profit for the period without non-controlling interests		116,127,328	101,374,063	41,786,069	28,996,064
Items that may subsequently be reclassified to the income statement					
Derivative financial instruments					
Fair value changes	22	(8,046,581)	106,974	(1,467,612)	(1,245,597)
Tax on items above when applicable	18	2,747,292	688,418	403,592	59,205
Currency translation differences	17	10,656,554	(23,808,290)	(17,788,797)	(37,811,702)
Share of other comprehensive income of associates		(2,194,734)	-	-	-
Items that will not be reclassified to the income statement					
Remeasurements of post employment benefit obligations					
Actuarial gains / (losses)		(752,130)	(15,390,459)	2,471,883	(1,864,954)
Tax on items above when applicable	18	(498,316)	874,443	(396)	60
Other comprehensive income for the period		1,912,085	(37,528,914)	(16,381,330)	(40,862,988)
Total comprehensive income for the period		118,039,413	63,845,149	25,404,739	(11,866,924)
Attributable to:					
Semapa's shareholders		80,489,969	24,881,098	10,453,684	(25,852,825)
Non-controlling interests		37,549,444	38,964,051	14,951,055	13,985,901
		118,039,413	63,845,149	25,404,739	(11,866,924)

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

Amounts in Euro	Note	30-09-2016 (Unaudited)	31-12-2015
Assets			
Non-current assets			
Goodwill	12	349,139,870	335,643,370
Other intangible assets		290,694,031	296,675,604
Property, plant and equipment	13	2,309,274,376	2,336,937,941
Investment properties		964,528	978,621
Biological assets		127,576,074	116,996,927
Investment in Associates and joint-ventures	14	3,815,046	3,403,708
Financial assets at fair value through profit or loss		47,258	342,968
Available-for-sale financial assets		260,486	229,136
Deferred tax assets	18	76,249,641	74,480,542
Other non-current assets		9,344,900	6,777,734
		3,167,366,210	3,172,466,551
Current assets			
Inventories		340,287,426	309,759,678
Receivable and other current assets	15	300,778,032	309,595,216
State and other public entities		106,215,856	69,012,939
Non-current assets held for sale		1,037,909	1,199,597
Cash and cash equivalents	20	163,142,415	206,255,764
		911,461,638	895,823,194
Total Assets		4,078,827,848	4,068,289,745
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	16	81,270,000	81,645,523
Treasury shares	16	(6,036,401)	(53,116)
Share premiums		-	3,923,459
Translations reserves	17	(51,685,245)	(65,903,206)
Fair value reserves	17	(7,876,631)	(4,921,087)
Other reserves	17	717,616,946	665,696,408
Retained earnings	17	(44,728,787)	(45,580,416)
Net profit for the period		71,554,484	81,530,041
Consolidated Shareholder's equity		760,114,366	716,337,606
Non-controlling interests	11	386,953,435	415,289,455
Total Equity		1,147,067,801	1,131,627,061
Non-current liabilities			
Deferred tax liabilities	18	297,829,996	305,515,909
Pensions and other post-employment benefits		4,710,402	4,667,743
Provisions	19	96,954,859	104,230,815
Interest-bearing liabilities	20	1,844,815,605	1,497,214,815
Other non-current liabilities		39,256,640	43,480,192
		2,283,567,502	1,955,109,474
Current liabilities			
Interest-bearing liabilities	20	158,230,110	512,032,570
Payables and other current liabilities	21	345,874,756	358,185,023
State and other public entities		144,014,763	111,257,640
Non - current liabilities held for sale		72,916	77,977
		648,192,545	981,553,210
Total Liabilities		2,931,760,047	2,936,662,684
Total equity and liabilities		4,078,827,848	4,068,289,745

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016 AND 1 JANUARY 2015 TO 30 SEPTEMBER 2015

Amounts in Euro	Share Capital	Treasury Shares	Share Premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 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	-	-	-	-	51,586,337	-	-	(51,586,337)	-	-	-
- Dividends paid	-	-	-	-	11,822	-	-	(26,736,183)	(26,724,361)	-	(26,724,361)
- Profit-sharing bonuses reclassified to payroll costs	-	-	-	-	-	-	-	(3,207,520)	(3,207,520)	-	(3,207,520)
Treasury shares acquisitions	-	(9,959,889)	-	-	-	-	-	-	(9,959,889)	-	(9,959,889)
Extinction of treasury shares	(375,523)	3,976,604	-	-	(3,601,081)	-	-	-	-	-	-
Capital increase	35,758,800	-	(3,923,459)	-	(31,835,341)	-	-	-	-	-	-
Capital decrease	(35,758,800)	-	-	-	35,758,800	-	-	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(61,010,660)	(61,010,660)
Income and expenses recognized directly in equity*	-	-	-	(2,955,544)	-	14,217,961	(2,326,931)	-	8,935,486	(7,023,400)	1,912,086
Acquisitions / Disposals to non-controlling interests	-	-	-	-	-	-	473	-	473	-	473
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	-	(2,953,592)	(2,953,592)
Other movements	-	-	-	-	-	-	3,178,087	-	3,178,087	(1,921,212)	1,256,874
Profit for the year	-	-	-	-	-	-	-	71,554,484	71,554,484	44,572,844	116,127,328
Equity as of 30 September 2016	81,270,000	(6,036,401)	-	(7,876,631)	717,616,945	(51,685,245)	(44,728,785)	71,554,485	760,114,368	386,953,435	1,147,067,801

* Net of deferred taxes

Amounts in Euro	Share Capital	Treasury Shares	Share Premiums	Fair value reserves	Other reserves	Translation reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Capital próprio em 1 de janeiro de 2015	118,332,445	(108,444,835)	3,923,459	(10,076,983)	1,033,462,267	(46,975,997)	(202,619,762)	112,797,846	900,398,440	336,424,414	1,236,822,853
Application of 2014 profit of the year:											
- Transfer to reserves	-	-	-	-	72,858,670	-	-	(72,858,670)	-	-	-
- Dividends/reserves paid	-	-	-	-	-	-	-	(39,939,176)	(39,939,176)	-	(39,939,176)
Extinction of treasury shares	(36,686,922)	108,391,719	-	-	(376,791,931)	-	-	-	(305,087,134)	-	(305,087,134)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(63,059,496)	(63,059,496)
Income and expenses recognised directly in equity*	-	-	-	859,966	-	(29,832,908)	(12,001,444)	-	(40,974,386)	3,445,472	(37,528,914)
Acquisitions / Disposals to non-controlling interests	-	-	-	-	-	-	160,386,876	-	160,386,876	124,504,432	284,891,308
Changes in consolidation perimeter	-	-	-	-	-	-	-	-	-	7,040,967	7,040,967
Other movements	-	-	-	1,735,427	-	(1,766,679)	31,254	-	2	(36,207)	(36,206)
Net profit for the period	-	-	-	-	-	-	-	65,855,485	65,855,485	35,518,578	101,374,063
Equity as of 30 September 2015	81,645,523	(53,116)	3,923,459	(7,481,590)	729,529,006	(78,575,584)	(54,203,076)	65,855,485	740,640,107	443,838,160	1,184,478,265

* Net of deferred taxes

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 AND 2015

Amounts in Euro	9M 2016 (unaudited)	9M 2015 (unaudited)	3rd Quarter 2016 (unaudited)	3rd Quarter 2015 (unaudited)
OPERATING ACTIVITIES				
Receipts from customers	1,662,736,031	1,620,830,502	553,631,064	561,719,113
Payments to suppliers	(1,285,835,644)	(1,271,659,272)	(415,581,857)	(421,158,892)
Payments to personnel	(134,089,166)	(128,212,469)	(41,397,924)	(38,307,486)
Cash flow from operations	242,811,221	220,958,761	96,651,283	102,252,735
Income tax received / (paid)	(20,750,503)	1,376,969	(735,573)	2,709,917
Other receipts / (payments) relating operating activities	14,886,668	(6,485,174)	3,943,839	(43,960,507)
Cash flow from operating activities (1)	236,947,386	215,850,556	99,859,549	61,002,145
INVESTING ACTIVITIES				
Inflows:				
Financial investments	4,707,612	727,951	4,438,520	639,185
Property, plant and equipment	258,406	830,373	237,500	(410,158)
Interest and similar income	3,392,639	428,465	2,009,917	(1,603,346)
Dividends	868,684	1,505,827	-	-
	9,227,341	3,492,616	6,685,937	(1,374,319)
Outflows:				
Financial investments	(29,578,533)	(148,050,737)	(1,588,205)	(175,432)
Cash and cash equivalents - changes in consolidation perimeter	42,149	15,078,447	29,485	3,458,313
Property, plant and equipment	(80,572,457)	(86,448,993)	(22,363,839)	(52,097,732)
	(110,108,841)	(219,421,283)	(23,922,559)	(48,814,851)
Cash flow from investing activities (2)	(100,881,500)	(215,928,667)	(17,236,622)	(50,189,170)
FINANCING ACTIVITIES				
Inflows:				
Proceeds from borrowings	4,426,150,188	3,458,046,040	1,158,232,014	1,279,847,648
	4,426,150,188	3,458,046,040	1,158,232,014	1,279,847,648
Outflows:				
Repayments of borrowings	(4,443,775,413)	(3,678,896,747)	(1,209,509,542)	(1,247,758,695)
Repayment of financial leases	(714,547)	(580,256)	(202,501)	(148,737)
Interest and similar expenses	(60,740,422)	(103,232,683)	(15,240,716)	(53,399,426)
Dividends	(86,976,875)	(103,050,698)	(599,824)	(357,128)
Treasury shares acquisitions	(9,959,889)	-	(678,495)	-
	(4,602,167,146)	(3,885,760,384)	(1,226,231,078)	(1,301,663,986)
Cash flow from financing activities (3)	(176,016,958)	(427,714,344)	(67,999,064)	(21,816,338)
CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)	(39,951,072)	(427,792,455)	14,623,863	(11,003,363)
EXCHANGE GAINS / (LOSSES) ON CASH AND CASH EQUIVALENTS	(3,162,276)	14,536,420	641,261	7,396,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	206,255,763	602,971,772	147,877,291	193,322,725
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	163,142,415	189,715,737	163,142,415	189,715,737

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SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 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: : Euros 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.), Secil - Companhia Geral de Cal e Cimento, S.A. and ETSA – Investimentos, SGPS, S.A..

These consolidated financial statements were approved by the Board of Directors on 27 October 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. BASIS OF PREPARATION

The interim consolidated financial statements for the nine months period ended 30 September 2016 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

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 25), 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. Plant, property and equipment acquired previously to 1 January 2004 are measured under its revalued amount.

The following notes were selected in order to allow a full understanding of the most significant changes on the consolidated financial position and performance of the group since the last annual report as of 31 December 2015.

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. 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 for the period in comparison, the results (50%) were recognised by the equity accounting method.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent to those used in the preparation of the financial statements as of 31 December 2015 and stated in the respective attached notes.

3. ESTIMATES AND JUDGMENTS

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

These estimates are influenced by the Group's management 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 can be different from those estimates.

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.

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

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
Results					
Revenue	1,155,393,736	355,170,858	18,914,992	-	1,529,479,586
Operational results	166,573,881	25,787,762	2,568,684	859,444	195,789,771
Net financial results (Note 8)	(16,619,934)	(29,084,758)	(477,640)	(12,112,282)	(58,294,614)
Group share of (loss) / gains of associated companies and joint ventures (Note 14)	-	1,309,694	-	-	1,309,694
Income tax expense (Note 9)	(23,992,818)	1,950,039	(522,511)	(112,233)	(22,677,523)
Profit for the year	125,961,129	(37,263)	1,568,533	(11,365,071)	116,127,328
Profit for the year - Attributable to non-controlling interest	(38,526,404)	(6,046,264)	(176)	-	(44,572,844)
Profit for the year - Attributable to Semapa's Shareholders	87,434,725	(6,083,527)	1,568,357	(11,365,071)	71,554,484
Other information					
Segment assets	2,342,781,563	1,520,720,092	91,708,349	123,617,844	4,078,827,848
Deferred tax assets (Note 18)	46,084,156	30,051,286	114,199	-	76,249,641
Investment in associates and joint ventures (Note 14)	-	3,815,046	-	-	3,815,046
Total segment liabilities	1,355,043,425	992,082,199	27,625,633	557,008,790	2,931,760,047
Depreciation, amortisation and impairment losses (Note 7)	131,972,605	41,867,306	2,206,769	144,677	176,191,357
Provisions (Note 19)	2,961,513	(614,041)	-	-	2,347,472
Capital expenditures (Note 13)	107,005,454	15,328,071	1,128,646	47,476	123,509,647

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

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Consolidated
Results					
Revenue	1,204,317,598	347,250,196	19,272,872	-	1,570,840,666
Operational results	196,257,767	33,384,670	3,300,953	(1,091,418)	231,851,972
Net financial results (Note 8)	(44,906,875)	(30,236,518)	(656,255)	(24,005,492)	(99,805,140)
Group share of (loss) / gains of associated companies and joint ventures	-	(4,312,668)	-	-	(4,312,668)
Income tax expense (Note 9)	(18,137,904)	(3,166,392)	(163,099)	(4,892,706)	(26,360,101)
Profit for the year	133,212,988	(4,330,908)	2,481,599	(29,989,616)	101,374,063
Profit for the year - Attributable to non-controlling interest	(29,289,172)	(6,229,128)	(278)	-	(35,518,578)
Profit for the year - Attributable to Semapa's Shareholders	103,923,816	(10,560,036)	2,481,321	(29,989,616)	65,855,485
Other information					
Segment assets	2,402,762,923	1,513,758,412	94,301,318	113,550,942	4,124,373,595
Deferred tax assets (Note 18)	60,881,913	21,012,844	56,582	-	81,951,339
Total assets of Post-employment benefits	1,578,505	-	-	-	1,578,505
Investment in associates and joint ventures (Note 14)	-	3,378,239	-	-	3,378,239
Total segment liabilities	1,290,337,042	975,468,021	33,057,833	641,032,436	2,939,895,332
Depreciation, amortisation and impairment losses (Note 7)	106,309,434	32,436,985	2,190,516	166,749	141,103,684
Provisions (Note 19)	(8,563,351)	2,151,490	64,874	(5,510,000)	(11,856,987)
Capital expenditures (Note 13)	87,613,582	15,383,618	3,859,030	19,380	106,875,610

GEOGRAPHICAL SEGMENT

The revenue presented in different operating and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group, and are detailed as follows:

9M 2016	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Sales and services rendered					
Portugal	203,415,588	122,931,937	12,648,105	338,995,630	22.16%
Rest of Europe	681,225,703	2,789,179	6,199,475	690,214,357	45.13%
America	136,590,038	58,409,756	-	194,999,794	12.75%
Africa	104,921,696	103,526,562	67,411	208,515,669	13.63%
Asia	28,998,699	67,513,424	-	96,512,123	6.31%
Overseas	242,013	-	-	242,013	0.02%
	1,155,393,737	355,170,858	18,914,991	1,529,479,586	100.00%

9M 2015	Pulp and paper	Cement and derivatives	Environment	Total amount	Total %
Sales and services rendered					
Portugal	257,104,890	128,874,942	14,926,009	400,905,841	25.52%
Rest of Europe	650,214,039	3,587,389	4,240,253	658,041,681	41.89%
America	163,995,284	26,135,392	-	190,130,676	12.10%
Africa	98,350,157	119,982,461	106,610	218,439,228	13.91%
Asia	34,359,639	68,670,012	-	103,029,651	6.56%
Overseas	293,589	-	-	293,589	0.02%
	1,204,317,598	347,250,196	19,272,872	1,570,840,666	100.00%

5. OTHER INCOME

Other income is detailed as follows for the nine months periods ended 30 September 2016 and 2015:

Amounts in Euro	9M 2016	9M 2015
Grants - CO2 emission allowances	10,228,192	11,846,778
Impairment reversal	4,648,243	1,839,905
Gains on disposals of emission allowances	2,440,500	1,602,000
Supplementary income	2,547,497	1,083,880
Gains on disposals of emission allowances	1,916,609	437,620
Gains on inventories	2,403,429	3,288,116
Gains on disposals of current assets	109,069	9,782
Government grants	299,957	320,773
Own work capitalised	10,735,731	7,994,121
Revenues from waste management	275,195	374,434
Other operating income	12,235,773	11,263,116
	47,840,195	40,060,525

6. COSTS, EXPENSES AND LOSSES

Costs, expenses and losses are detailed as follows for the nine months periods ended 30 September 2016 and 2015:

Amounts in Euro	9M 2016	9M 2015
Cost of sales and services rendered		
Cost of inventories sold and consumed	(607,695,904)	(642,596,289)
Cost of materials and services consumed	(415,073,691)	(439,478,099)
Variation in production	14,481,560	32,760,520
Payroll costs		
Statutory bodies	(14,330,228)	(15,895,086)
Other remunerations	(119,131,278)	(107,973,336)
Pension costs	(3,013,437)	(2,230,303)
Other payroll costs	(41,387,121)	(40,879,070)
	(177,862,064)	(166,977,795)
Others costs and losses		
Membership fees	(372,808)	(616,540)
Donations	(640,768)	(615,427)
Cost with emission allowances	(9,276,088)	(12,266,070)
Inventories and other receivables impairment	(3,673,712)	(2,691,550)
Losses on inventories	(2,313,518)	(1,519,776)
Indirect taxes	(7,584,491)	(6,291,247)
Losses on disposal of non-current assets	(131,705)	(743,532)
Other operating costs	(3,427,138)	(6,641,748)
	(27,420,228)	(31,385,890)
Provisions	(2,347,472)	11,856,987
Total of Costs, Expenses and Losses	(1,215,917,799)	(1,235,820,566)

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

For the nine months periods ended 30 September 2016 and 2015 the captions Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	9M 2016	9M 2015
Depreciation of property, plant and equipment		
Land	(3,103,891)	(3,295,223)
Buildings	(14,573,440)	(13,857,977)
Other tangible assets	(138,660,000)	(126,432,396)
	(156,337,331)	(143,585,596)
Amortisation and impairment losses of intangible assets		
Industrial property and other rights	(14,574)	(28,065)
CO2 emission rights	(1,528,588)	(72,982)
	(7,313,572)	(101,047)
Impairment losses in assets held for sale	(26,138)	(37,505)
Impairment losses in investment properties	(14,093)	(14,093)
Impairment (losses) / reversals in tangible assets		
Land	(14,478,835)	812,073
Buildings	364,185	410,382
Equipments and other tangibles	414,622	1,020,458
Assets under construction	-	21,204
	(13,700,028)	2,264,117
ICMS -Tax on movement of goods and services		
Tax included in depreciations (Brazil)	1,199,805	370,440
	1,199,805	370,440
	(176,191,357)	(141,103,684)

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.

In the nine months of 2016, an impairment loss regarding the project in Mozambique, developed by the Navigator Group, was also recognized, following the assessment made by the group on those assets, in the amount Euros 14,478,835.

8. NET FINANCIAL RESULTS

Net financial results are detailed as follows for the nine months periods ended 30 September 2016 and 2015:

Amounts in Euro	9M 2016	9M 2015
Interest paid on loans from shareholders (Note 23)	(54,892)	(10,907)
Interest paid on borrowings	(48,372,864)	(56,887,815)
Interest paid on loans from associated companies and joint ventures (Note 23)	(1,558)	2,540,694
Other interest earned	5,665,677	2,670,512
Fair value in available-for-sale financial assets	(35,503)	-
Financial assets at fair value through profit and loss	(27,046)	(79,909)
Gains / (losses) on financial instruments - hedging	(4,464,591)	(15,397,643)
Gains / (losses) on financial instruments - trading	462,002	1,974,471
Expenses with loans issuing and other commissions	(8,318,806)	(9,685,442)
Early repayment of bond financing	(7,942,200)	(16,203,571)
Foreign exchange gains / (losses)	3,032,275	(8,388,432)
(Costs)/gains with compensatory interest	2,520,197	72,296
Other financial expenses	(824,181)	(846,396)
Other financial income	66,876	437,002
	(58,294,614)	(99,805,140)

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 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 7,942,200.

9. INCOME TAX

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.

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

As of 30 September 2016 and 2015, income tax expense comprises:

Amounts in Euro	9M 2016	9M 2015
Current tax	(36,336,800)	(37,701,959)
Provisions for current tax	4,942,081	10,892,367
Deferred tax	8,717,196	449,491
	(22,677,523)	(26,360,101)

For the nine months period ended 30 September 2016 and 2015, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro	9M 2016	9M 2015
Profit before tax	138,804,851	127,734,164
Expected income tax	31,231,091	28,740,187
State surcharge	3,670,687	11,364,362
Differences (a)	(50,302,185)	15,885,622
Prior year tax adjustments	(1,636,855)	2,655,924
Recoverable tax losses carried forward	(7,734,639)	(27,859,495)
Non recoverable tax losses	37,800,738	32,709,660
Impairment and reversal of provisions	16,264,184	(25,864,875)
Impact of the change in the income tax rate	6,486,625	(2,157,367)
Provision for current tax	-	3,357,511
Tax benefits	(14,168,883)	(13,689,014)
Other	1,066,760	1,217,586
	22,677,523	26,360,101
Effective tax rate	16.34%	20.64%

(a) This amount is made up essentially of :

Losses on assets held for sale and Goodwill	5,770,410	-
Effects arising from the application of the equity method (Note 14)	(1,309,694)	6,076,692
Capital gains / (losses) for tax purposes	(179,441,679)	90,452,875
Capital gains / (losses) for accounting purposes	(9,392,987)	262,810
Impairment of taxed provisions	5,621,486	2,529,236
Tax benefits	(2,414,283)	(2,436,458)
Reversal of taxed provisions	(22,412,508)	(14,160,648)
Intra-group earning's subject to taxation	1,609,614	(4,504,100)
Employees benefits	(4,195,542)	(8,815,564)
Others	(17,400,085)	1,197,920
	(223,565,268)	70,602,763
Tax effect (22.5%)	(50,302,185)	15,885,622

Annual tax returns in Portugal are subject to review and adjustment by the tax authorities for four years. However, losses may be subject to review and additional assessment by the tax authorities for a longer period. For the other countries in which the Group carries on operations, these periods differ from those applicable in Portugal and are in general rule are longer.

In the Board of Directors opinion that any corrections to tax returns resulting from assessments will not have a material impact on the interim consolidated financial statements at 30 September 2016. The annual tax returns until and for the year ended 31 December 2013 have already been reviewed by the tax authorities for Navigator and Secil.

10. EARNINGS PER SHARE

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

Amounts in Euro	9M 2016	9M 2015
Profit attributable to Semapa's shareholders	71,554,484	65,855,485
Weighted average number of ordinary shares in issue	81,076,829	100,907,669
Basic earnings per share	0.883	0.653
Diluted earnings per share	0.883	0.653

11. RETAINED EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The movement in the non-controlling interests, by operating segments, in the nine months period ended 30 September 2016 and in the period ended 31 December 2015, including its attributable retained earnings for the period was 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)	-	(2,953,592)	-	(2,953,592)
Dividends	(52,018,480)	(8,992,180)	-	(61,010,660)
Currency translation reserve	(1,622,471)	(1,938,937)	-	(3,561,408)
Financial instruments	(2,343,764)	20	-	(2,343,744)
Actuarial gains and losses	(1,118,496)	248	-	(1,118,248)
Other movements in equity	(1,921,212)	-	-	(1,921,212)
Profit for the year	38,526,404	6,046,264	176	44,572,844
Balance as of 30 September 2016	306,866,008	80,080,264	7,163	386,953,435

12. GOODWILL

For the nine months period ended 30 September 2016 and for the year 2015, the movement regarding Goodwill was as follows:

Amounts in Euro	30/09/2016	31/12/2015
Balance at the beginning of year	335,643,370	296,680,236
Perimeter variations	-	27,436,872
Impairments (Note 7)	(5,770,410)	-
Acquisitions	10,756,626	37,681,421
Disposals	-	(13,240,613)
Exchange rate adjustments	8,510,284	(12,914,546)
Final balance	349,139,870	335,643,370

Note: The amounts presented are net of impairment losses

At 30 September 2016 and 31 December 2015, Goodwill is made up as follows:

Amounts in Euro	30-09-2016	31-12-2015
Cement and derivatives	189,809,408	176,312,908
Pulp and paper	122,907,528	122,907,528
Environment	36,422,934	36,422,934
	349,139,870	335,643,370

CHANGES IN THE PERIMETER

In May 2016, Secil Group acquired 100% of Finlandimmo Holding B.V. a Dutch trader based in Gouda. 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..

Additionally, in September 2016, Secil Group acquired the remaining share capital from the previous Joint Venture with Secil Unicon.

As a result the following goodwill was determined as follows:

Amounts in Euro	Total	Finlandimmo Holding B.V.	Argibetão	Secil Unicon
Cash and cash equivalents	42,149	12,664	-	29,485
Property, plant and equipment	1,131,437	1,156,566	-	(25,129)
Other non-current assets	8,203	-	-	8,203
Inventories	1,982,807	432,900	-	1,549,907
State and other public entities	193,295	12,915	-	180,380
Receivable and other current assets	2,891,039	1,359,395	-	1,531,644
Non - controlling interests	2,953,592	-	75,557	2,878,035
Provisions (Note 19)	2,530,781	-	-	2,530,781
Non-current Interest bearing liabilities	(5,362,219)	-	-	(5,362,219)
Other non-current liabilities	(4,640,849)	(1,401,219)	-	(3,239,630)
Current Interest bearing liabilities	(3,930,106)	-	-	(3,930,106)
State and other public entities	(117,516)	(51,285)	-	(66,231)
Other current liabilities	(2,330,178)	(474,649)	-	(1,855,529)
Total (sold)/acquired	(4,647,565)	1,047,287	75,557	(5,770,409)
Positive acquisition difference	10,756,626	4,986,216	-	5,770,410
Acquisition difference in Equity	(473)	-	(473)	-
Assests (Sold)/ Acquisition Cost	6,108,588	6,033,503	75,084	1
Cash and cash equivalents	(42,149)	(12,664)	-	(29,485)
Net assets (Sold)/acquired	6,066,439	6,020,839	75,084	(29,484)

13. PROPERTY, PLANT AND EQUIPMENT

Over the nine months period ended 30 September 2016 and year ended 31 December 2015, the changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition Cost					
Amount as of 1 January 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, transfers 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	6,596,217	217,835	1,799,448	114,896,147	123,509,647
Disposals	-	(119,306)	(7,097,103)	(7,344)	(7,223,753)
Adjustments, transfers and write-off's	150,313	(20,231,236)	125,464,390	(115,070,154)	(9,686,687)
Exchange rate adjustment	2,590,489	7,341,694	2,203,696	(187,190)	11,948,689
Amount as of 30 September 2016	439,478,898	1,099,025,501	5,334,855,602	102,781,603	6,976,141,604
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, transfers 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	(3,103,892)	(14,296,008)	(142,895,674)	(14,478,835)	(174,774,409)
Disposals	-	74,022	6,285,680	-	6,359,702
Adjustments, transfers and write-off's	-	4,929,192	(1,433,730)	-	3,495,462
Exchange rate adjustment	1,632,701	3,668,799	12,274,847	-	17,576,347
Amount as of 30 September 2016	(59,927,471)	(679,465,431)	(3,909,253,901)	(18,220,425)	(4,666,867,228)
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
Net book value as of 30 September 2016	379,551,427	419,560,070	1,425,601,701	84,561,178	2,309,274,376

14. INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

As of 30 September 2016 and 31 December 2015, the caption Investments in associates and joint-ventures, comprises:

Entities	Book Value			
	% Held	30-09-2016	% Held	31-12-2015
Associated companies				
Setefrete, SGPS, S.A.	25.00%	3,329,903	25.00%	2,895,568
MC - Materiaux de Construction	49.36%	2,028	49.36%	2,264
J.M.J. - Henriques, Lda.	50.00%	378,323	50.00%	378,442
Ave, S.A.	35.00%	104,792	35.00%	127,434
		3.815.046		3.403.708

In the nine months period ended 30 September 2016 and the year ended 31 December 2015, the movements in Investments in associates and joint-ventures were as follows:

Amounts in Euro	30-09-2016	31-12-2015
Opening balance	3,403,708	87,086,273
Change in consolidation perimeter	-	(77,889,593)
Appropriated net profit	1,309,694	(4,287,184)
Dividends received	(868,684)	(1,505,827)
Fair value in associates	(29,434)	-
Exchange rate adjustments	(238)	39
Closing balance	3,815,046	3,403,708

15. RECEIVABLES AND OTHER CURRENT ASSETS

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

Amounts in Euro	30/09/2016	31/12/2015
Accounts receivable	250,250,645	253,156,487
Accounts receivable - related parties (Note 23)	761,532	1,312,976
Derivative financial instruments (Note 22)	398,893	3,650,428
Other receivables	33,068,469	27,438,052
Accrued income	1,942,906	3,451,731
Deferred costs	14,355,587	20,585,542
	300,778,032	309,595,216

Note: The presented figures are net of impairment losses.

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

Amounts in Euro	30/09/2016	31/12/2015
Other receivables		
Advance payments to suppliers	3,776,652	1,640,696
Advances to employees	2,636,687	380,173
Collateral provided to other parties	869,103	1,199,423
Subscribers capital	1,287,529	5,713,991
Department of Commerce (EUA)	16,696,108	10,083,233
Others	7,802,390	8,420,536
	33,068,469	27,438,052

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 from August 2015.

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

Amounts in Euro	30-09-2016	31-12-2015
Accrued income		
Interest receivable	446,186	776,353
Other	1,496,720	2,675,378
	1,942,906	3,451,731
Deferred costs		
Maintenance and repair	298,562	-
Insurance	3,108,254	2,197,647
Rents and leases	2,879,712	4,762,247
Post-employment plans	-	3,755,326
Other	8,069,059	9,870,322
	14,355,587	20,585,542
	16,298,493	24,037,273

16. SHARE CAPITAL AND TREASURY SHARES

As of 30 September 2016 and 31 December 2015, Semapa's 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 approximately to Euro 26.7 million (32.9 cents per outstanding share).

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

Name	Number of shares	%	
		30-09-2016	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	586,329	0.72	0.01
Other shareholders with interest lower than 2%	13,226,194	16.27	17.37
	81,270,000	100.00	100.00

As of 30 September 2016, Semapa - Sociedade de Investimento e Gestão, SGPS, SA holds 586,329 treasury shares.

17. RESERVES

At 30 September 2016 and 31 December 2015, the captions Fair value reserves, Translation reserves and Other reserves comprised:

Amounts in Euro	30-09-2016	31-12-2015
Fair value of financial instruments	(6,594,889)	(3,639,345)
Other fair value reserves	(1,281,742)	(1,281,742)
Total amount of fair value reserve	(7,876,631)	(4,921,087)
Translation reserve	(51,685,245)	(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	658,055,070	594,872,115

18. DEFERRED TAXES

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

Amount in Euro	As of 1 January 2016	Exchange adjustment	Income statement		Retained earnings	Transfers	Assets held for sale	As of 30 September 2016
			Increases	Decreases				
Temporary differences originating deferred tax assets								
Tax losses carried forward	23,773,019	5,595,866	19,970,276	-	-	118,982	-	49,458,143
Taxed provisions	25,295,497	(517,696)	1,535,606	(676,460)	-	596,473	-	26,233,420
Harmonisation of depreciation criteria	106,391,961	-	-	(17,317,281)	-	(1)	-	89,074,679
Underfunding of pension funds	5,903,648	(10,303)	6,906	(557,641)	24,179	-	-	5,366,789
Financial instruments	5,337,254	-	-	-	9,513,659	-	-	14,850,913
Deferred accounting gains on inter-group transactions	28,069,893	10,707	29,649,044	(7,421,269)	-	1	-	50,308,376
Fiscal investment incentives	14,766,526	-	947,284	(1,094,170)	-	1	-	14,619,641
Fair values of business combinations	1,678,976	(41,213)	-	-	-	-	-	1,637,763
Other temporary differences	11,956,517	1,179,216	-	(7,536,996)	-	213,677	-	5,812,414
	224,449,115	6,216,577	52,109,116	(35,879,641)	9,537,838	929,133	-	257,362,138
Temporary differences originating deferred tax liabilities								
Fixed tangible asset revaluation	(56,949,332)	(7,770,275)	-	7,092,618	-	-	-	(57,626,989)
Retirements benefits	(3,965,861)	-	(25,255)	8,978,370	(7,174,681)	1	-	(2,187,426)
Derivative financial instruments	(234,446)	85,889	-	2,265,835	(82,453)	(1,239,582)	-	795,243
Fiscal incentives	(11,991,792)	-	-	-	186,977	-	-	(11,804,815)
Harmonisation of depreciation criteria	(470,774,266)	548,944	(18,210,271)	39,008,792	-	-	-	(449,426,801)
Deferred accounting losses on inter-group transaction	(689,367)	-	-	59,556	-	-	-	(629,811)
Valuation of biological assets	-	-	(11,727,296)	-	-	-	-	(11,727,296)
Fair value of intangible assets - brands	(250,854,281)	1,411,207	-	-	-	(1)	-	(249,443,075)
Fair value of tangible assets	(142,048,141)	-	-	11,453,662	-	-	-	(130,594,479)
Fair value of business combinations	(193,509,554)	2,338,784	-	6,810,114	-	4,909	(22,734)	(184,378,481)
Other temporary differences	(2,726,080)	(239,744)	(104,641)	180,767	-	1,547,758	-	(1,341,940)
	(1,133,743,120)	(3,625,195)	(30,067,463)	75,849,714	(7,070,157)	313,085	(22,734)	(1,098,365,870)
Deferred tax assets	74,480,542	2,191,403	8,198,469	(11,292,901)	2,776,328	(104,200)	-	76,249,641
Deferred tax liabilities	(305,515,909)	(2,286,829)	(5,852,087)	17,663,715	(1,939,511)	105,686	(5,061)	(297,829,996)

19. PROVISIONS

In the nine months period ended 30 September 2016 and in the year ended 2015 the changes in provisions were as follows:

Amounts in Euro	Legal claims	Tax claims	Environmental restoration	Others	Total
As of 1 January 2015	2,943,468	24,107,664	7,179,748	47,704,588	81,935,468
Changes in perimeter	-	-	7,506	1,151,134	1,158,640
Increases	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
Changes in perimeter	-	-	-	(2,530,781)	(2,530,781)
Increases (Note 6)	1,627,448	-	452	7,260,430	8,888,330
Reversals (Note 6)	-	-	(117,974)	(6,422,884)	(6,540,858)
Direct utilisations	-	-	(12,239)	(1,388,061)	(1,400,300)
Exchange adjustments	-	-	1,109	(66,656)	(65,547)
Financial discounts	-	-	217,116	-	217,116
Transfers and adjustments	-	(5,843,916)	-	-	(5,843,916)
As of 30 September 2016	4,253,495	50,370,678	7,232,967	35,097,719	96,954,859

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 this events.

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

20. INTEREST-BEARING LIABILITIES

As of 30 September 2016 and 31 December 2015, the Group net debt was as follows:

Amounts in Euro	30-09-2016	31-12-2015
Interest-bearing liabilities		
Non-current	1,844,815,605	1,497,214,815
Current	158,230,110	512,032,570
	2,003,045,715	2,009,247,385
Cash and cash equivalents		
Cash	583,252	360,705
Short term bank deposits	122,731,500	60,639,929
Other short term investments	39,827,663	145,255,130
	163,142,415	206,255,764
Net interest-bearing debt	1,839,903,300	1,802,991,621

NON-CURRENT INTEREST-BEARING LIABILITIES

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

Amounts in Euro	30-09-2016	31-12-2015
Non-current		
Bond loans	911,000,000	760,000,000
Commercial paper	306,400,000	213,700,000
Bank loans	629,087,128	509,945,116
Expenses with loans issuing	(9,585,354)	(10,799,427)
Interest-bearing bank debt	1,836,901,774	1,472,845,689
Financial leases	2,174,807	2,913,024
Other loans	5,739,024	7,390,242
Other interest-bearing debts	-	14,065,860
Other interest-bearing debts	7,913,831	24,369,126
Non current interest-bearing liabilities	1,844,815,605	1,497,214,815

CURRENT INTEREST-BEARING LIABILITIES

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

Amounts in Euro	30-09-2016	31-12-2015
Current		
Bond loans	-	176,087,000
Commercial paper	10,050,000	158,750,000
Bank loans	106,858,182	122,126,511
Expenses with bond loans issuing	(2,198,093)	(2,577,430)
Interest-bearing bank debt	114,710,089	454,386,081
Shareholders short-term loans (Note 23)	8,298,952	21,710,283
Financial leases	853,171	917,559
Other loans - QREN	223,854	2,837,311
Other debts	34,144,044	32,181,336
Other interest-bearing debts	43,520,021	57,646,489
Current interest-bearing liabilities	158,230,110	512,032,570

21. PAYABLES AND OTHER CURRENT LIABILITIES

As at 30 September 2016 and 31 December 2015, the caption Payables and other current liabilities were detailed as follows:

Amounts in Euro	30/09/2016	31/12/2015
Accounts payable to suppliers	184,287,448	186,396,831
Accounts payable to suppliers of fixed assets	9,166,759	12,190,493
Instituto do Ambiente	9,265,972	18,471,042
Derivative financial instruments (Note 22)	12,671,746	6,266,980
Other creditors	10,592,759	12,205,999
Related parties (Note 23)	3,127,205	4,176,786
Accrued costs	106,240,141	104,329,085
Deferred income	10,522,726	14,147,807
	345,874,756	358,185,023

At 30 September 2016 and 31 December 2015, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	30-09-2016	31-12-2015
Accrued costs		
Insurance costs	115,780	112,841
Payroll expenses	54,437,961	51,055,225
Interest payable	15,221,936	15,167,923
Accrued - energy costs	8,168,778	10,384,355
Transport services	655,465	809,553
Bank services	488,882	189,851
Audit fees	93,144	54,990
Consulting fees	821,798	1,521,309
IT Services	56,002	219,505
Other	26,180,395	24,813,533
	106,240,141	104,329,085
Deferred income		
Government grants	1,722,431	6,280,003
Grants - CO2 emission allowances	8,076,921	7,526,256
Others	723,374	341,548
	10,522,726	14,147,807

22. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2016 and 31 December 2015 the fair value of hedging and trading derivative financial instruments was as follows:

Amounts in Euro	Amount	Maturity	30-09-2016			31-12-2015
			Positive	Negative	Net	Net
Hedging						
Interest rate collar (SWAP's)	-	2016	-	-	-	(2,282,117)
Coverage of net investment (USD)	25,050,000	2016	-	(150,053)	(150,053)	543,992
Exchange rate forwards - future sales (USD)	175,800,000	2016	354,328	-	354,328	-
Interest rate swaps (SWAP's) EUR	505,000,000	2020/23	-	(12,333,487)	(12,333,487)	(2,467,618)
			354,328	(12,483,540)	(12,129,212)	(4,205,743)
Trading						
Exchange rate forwards (USD)	88,739,298	2016	(424,013)	(188,206)	(612,219)	1,302,089
Exchange rate forwards (GBP)	12,800,000	2016	468,578	-	468,578	229,435
Future purchase of CO2 licenses	1,931,000	2018	-	-	-	57,667
			44,565	(188,206)	(143,641)	1,589,191
			398,893	(12,671,746)	(12,272,853)	(2,616,552)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of 30 September 2016 and 31 December 2015 balances with related parties are detailed as follows:

Amounts in Euro	30/09/2016			31/12/2015		
	Other receivables (Note 15)	Other payables (Note 21)	Interest-bearing liabilities (Note 20)	Other receivables (Note 15)	Other payables (Note 21)	Interest-bearing liabilities (Note 20)
Shareholders						
Cimigest, SGPS, S.A.	-	-	5,659,058	-	-	2,754,259
Cimo SGPS, S.A.	-	-	342,519	-	-	-
Longapar, SGPS, S.A.	-	1,160	72,994	-	1,160	16,890,763
OEM SGPS, S.A.	-	-	2,224,381	-	-	2,065,261
Other related entities						
Ave-Gestão Ambiental, S.A.	64,969	463,122	-	105,490	588,654	-
Cimilonga - Imobiliária, S.A.	-	48,706	-	-	6,839	-
Cotif Sicar	-	59,750	-	-	182,002	-
Enermontijo, S.A.	363,683	-	-	433,951	4,982	-
Enerpar, SGPS, S.A.	-	-	-	-	46,694	-
Hotel Ritz, S.A.	-	1,993	-	-	-	-
Inertogrande	211,875	-	-	211,296	-	-
J.M.J. Henriques, Lda.	121,005	-	-	121,275	-	-
Secil Prebetão, S.A.	-	-	-	385,520	19,670	-
Secil Unicon - S.G.P.S., Lda.	-	-	-	55,444	-	-
Seribo, S.A.	-	318,704	-	-	315,097	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	163,753	-	-	300,942	-
Other shareholders of subsidiaries	-	2,070,017	-	-	2,710,746	-
Total	761,532	3,127,205	8,298,952	1,312,976	4,176,786	21,710,283

For the nine months period ended 30 September 2016 and 2015 transactions with shareholders were as follows:

9M 2016				
Amounts in Euro	Service purchase	Sales of goods and services rendered	Operating income	Net financial costs
Shareholders				
Cimigest SGPS, S.A.	(80,805)	-	-	(16,397)
Cimo SGPS, S.A.	-	-	-	(691)
Longapar, SGPS, S.A.	-	-	-	(29,643)
OEM SGPS, S.A.	-	-	-	(8,161)
	(80,805)	-	-	(54,892)
Other related entities				
Ave-Gestão Ambiental, S.A.	(2,859,283)	40,708	(5,986)	-
Cimilonga - Imobiliária, S.A.	(764,618)	-	-	-
Enermontijo, S.A.	(211,101)	609,093	-	-
Enerpar, SGPS, S.A.	(223,748)	-	-	-
Secil Prebetão, S.A.	(21,321)	356,793	43,732	2,300
Seribo, S.A.	-	-	-	(3,608)
Setefrete, S.A.	(2,250,130)	-	24,086	-
Others	-	-	-	(250)
	(6,330,201)	1,006,594	61,832	(1,558)

9M 2015				
Amounts in Euro	Service purchase	Sales of goods and services rendered	Operating income	Net financial costs
Shareholders				
Cimigest SGPS, S.A.	(80,805)	-	-	(665)
Cimo SGPS, S.A.	-	-	-	(3,125)
Longapar, SGPS, S.A.	-	-	-	(795)
OEM SGPS, S.A.	-	-	-	(6,322)
	(80,805)	-	-	(10,907)
Other related entities				
Ave-Gestão Ambiental, S.A.	(2,363,509)	16,133	6,806	-
Cimilonga - Imobiliária, S.A.	(690,567)	-	-	-
Enermontijo, S.A.	(267,508)	983,993	-	-
Enerpar, SGPS, S.A.	(1,919,589)	-	-	-
Secil Prebetão, S.A.	(40,387)	654,331	1,070	480
Setefrete, S.A.	(2,200,757)	-	31,330	-
Supremo Cimentos, S.A.	-	4,015,873	14,349	2,540,214
Margem - Comp.ª Mineração, S.A.	-	-	1,462,131	-
	(7,482,317)	5,670,330	1,515,686	2,540,694

24. NUMBER OF EMPLOYEES

As of 30 September 2016 and 31 December 2015 the number of employees in service of the Group's several companies was 6.016 and 5.624, respectively.

The increase was mainly due to the internalization of a group of employees that were outsourced in 2015 in the subsidiary Navigator.

25. COMPANIES WITHIN THE CONSOLIDATION PERIMETER

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

Name	Head Office	Direct and indirect % of equity held in 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 (EX-PORTUCEL)

Name	Head Office	Direct and indirect % equity held in Navigator			% 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, S.A.	Setúbal	100.00	-	100.00	69.40
Navigator Parques Industriais, S.A.	Setúbal	100.00	-	100.00	69.40
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	100.00	-	100.00	69.40
About Balance - SGPS, S.A.	Lisbon	100.00	-	100.00	69.40
Navigator Fine Paper , S.A.	Setúbal	-	100.00	100.00	69.40
Navigator Tissue Cacia, S.A.	Aveiro	-	100.00	100.00	69.40
Navigator Internacional Holding SGPS, S.A.	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, Lda	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, S.A.	Setúbal	100.00	-	100.00	69.40
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	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, S.A.	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, S.A.	Palmela	-	100.00	100.00	69.40
Atlantic Forests, S.A.	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, S.A.	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, S.A.	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, S.A.	Belgium	25.00	75.00	100.00	69.40
Navigator Lusa , Lda	Figueira da Foz	-	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, S.A.	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	United Kingdom	-	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 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, S.A.	Setúbal	-	100.00	100.00	69.40
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	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, S.A.	Lisbon	-	100.00	100.00	69.40
EucaliptusLand, S.A.	Setúbal	-	100.00	100.00	69.40
Headbox - Operação e Contolo Industrial, S.A.	Setúbal	-	100.00	100.00	69.40
Navigator Added Value, S.A.	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

Name	Head Office	Direct and indirect % equity held in Secil			% of shares held by Semapa
		Direct	Indirect	Total	
Parent - company:					
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	-	99.998	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.	Lisbon	100.00	-	100.00	99.998
ALLMA - Microalgas, Lda.	Leiria	-	70.00	70.00	69.999
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	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
Allmicroalgae Natural Products S.A.	Setúbal	-	100.00	100.00	99.998
Uniconcreto - Betão Pronto, S.A.	Lisbon	100.00	-	100.00	99.998
Finlandimmo Holding BV (futura 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
SPB, SGPS, LDA (Ex. Secil Unicon) (b)	Setúbal	100.00	-	100.00	99.998
Secil Prébetão, S.A. (b)	Montijo	-	79.60	79.60	79.598

(a) Company owned 51% by Brimade, S.A. and therefore controlled by the Group

(b) Companies included in consolidation as from 1 July 2016

26. 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